

FEASIBILITY STUDY FACTSHEET

Title of Feasibility Study	SCBF FSW-08: Myanmar Microfinance Ltd. – Preparation phase
Country / region	Myanmar
Financial Intermediary(ies)	Myanmar Microfinance Ltd. (MMF)
Competence Centre mandated for execution	FIDES AG , Route de la Fonderie 2, 1700 Fribourg, Switzerland
Overall project budget	CHF 206,060 (30% self-contribution by partner)
SCBF contribution	CHF 145,000 (70% SCBF funding share)
Date of project approval	12.12.2013
Project period	12.2013 until 04.2013
Context	<p>There is a huge un-served demand for financial services in Myanmar. Less than 10% of adults have access to Bank accounts as per the recent report by CGAP. 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. The lack of regulatory framework and the socio-political context are the two main constraints to growth.</p> <p>The project prepares the creation of Myanmar Microfinance Ltd. (MMF). The institution is intended to become one of the leading MFI paving the way to the development of the sector. Myanmar Microfinance will focus on mobilizing savings from loan customers as well as clients who are not loan customers. Three kinds of loan will be delivered:</p> <ul style="list-style-type: none"> • <u>Individual Business loans</u> will be provided to individuals, registered business groups etc. who have existing business operations. • <u>Group Loans</u> will be small loans given predominantly to female Joint Liability Groups (JLG). • <u>Loan for agriculture</u> will be provided to farmers for them to meet cultivation expenses for various crops and for purchase of agricultural inputs.
Current status of the MFI	FIDES has set up successful microfinance institutions in several countries in Africa and Eastern Europe and FIDES/BASIX consortium has been selected by UNCDF / Microlead to implement a new MFI in Myanmar. FIDES / BASIX proposal was based on a short pre-feasibility study conducted beginning of 2013, which built the basis for the initial business plan. The consortium feels the need to prepare with more detailed information and with some concrete activities the starting of the new MFI. This is the reason why the consortium has requested financial support from SCBF.
Objective and main activities	<p>To conduct a feasibility study aiming at:</p> <ul style="list-style-type: none"> • registering the company and applying for the microfinance deposit taking licence (sign shareholder agreement, approve Aol and MoA, founding general meeting of shareholders, first share capital subscription, register the company, submit application for a deposit taking licence) • getting a much deeper and precise understanding of the demand in the pre-selected areas in order to confirm/adapt the assumptions of the BSP in terms of products features (market survey – additional information to finalize the design of the products and confirm extension strategy and marketing strategy) <p>Upon project completion, the Financial Institution should be in a position to start operating.</p>
Next steps	Starting of the operating phase with recruitment and training of the local staff and opening of the first branch.