



Country: SUDAN
Initiation Plan

Project Title: Capacity Building for Inclusive Finance and Private sector development, Southern Sudan

Expected CP Outcome 1: Enhanced national and sub-national capacities to plan, monitor, evaluate and implement MDGs and related national development policies and priorities.

Initiation Plan Start Date: 15 July 2009
Initiation Plan End Date: 31 December 2009

Implemented by: UNDP


Brief Description

The Sudan conflict has left a large segment of the population entrapped in a poverty cycle. People have little livelihood options and income-generating opportunities to lift themselves out of acute poverty and end economic marginalisation and exclusion. The Government of Southern Sudan (GoSS), in partnership with UNDP, UNCDF and other partners, are collaborating in the design and implementation of relevant economic policies, programmes and projects. One such initiative is the development of an inclusive financial sector including a vibrant microfinance sector with a range of products and services accessible by all (including the very poor with particular attention to women). In line with UNDP's mandate and agreements reached with stakeholders, the focus of this initiative will be capacity building to complement efforts by the Private Sector Development (PSD) programme under the MDTF (Multi-Donor Trust Fund). The effort will also support GoSS in building capacity for export sector development and trade promotion under a general PSD scheme. Other aspects of microfinance such as financing facilities and schemes are being pursued in parallel exclusively under a UNCDF microfinance scheme.

This capacity building Project Initiation Plan is therefore designed to develop a full project document and initiate foundational work in helping GoSS (Ministry of Commerce and Industry and the Bank of Southern Sudan) in building capacity for microfinance development through training, the provision of equipment and policy reform support.

CPAP Programme Period:	2009-2012
CPAP Programme Component:	1. Poverty reduction and the achievement of the MDGs
Atlas Award ID:	TBD
PAC Meeting Date:	8 May 2009

Total resources required:	USD 300,000
Total allocated resources:	USD 300,000
• Regular (TRAC):	USD 300,000
• Other:	
o Donor	_____
o Donor	_____
o Government	_____
Unfunded budget:	USD 0
In-kind Contributions	USD 0

Agreed by UNDP:  H. O. Ari 08/07/09

I. PURPOSE

The twenty-two year conflict has devastated Southern Sudan. Millions have died or fled and many are still entrapped in an acute poverty cycle. Policies, institutions, legal and administrative frameworks, and concrete economic development initiatives for supporting income generation have not been developed, are weak or have been destroyed. Economic opportunities such as access to financial services, micro enterprise and entrepreneurship development, and sound institutions providing policy development, implementation, prudential regulation and cost effective alternatives to customers have also been very weak or non-existent. The war period was also characterized by subsistence occupations with very low production levels, a weak export sector and an absence of a vibrant private sector.

A range of options have been identified to address the current situation, based on opportunities and constraints identified by UNDP and stakeholders and reviewed against the UN Development Assistance Framework (UNDAF) and the Country Programme Action Plan (CPAP). UNDP and GoSS agreed, as reflected in the CPAP, to strengthen policy and regulatory reforms for enterprise development and to broaden social and economic opportunities for vulnerable groups including women and youth through livelihood and poverty reduction initiatives. Microfinance will serve to broaden economic opportunities and accelerate socioeconomic recovery and integration in pursuit of the achievement of the MDGs. Export and trade sector development is another area that will accelerate income growth and poverty reduction, ensure the integration of the Sudanese economy in the global and sub-regional economy and promote the international competitiveness of the country. UNDP, UNCDF and other agencies are collaborating with GoSS (the Ministry of Commerce and Industry-MoCI) to develop an inclusive financial sector including a vibrant microfinance sector. This collaboration will ensure that the initiative will complement and build on the PSD (Private Sector Development) programme under the MDTF (Multi-Donor Trust Fund). The collaboration will also complement the current PSD and trade promotion efforts of the government.

