



**PROJECT DOCUMENT
OF THE UN FUND FOR RECOVERY RECONSTRUCTION AND DEVELOPMENT IN DARFUR**

'Microfinance for Young and Poor Producers in Rural Areas in Darfur'



Khartoum, February 2016

UNDP

Microfinance for Young and Poor Producers in Rural Areas in Darfur

DDS Pillar:	Pillar III: Economic Recovery
Project title:	Microfinance for Young and Poor Producers in Rural Areas in Darfur
Programme outcome:	3.0 Increased Access to Financial Services

Lead Agency **UNDP**

Project Duration: **18 months**

Anticipated start/end dates: **February 2016- August 2017**

Total estimated budget*: **2,475,000 USD**

Names and signatures of (sub) national counterparts and participating UN organizations

UN organisations	National Coordinating Authorities	
Selva Ramachandran	H.E. Amna Haroun Ahmed	H.E. Minister Kamal Hassan Ali
Signature Country Director UNDP Sudan	Signature Minister of Finance and Economic Planning Darfur Regional Authority	Signature Minister Ministry of International Cooperation
Date & Seal	Date & Seal	Date & Seal

1. Executive summary

After a decade of conflict and displacement, the 2011 Doha Document for Peace in Darfur (DDPD) strengthens the peace process and lays the groundwork for recovery and reconstruction. One of the commitments of the DDPD is to establish a Microfinance system in Darfur in order to provide the required funding for income generating activities to individuals and groups with non-traditional collaterals to provide the poor war affected population in Darfur such as IDPs, returnees, women especially widows and de facto Female/headed households and small producers, access to financing, training and skills enhancement.

The 'Microfinance for Young and Poor Producers in Rural Areas in Darfur' Project aims to increase access for IDPs, Returnees, vulnerable groups and poor producers, including Youth and Women to Microfinance and financial services to stimulate markets, and sustain source of income in the 5 Darfur States

This Project, amounting to \$ 2.5 million, is designed in line with Darfur Development Strategy entailing UNDP experience and comparative advantages to contribute to a major commitment made in the DDPD, stipulated in the wealth sharing section of the DDPD agreement (Article 19: Microfinance System; items 130 to 137) through the establishment of a Microfinance Apex in Darfur.

The Project will target the five Darfur States (North, Central, South, East, and West) with a State-centered approach seeking to maximize impact of the project in response to the state specific needs.

UNDP works in close collaboration and full consultation with Darfur Regional Authority (DRA), States Ministries of Finance & Economic Planning, States Ministries of Technology Development and Capacity Building and the relevant national counterparts with the aim to achieve composites of outputs that will collectively address the broad goal of the Economic Recovery pillar of the DDS. The project will span for 18 months aiming at delivering the below output:

Output 1: A Greater Darfur Microfinance Apex (GDMA) Model is established

Output 2: Comprehensive Capacity Development Training Programmes for Microfinance actors in Greater Darfur are conducted

Output 3: Diversified Microfinance financial and non-financial Services are developed and provided on a sustainable basis through/ for MFIs, agents, Community Based organizations, unions and self-employment groups and clients

Output 4: Innovative community based models using technological products and micro-business models in selected agricultural value chain commodities are promoted

The project will target all the Microfinance actors in the five states of Darfur including GDMA, Darfur states authorities, licensed MFIs, Mediators including CBOs, NGOs, native administration, training institutions, and media. Poor producers including IDPs, Returnees, vulnerable groups, Youth and Women are specifically targeted.

2. Situation Analysis

Darfur has long been a land riven by conflict and insecurity. A decade of vicious conflict has resulted in the internal displacement of an estimated 2 million people, as well as a flood of 280,000 refugees. Virtually the entire population of Darfur - estimated of 8 million - is arguably affected by the conflict. Every community, whether they are sedentary rural farmers, nomadic pastoralists, public sector workers or urban dwellers, have seen their livelihoods disintegrate and their freedom of movement and personal security severely threatened or compromised. Services such as health, education and water services to the rural communities have been overloaded or stopped. The conflict damaged and destroyed infrastructure, seriously curtailed markets and disrupted trade, employment and, as confidence eroded, investment in much-needed development of the region diminished.

