

SUCCESS STORY:

Inclusive Business and Impact Investing Provide a Triple Win for Businesses, the Poor and the Government of Myanmar

To reverse Myanmar's legacy of exclusive and extractive economic development, comprehensive reforms are needed to stimulate an inclusive model of growth, one that addresses multiple social and economic problems and enables the poor to engage in, and benefit from, private sector development. The basic approach to business development recognizes that the private sector is the strongest driver of inclusive and sustainable growth and economic diversification, with government shaping the incentive and regulatory environment to empower private investors and ensure that private investment supports inclusive and sustainable growth. Specifically, the government has embraced inclusive business models that generate profits - contributing to economic growth - while simultaneously providing benefits to society and large numbers of the poor by expanding inclusive development. These inclusive businesses can essentially create triple wins for business, the poor, and the society.

Inclusive businesses are commercially viable and bankable businesses that create scaled-up (or potentially scaled up), systematic, and innovative solutions addressing the problems of poor and low-income people. They differ from traditional businesses by targeting low-income people at the base of the income pyramid (BoP), or the bottom 40% of income earners, and engaging the poor with the purpose of providing solutions to their problems - whether they are consumers, suppliers, shareholders, labourers, or distributors - rather than simply prioritizing business growth by entering new markets that reach the poor.

“ Impact investing refers to investments made into companies, organizations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return. ”



DaNa grantee, Snacks Mandalay Company Ltd workers sorting and drying chilli in a solar dryer parabola dome at the company's factory in Mandalay

Complementing inclusive business is impact investing, which appears to be expanding in Myanmar, albeit from a very low base. The Global Impact Investment Network (GIIN) provides the following definition: “Impact investing refers to investments made into companies, organizations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return.” GIIN estimated that by 2016, only about \$56 million in impact investing had been committed in Myanmar. There are relatively few impact investors in Myanmar, with only one or two actively pursuing inclusive business-related investments, while the majority are supporting NGO-driven social enterprises or investing in technology-based start-ups. Many impact investors serve the market from outside (mainly from Singapore, India, and Thailand) because they do not see enough opportunities to open an office locally.

In an effort to stimulate inclusive growth and address a range of sustainable development goals, the UK Department for International Development (DFID) through the DaNa Facility focuses on encouraging inclusive business, and invigorating market activity in impact investing. Direct support to inclusive businesses include the 11 grants awarded in mid-2018 through the DaNa Facility's Business Innovation Window (BIW)

that seek to promote and support transformative and inclusive businesses, creating significant social impact, in DFID's priority private sector development sectors of agribusiness, textiles, and financial deepening.

As an integral part of DaNa Facility's approach to build the Inclusive Business Ecosystem in Myanmar, DaNa awarded two grants that aim to support the incubation/acceleration of inclusive business models and focus on stimulating opportunities for 20 enterprises in areas such as inclusive business, Fintech, AgTech, health and education. The grants will create significant numbers of new jobs, better livelihoods and income opportunities for low-income populations at the BoP.

Upon the request of the Directorate of Investment and Company Administration (DICA), as the Secretariat to the Myanmar Investment Commission (MIC), the DaNa Facility team produced a "Draft Framework for Inclusive Business Support in Myanmar" delineating eight practical policy recommendations to stimulate inclusive business and impact investing. The draft framework was presented twice to the MIC and, in the meeting on 16 November 2018, H.E U Thaung Htun, Minister for Investment and Foreign Economic Relations, and MIC Chairperson, declared that inclusive business is an idea whose time has come for Myanmar.

Following the series of sustained efforts and close collaboration with the Government of Myanmar and the private sector, on 11 December 2018, the DaNa Facility convened a high-level stakeholder meeting at DICA to officially establish the Inclusive Business and Impact Investing Steering Group. The meeting was chaired by the Director General (DG) of DICA and attended by

approximately 30 inaugural Steering Group members, including three DGs and representatives from the four key government agencies, including: DICA, the Ministry of Agriculture, Livestock and Irrigation (MoALI), the Ministry of Commerce (MoC) and the Ministry of Industry (Mol), as well as business associations and other stakeholders. The event also included a proposed inclusive business agenda to implement the eight policy recommendations outlined in the DFID/DaNa Inclusive Business in Myanmar Report. At the meeting, U Aung Naing Oo, DG of DICA, said, "DICA is fully committed to exploring the potential for inclusive business in Myanmar, and has fully supported the activities of the DaNa Facility to profile and promote inclusive business in Myanmar and to support the Myanmar Sustainable Development Plan." He also reported that Minister U Thaung Htun had agreed to be the Honorary Chair of the Steering Group.

As a result of DFID and DaNa Facility's initiatives and the greater awareness of the potential for inclusive business and impact investing in Myanmar, the number of impact investments facilitated - including early stage start-ups - will increase, providing greater profits for businesses, and improved incomes, services and job opportunities to the poor, while enhancing the Government of Myanmar's overall service delivery to marginalised populations. The DaNa Facility will continue to provide direct and indirect support to the inclusive business and impact investing ecosystem in Myanmar in order that the social impact of these efforts will stimulate increased sustainable economic growth and access to financial services for Myanmar.



U Aung Naing Oo, Director General of DICA, at the Inclusive Business report launch

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U Aung Naing Oo
Director General
Directorate of Investment and
Company Registration (DICA)