Southern Sudan is entering a dynamic phase in the development of its microfinance sector. There are a range of financial service providers (FSPs) emerging, the regulatory regime is taking shape in a positive direction and a number of major funders (SSMDF, SMDF and USAID) are preparing to disburse significant amounts of resources. This funding is primarily concentrated, as it should be, on retail FSPs. As the microfinance sector evolves, opportunities will emerge but there will also be constraints that could hinder the development of the sector. These include limited human resources and institutional capacity for microfinance schemes development and weak policy, regulatory and institutional frameworks. As such, one of the areas the eventual project document will aim to address is capacity building, which will include training a corps of citizens to include at least 50% women in order to create a critical mass for microfinance development and growth.

Sudan is one of the countries facing difficulties in integrating in the global economy. This has been due to low levels of productivity and competitiveness, poor technology, high production costs and poor customs and tariff administration/regime. A Diagnostic Trade Integration Study (DTIS) has been conducted by the World Bank in 2008. The document culminated in an Action Matrix which identifies areas of intervention for trade capacity enhancement. Both the study and the Action Matrix have been validated and adopted by GoSS. Southern Sudan stands to gain access to donor resources under the Integrated Framework for Trade Related Assistance to Least Developed Countries (IF) for the implementation of priority activities in the Matrix.

In the area of trade expansion to contribute to poverty reduction, GoSS seeks to boost the productivity and international competitiveness of Sudanese peoples and enterprises by supporting the development of a vibrant trade and private sector. The strategies to achieve this will include strengthening trade capacities and the development of the private sector.

The purpose of this Project Initiation Plan (PIP) is therefore to initiate foundational work in capacity building for inclusive finance and private sector development which includes trade capacity enhancement.

II. EXPECTED OUTPUTS

Output 1: Project Document prepared to:

- Operationalize UNDP's support for building capacity for deepening inclusive finance with endorsement by Government Counterparts and relevant stakeholders.
- Access trade capacity enhancement support for Sudan under the Integrated Framework for Trade Related Assistance to Least Developed Countries (IF). This will involve the preparation of a distinct component for PSD and trade capacity enhancement in compliance with IF formats.

Key Actions:

1. Carry out a capacity assessment (human resources and institutional) for Microfinance and PSD (PSD includes trade capacity enhancement).
2. Undertake Project Document preparation (including a component for the PSD/trade capacity enhancement).
3. Carry out workshops with Government Counterparts and relevant stakeholders for validation and buy-in of UNDP support to building capacity for deepening inclusive finance and PSD.

Output 2: Basic capacity enhanced for key institutions (including MoCI and BoSS) through microfinance trainings and basic equipment provided to strengthen institutional capacity (systems and processes).

Though there have been efforts by GoSS to develop a microfinance policy, it is imperative that at this juncture that key staff in the relevant GoSS institutions and MASS (Microfinance Association of Southern Sudan) be trained in microfinance issues (design, implementation, and M&E) to guide the sector development and better position staff of the Commerce Ministry and BoSS to advise GoSS on policy.

Key Actions:

1. Support an external training and a study tour to enhance capacity for microfinance policy development and microfinance sector development.
2. Conduct 2 local trainings.
3. Provide equipment support: computers, lap tops, printers, and UPS (Uninterrupted Power Supply).

Output 3: A mapping of microfinance-related training institutions conducted and a plan of support developed for strengthening training institutions.

The microfinance industry in Southern Sudan has a high potential to be a major employer and income source for the population. The industry will demand qualified people and strong training institutions and initiatives, especially for the service providers. This will require a range of training courses and curriculum development to integrate microfinance courses in the training of local universities and institutes.

This component will involve the mapping of existing institutes that would be interested in developing and expanding their capacity to offer microfinance training. This Output also involves developing a plan of support for strengthening training institutions. The support will include establishing a programme which would accept proposals from Southern Sudan training institutes for grant funding to develop their microfinance training capacities. Select training institutes will be assisted to develop business plans to help them transition to an institution with a sustainable provision of microfinance training services. Partnerships will also be sought with other institutes. Combined, these training sources could provide a pipeline of local staff that will be needed to staff a growing microfinance industry.

Key Actions:

1. Conduct a mapping of training institutions and training schemes/courses.
2. Prepare a plan of support for strengthening microfinance related training institutions including helping them to develop business plans.

Output 4: Microfinance sector policy and strategy development supported.