Poverty levels in Darfur are the highest in the country, with almost two thirds of the population falling below the poverty line. Human development indicators are among the worst in Africa. Cultural and economic factors attribute to substantial gender disparities.

Darfur has a large young population, with more than half of the population is aged sixteen or younger. The war in Darfur has interrupted their lives in terms of education and skills building leaving many unskilled and without jobs constituting the biggest threat to peace and stability not only in Darfur but nationwide and probably in the region. Young people who have grown up in camps quit school to work in different small jobs. They have almost no experience with agriculture, livestock husbandry and rural livelihoods and unequipped with skills or assets for urban jobs.

The main traditional livelihood activities in Darfur are Agriculture and livestock, which are supplemented by collection of wild food and other natural resources, trade, traditional artisan manufacturing of leather, handicraft and remittances. These sources of livelihoods were all affected by the conflict. New means of unsuitable livelihood were created as a result of the new conditions of conflict and displacement in Darfur. These new livelihood means are centered on trade and services for humanitarian assistance, and fuel wood production; which are unsustainable activities.

Access to finance and financial services providers in Darfur is very limited. A financial services outlet in Darfur serves around 90,000 individuals compared to the national average which is below 15,000.

The banking sector in Darfur is composed of three branches of the Central Bank, and 36 commercial banks branches which provide Microfinancing loans to about 75,000 clients. The major drawbacks of the banking system in Darfur are the (i) overall weak coverage of banks in Darfur and their concentration in the capitals of the states, without any outreach in other urban areas let alone rural areas; (ii) small number of clients, with only 15,704 clients, this number is far below the potential clients; (iii) meager resources invested in Microfinance which amounts to only SDG 206,925 for outstanding loan portfolio; (iv) lack of diversity and opening of new economic opportunities since about 60% of the Microfinancing is directed to agriculture.; and (v) Clients' prequalification procedures and collateral requirements are traditional and can only be fulfilled by a few individuals. As a result, services offered by banks and other formal financial providers are not suitable for the local populations.

Social funds, such as, Zakat Chamber, and a considerable number of international organizations and national and international Non-Governmental Organizations (NGO) are active in Darfur; but their efforts are focused on relief programs and to a lesser extent on basic development interventions. Furthermore, only three MFIs are licensed in Darfur with weak coverage of 5,285 clients and very limited capacities in spite of the considerable allocated portfolio amounting to SDG 13,633,000. Therefore, many members of the communities find informal finance as the only available option. Economic empowerment of women greatly contributes to the post-conflict economic growth and leads to improving the quality and social outcomes of economic recovery measures. However,

Microfinance for Young and Poor Producers in Rural Areas in Darfur

consideration of economic empowerment of women, in line with the national development plans, economic policies and other peacebuilding interventions, has remained a gap to date as women's economic recovery has generally not been prioritized". Women IDPs have particularly limited access to economic opportunities and encounter gender-based discrimination hindering them from establishing sustainable livelihoods projects. In South Darfur, for instance, despite women often mantling the roles as breadwinners, men often tend to remain in control of decision-making at household and community level as well as in control of the money earned by women household members.

As manifested in the National Women's Empowerment Policy (WEP 2007), the Government is committed to enhancing women's contribution to sustainable development in Sudan and recognizes women's economic empowerment as one of the main pillars to achieve solid and sustainable economic growth. Under this policy, the General Directorate for Women and Family Affairs (GDWFA) of the Ministry of Welfare and Social Security has initiated a Rural Women's Empowerment Programme which stresses that women's engagement in income generating activities in Sudan is hampered by lack of skills, knowledge and access to productive resources including land, access to skilled jobs and available financial services to enhance livelihoods and entrepreneurship.

