

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	SCBF PUW 2015-07: BUILDING CAPACITIES TO DEVELOP A SMALL ENTERPRISE CLIENTS PORTFOLIO
Country / Region	Mandalay / Myanmar
Partner Financial Institution/s	Alliance for Microfinance in Myanmar LTD (ALLIANCE)
Grantee	FIDES – Financial Systems Development Services AG
Overall Budget	CHF 212'590 (32% self-contribution)
SCBF Contribution	CHF 143'640 (68% SCBF funding share)
Date of Approval	05.11.2015
Duration	11.2015 until 07.2017
Context	In Myanmar, the majority of the population still does not have access to formal financial services. The country is an emerging market for inclusive finance. There is a huge un-served demand for financial services. Less than 10% of adults have access to bank accounts. The UNDP has estimated that demand for microfinance in Myanmar is in the range of USD 400 and 600 million. Despite some initiatives since the middle of 1990s, the industry has remained underdeveloped and growth has been insignificant. There is almost no access to formal financial services for small and medium enterprises (SMEs) in Mandalay. The development of credit, and in a second step of savings and insurance products targeting SMEs, is expected to create jobs for low-income people.
Current Status of the MFI	Alliance for Microfinance in Myanmar (ALLIANCE) is a microfinance institution created with a joint support of FIDES AG and BASIX and with the financial support of UNCDF / Microlead. ALLIANCE has started operations in autumn 2014 in the Mandalay region and targets three client segments: (1) Microbusiness clients, (2) Small business clients, (3) Farmers. During the first months of operations, ALLIANCE has concentrated its efforts on servicing micro-entrepreneurs. These months have confirmed the huge demand of the small enterprise (SE) clients' segment. The sound development of SE lending is key for ALLIANCE in terms of risk diversification and profitability.
Objective and Main Activities	<p>The aim of the intervention is to build ALLIANCE's capacities to develop a solid SE client portfolio and to create the conditions to go beyond the initial business plan targets in terms of number of clients and portfolio volume. The support will enable ALLIANCE to undertake the required preparation and testing and to start serving the SE client segment. Furthermore, it will allow investigating the possibility to use New Information and Communication Technologies (NICT) and other innovative solutions to deliver loans and other financial services to SE clients.</p> <p>The objective of the intervention is to allow for the secondment of a SE specialist for a period of 21 months to AMFIM in Mandalay. The SE specialist will be part of the management team and will be in charge of building ALLIANCE's capacities to develop a solid SE client portfolio.</p> <p>Major steps that will be taken are (1) To fine-tune the loan product based on a detailed client needs assessment, (2) To design procedures, formats and tools, including adjustments of the Management Information System (MIS), (3) To design the training program and the training modules for the first SE client officers, (4) To test the SE client loan product during a pilot phase, (5) To roll-out the SE loan product, (6) To train a second and a third generation of SE client officers, (7) To create solid senior and middle management capacity for SE lending by structuring the team and by intensive coaching of the managers, (8) To develop all related marketing activities.</p> <p>Upon project completion, ALLIANCE should be in a position to serve about 5000 small enterprises clients with a loan portfolio of about USD 5 million and hence to go beyond the initial business plan targets.</p>