

Myanmar Enabling Investment Programme

Summary of the Proposed CDC Plus Programme

Background

Growth has accelerated in Myanmar since the transition to a quasi-free market economy and the Government's focus on improving the business enabling environment. CDC' aims to support economic growth through building the investment market. CDC is supporting Private Equity fund managers as well as making direct investments in priority sectors. CDC has the opportunity to contribute to this strategy, and wider private sector development, through a technical assistance programme that can address critical market failures. This would be done through CDC Plus, CDC's technical assistance facility funded by UKAid.

Challenge

Despite the improved regulatory environment and notable growth, a number of challenges continue to inhibit pace of investment and overall business growth. These include:

- Challenging business environment
- Thin market with little dynamism
- Poor business and financial management practice. Limited overall business leadership and technical skill
- Lack of skilled workforce.
- Business services providers typically offering services that are poorly fit for the Small and Growing Business (SGB)¹ market and of limited quality.
- SGBs that are unaware of potential investment opportunities and associated requirements.

Overview of Proposed Initiative

CDC Plus proposes to create a multi-year market shaping programme to address the root causes of market failures affecting investment (both CDC and non-CDC) and business growth in Myanmar. The programme will employ a systems approach that leverages CDC's investor lens, brand, convening power and in-house capabilities combined with leading private sector development expertise and Myanmar networks and expertise. It will be in line with the Governments strategy to support the private sector and complement other donor and development initiatives to achieve coordinated and scaled impact. The programme will have the following headline impact objective:

By strengthening Myanmar's investment ecosystem, the Myanmar Enabling Investment Programme aims to improve business performance that will result in increased investment flows to SGBs and, in turn, increased economic opportunities for the people of Myanmar.

Scope

Based on a four-month research phase that included primary and secondary research and extensive engagement with internal and external stakeholders as well as benchmarking CDC's value add vis-à-vis other development initiatives in Myanmar, the focus of the MEIP programme was narrowed to focus on three components:

Component 1: Awareness, understanding, and demand for growth capital is increased among business leaders.

Component 2: Business services that improve business performance and investment readiness are aligned and utilised by SGBs.

Component 3: The number of C-suite and qualified investment professionals on the market is increased.

¹ The focus will be on improving the ecosystem for the SGB segment of businesses as opposed to micro-enterprises or start-ups (which would be a long way from significant commercial investment) or larger corporates (which can already be considered for significant commercial investment). This segment will form the 'next wave' of investment opportunities for MPEVCA funds, CDC and other investors.

Approach

The approach to delivery of the proposed programme follows a ‘systemic’ approach which aims to mobilise the capabilities and resources of the private sector (and other actors) to achieve development outcomes. It has been designed in line with up to date private sector programme best practices, in particular in line with the Market Systems Development (MSD) approach. It follows a common set of principles also found in other approaches to development such as Problem Driven Iterative Adaptation and Doing Development Differently.

Management & Governance

Myanmar is a challenging, complex and unpredictable market. Quality delivery in this context demands experimentation through high levels of flexibility and adaptability, in line with the MSD approach. At the same time, any programme funded by CDC must be held accountable to high performance and excellent resource stewardship standards.

With these principles in mind and in order to leverage CDC/CDC Plus intelligence and convening power while delivering at pace and to scale, CDC Plus proposes an approach which balances the advantages of implementing the programme internally and outsourcing it completely. To do this, following a competitive tender, CDC will sign a management contract with an experienced and trusted implementing partner, who can take on the risk and operational and management requirements associated with operating in Myanmar. At the same time CDC will establish a governance and management structure which ensures CDC retains control of the strategic direction of the programme and has close oversight of activities on the ground.

The duration of the programme will be four years and it will have a total value of up to £5m with a clear break clause following the six-month ‘Discovery Phase’. There may be a possibility of extension depending on performance.

CDC Contribution and Collaboration

A strong private sector ecosystem which enables investment and economic growth requires many different building blocks. These include a conducive business enabling environment (including a solid regulatory framework), skilled workforce underpinned by a strong education system, strong supporting functions and an entrepreneurship ecosystem and business culture enabling risk taking by entrepreneurs and investors.

CDC is in a unique position to deliver a programme focused on strengthening some of these building blocks through CDC Plus, by utilising its mandate to provide market-level technical assistance programme from within an investor setting. CDC will leverage its close links to DFID in Myanmar, other DFIs and investors (including the Myanmar Private Equity and Venture Capital Association).

Tender process

If CDC proceeds with the programme, it is envisioned that the formal tender process to appoint the implementing partner will commence in the next couple of months. We will be looking for an implementing partner which is able to hire and manage a small team with experience in taking a systemic view to private sector development and networks in Myanmar. The implementing partner must also be able to perform key programme management functions such financial management, HR, operations and risk management.

To receive more information on the tender please follow updates on our website and register your interest here: <https://forms.gle/eX2MYTBboXHxQLJ87>