Recognizing the importance of availing access to financial resources particularly for poor people and women, the Central Bank of Sudan issued a directive prescribing that a minimum of 12% of all bank loans should provide credit for microfinance activities. ¹ However, State owned microfinance institutions have not delivered on their promise to support women with micro-credit schemes. These financial institutions and banks have stringent requirements that women are often unable to meet due to discriminatory laws and practices restricting their ownership of land and property that can be used as collaterals. Engagement with the financial institutions is therefore required to enhance their capacity to access female clients for sustainable business.

The demand for Microfinance in Darfur is huge, being the region with the highest incidences of poverty and with communities in great need for restoration of their livelihoods and economic activities. Microfinance is viewed as one of the mechanisms for alleviating poverty and economically empowers communities. Out of the 8 million population in the region, about 50% or 4 million are considered as the economically active population as defined by the Central Bureau of Statistics (age 16-64) and constitute the total market clients for all financial services including credit from regular windows of commercial banks and from Microfinance (see table below). The number of potential Microfinance clients in the region stands at 2,339,000 around 27% of the population of Darfur region. However, due to the humanitarian and relief activities in the region, many are accustomed to receiving grants and donations with no repayment requirements. Such practice might pose some challenges in implementing successful Microfinance programs.

Table: Estimation of the total number of potential Microfinance clients in Darfur (x1000)

States	Pop-2013	Economically active (16-64)	Poor pop as % of the economically active	Poor pop	% of severe poverty (eligible only for Zakat and charity)	Pop in severe poverty	MF potential clients (active poor)	% of MF clients to pop
North	2,360	1,204	69.4%	836	14.2%	119	717	30%
West	843	430	55.6%	239	8.9%	21	218	25.8%
East	1,359	693	61.2%	424	12.7%	54	370	27.2%
Central	618	315	55.6%	175	8.9%	16	159	25.7%
South	3,212	1,638	61.2%	1,002	12.7%	127	875	27.2%
Total	8,392	4,280	60.6%	2,676	11.4%	337	2,339	27.1%

Source, (Policy Assessment Consultancy & Training) PACT 2013

¹ Rural Women's Empowerment Project Document, 2011.

3. Project Strategies

3.1 Background

Darfur Development Strategy (DDS) designed a fully-integrated strategy supported by substantive groups of priority needs identified by the ten thematic areas, which were collated into the broad areas of governance, justice and reconciliation, reconstruction and economic recovery. These broad areas became the three interconnected pillars of DDS, soundly based on identified, immediate activities. One of the pillars of the DDS is the economic recovery, which will be achieved by support to key livelihoods, increasing access to those key livelihoods and financial services. One of the commitments of the DDPD is to establish a Microfinance system in Darfur in order to provide the required funding for income generating activities to individuals and groups with non-traditional collaterals to enable the poorest segments of the population in Darfur, who were devastated by the conflict, such as IDPs, returnees, women especially widows and de facto female/ headed households, and small producers, access to financing, training and skills enhancement.

The project is considered as an essential component in the implementation of this commitment which was stipulated in the wealth sharing section of the DDPD agreement (Article 19: Microfinance System; items 130 to 137).

Establishing a Microfinance system in Darfur is essential for many reasons.

1. The conflict impacted the livelihoods of majority of the people in Darfur. About 2 million are still displaced, including refugees - 80% lost everything they owned, animals were lost, seeds, crops and markets were destroyed and irrigation water systems were damaged. To enable the affected population to return to their normal life, they have to regain their productive means and engage in sustain production which could be done through Microfinance. This is particularly the case given the small coverage and the hard lending terms and conditions of the conventional or traditional banks.
2. Large quantities of food aid prompted many IDPs and others in urban cities to peruse trade in food aid as a mean of livelihood whilst many others became dependent on the huge humanitarian assistance. However, humanitarian assistance started to decline. Hence the need to have alternative sustainable means of livelihood has emerged.
3. The DDS indicated that selling firewood and grasses is becoming a major income generating activity for the 65% -70% female-headed households in IDP camps. These activities are not environmentally sustainable given the rate at which trees are being cleared and the climatic conditions in Darfur in general. Microfinance provides an alternative income generating.
4. Microfinance represents a hope for the young population of Darfur where more than half of the population is aged sixteen or younger and most of whom are left without education or skills due the war.
5. Thousands of women and youth received varied levels of technical trainings on small handicrafts and vocational skills by many national and international actors in Darfur. The focus of these capacity building projects is the training and to some extent provision of nominal start up grants that might not sustain their small businesses beyond the lifespan of the project. This sector will formulate a priority targeted clients for microfinance business to sustain their work and scale up their business.
6. The Government of Sudan has in place a microfinance policy that requires banks and other financial institutions to allocate 12% of their resources to microfinance loans. Engagement with the financial institutions is required to enhance their capacity to access female clients for sustainable business.