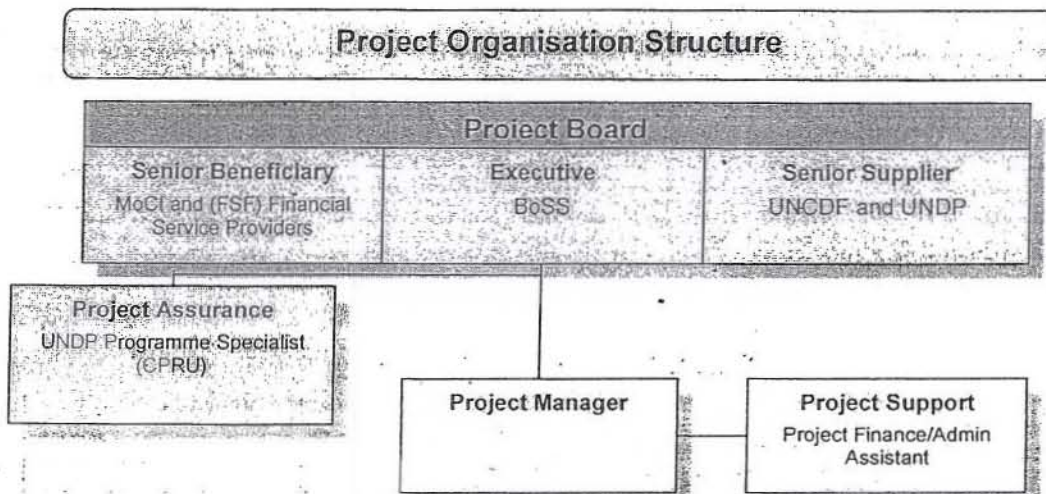
As economic growth and private sector activities increase, there will be need to proactively review sector policy and institutional and regulatory frameworks as a way of supporting continuous sector strategy development and responding to the needs of the population. The information technology era and mobile telephony are providing great opportunities for finance. As new service providers are emerging with a range of services and products, more human and financial capital will be required. More prudential regulation will be needed and more and better institutions will be required. The achievement/acquisition of these will require broader sector strategy development and reforms and UNDP and UNCDF will collaborate with and support GoSS in this regard.

Key Actions:

1. Hold consultation workshop on microfinance policy and strategy development in collaboration with MoCI and BoSS.
2. Conduct awareness workshop on policy and strategy.

III. MANAGEMENT ARRANGEMENTS

A management structure (project management and oversight) is being proposed as illustrated in the organizational structure below.



I. MONITORING

In accordance with the programming policies and procedures outlined in the UNDP Programme and Operations Policies and Procedures, the PIP will be monitored through the following:

- a. An issue log shall be activated in Atlas and updated by the project manager to facilitate tracking and resolution of potential problems or request for change.
- b. A risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- c. A project progress report (PPR) shall be submitted at the end of the PIP by the project manager to the Project Board through project assurance, using the standard report format.
- d. A project lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the lessons-learned report at the end of the project.
- e. A monitoring schedule plan shall be activated in Atlas and updated to track key management actions/events.

Moreover, in the final analysis, the output of the PIP will be measured by the quality of the project document that will lead to capacity developed in microfinance policy and practices. The quality of project document will be measured by the reviews/feedback on the project document by GoSS and stakeholders, the level of gender sensitivity incorporated into it, and the interest generated among potential donors to support the proposed project.

V. ANNUAL WORK PLAN

YEAR: 2009

EXPECTED OUTPUTS <i>And baseline, associated indicators and annual targets</i> (CP Outcome: Enhanced national and sub-national capacities to plan, monitor, evaluate and implement MDGs and related national development policies and priorities.)	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
<p>Output 1: Project Document prepared to (i) operationalize UNDP's support for building capacity for deepening inclusive finance with endorsement by Government Counterparts and relevant stakeholders and (ii) access trade capacity enhancement support for Sudan under the IF.</p> <p>Baseline: PIP produced.</p> <p>Indicator: Endorsement of Project Document by Government Counterparts and relevant stakeholders.</p> <p>Targets: Project Document produced and endorsed by PIP's end date of 31 Dec. 2009.</p>	<p>Activity Result Project Document for <i>Capacity Building for Inclusive Finance</i> and PSD¹ produced including preparatory activities to develop the Project Document.</p>					UNCDF and UNDP in support of MoCI and BoSS	UNDP	Consultancy	40,000
	<p>Actions:</p> <p>1. Carry out a capacity assessment (human resources and institutional) for Microfinance and PSD.</p>			X	X			Consultancy	40,000
	<p>2. Undertake Project Document preparation (including a component for the PSD/trade capacity enhancement).</p>			X	X			Contractual services	40,000
	<p>3. Carry out workshops with Government Counterparts and relevant stakeholders for validation and buy-in of UNDP support to building capacity for deepening inclusive finance and PSD.</p>			X	X				

¹ Private sector development including trade capacity enhancement. This effort will be leveraged to access funding under the IF.

<p>Output 2: Basic capacity enhanced for key institutions (including MoCI and BoSS) through microfinance trainings and basic equipment provided to strengthen institutional capacity (systems and processes²).</p> <p>Baseline: Weak institutional capacities in MoCI and BoSS to develop the microfinance sector and microfinance policies; minimal infrastructure/equipment in MoCI/BoSS offices which is needed to operate effectively.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Number of people trained, disaggregated by gender. • Number of MoCI/BoSS offices supported through the provision of basic equipment. • Number of study tours conducted. <p>Targets:</p> <ul style="list-style-type: none"> • 30 officials trained. • 3 offices supported with basic equipment. • One study tour undertaken. 	<p>Activity Result Preliminary capacity development activities conducted and basic equipment provided.</p>					UNCDF and UNDP in support of MoCI and BoSS	UNDP	Travel	20,000	
	<p>Actions:</p> <p>1. Support an external training and a study tour to enhance capacity for microfinance policy development and microfinance sector development.</p>			X	X				Contractual services	40,000
	<p>2. Conduct 2 local trainings.</p>			X	X				Contractual services	30,000
	<p>3. Provide equipment support, computers, lap tops, printers, and UPS (Uninterrupted Power Supply).</p>			X	X				Equipment and furniture	40,000

² Systems and processes support refers to: microfinance data collection and management, record keeping (filing), office management, and web-based research through computer and internet connectivity provision.

<p>Output 3: A mapping of microfinance-related training institutions conducted and a plan of support developed for strengthening training institutions.</p> <p>Baseline:</p> <ul style="list-style-type: none"> Limited information available on the existence of microfinance-related training institutions. The plan of support for training institutions not yet developed. <p>Indicators:</p> <ul style="list-style-type: none"> Mapping of institutions conducted. Plan of support prepared. <p>Targets:</p> <ul style="list-style-type: none"> Training institutions mapped and identified. Plan of support developed for strengthening training institutions (including support for developing business plans). 	<p>Activity result:</p> <p>Preliminary activities conducted in order to map out and identify existing institutes which could provide microfinance training and a plan of support developed for strengthening microfinance related training institutions.</p>					<p>UNCDF and UNDP in support of MoCI and BoSS</p>	<p>UNDP</p>	Contractual services	10,000			
	<p>Actions:</p> <p>1. Conduct a mapping of training institutions and training schemes/courses.</p>			X	X						Contractual services	10,000
	<p>2. Prepare a plan of support for strengthening microfinance related training institutions (including helping them to develop business plans).</p>			X	X							
<p>Output 4: Microfinance sector policy and strategy development supported.</p> <p>Baseline: Lack of sector policy or strategy.</p> <p>Indicator: Number of consultation workshops and awareness workshops conducted.</p> <p>Target: 1 consultation workshop and 1 awareness workshop conducted.</p>	<p>Activity result:</p> <p>Microfinance sector policy and strategy supported through consultation and awareness workshops.</p>					<p>UNCDF and UNDP in support of MoCI and BoSS</p>	<p>UNDP</p>	Contractual services	15,000			
	<p>Actions:</p> <p>1. Hold consultation workshop on microfinance policy and strategy development in collaboration with MoCI and BoSS.</p>			X	X					Contractual services	15,000	

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