Microfinance for Young and Poor Producers in Rural Areas in Darfur

Microfinance for Young and Poor Producers in Rural Areas in Darfur Project aims to increase effective and affordable access to Microfinance and financial services for IDPs, Returnees, vulnerable groups and poor producers, including Youth and Women to stimulate markets, and sustain source of income in the 5 Darfur States. This will be done through establishing a sound Microfinance system spearheaded by Microfinance Apex to oversee the Microfinance sector in Darfur States; empowering the Microfinance providers and clients, promoting and supporting Microfinance innovative community based model using technological products; and increasing financing opportunities and production businesses models for young and poor producers.

The project falls under Economic Recovery Pillar of Darfur Development Strategy which aims to contribute positively towards poverty alleviation and transitioning Darfur to development in an equitable and environmentally sustainable manner. This will be achieved by support access to key livelihoods and financial services, while ensuring effective economic linkage to sustainable productive sectors in all the five States. It corresponds to the DDS objectives "*...shall aim at realizing short-term and medium-term objectives in the fields of rehabilitation, reconstruction, construction and development taking into consideration urgent needs and the need to work out the basis for long-term development. Special attention shall be given to programmes and projects which will enable Darfur to speed up the transition from relief to development.*"

The project corresponds to UNDAF Outcome 1: *'People in Sudan, with special attention to youth, women and populations in need, have improved opportunities for decent work and sustainable livelihoods and are better protected from external shocks, thereby reducing poverty'*. The project will contribute to the attainment of the Millennium Development Goals (MDG) 1, and 3, with a focus on target (8)16, Productive Work for the Youth.

This project comes as part of the Foundational and Short-term Activities (FaST) which will serve a composite of key purposes, all of which enhance the speed of transition from relief to development. The project will contribute to objective 3 of FaST 'Increased access to financial services'. The project has been developed in full consultation with DRA Ministry of Finance and comes in line with DDPD major commitments stipulated in the wealth sharing section of the DDPD agreement (Article 19: Microfinance System; items 130 to 137) through the establishment of a Microfinance Apex in Darfur. To increase effective and affordable access to Microfinance and financial services in Darfur, a sound Microfinance system in Darfur will be constituted through the establishment of a Microfinance Apex by the Darfur Regional Authority (DRA) to improve and increase access to Microfinance Services. The Apex, known as Greater Darfur Microfinance Development Apex (GDMA), will oversee Microfinance sector in Darfur states, empower the Microfinance providers and clients, promote and support Microfinance innovative community based and micro-business model using technological products; and increase the financing opportunities and production businesses models for young and poor producers.

3.2 The Proposed Project

3.2.1 Project Objective

The main purpose of this project is mainly to increase access for IDPs, Returnees, vulnerable groups and poor producers, including Youth and Women to Microfinance and financial services to stimulate markets, and sustain source of income in the 5 Darfur States. This will be done through different types of support to the financial sector in Darfur. Such support includes capacity development for all the Microfinance actors in Greater Darfur including local authorities, government and non-government

Microfinance for Young and Poor Producers in Rural Areas in Darfur

institutions, providers of Microfinance & business services, relevant institutions, Communities, and individuals.

The project has four specific Outputs:

Output 1: Greater Darfur Microfinance Development Apex established

Output 2: Comprehensive Capacity Development Training Programs for Microfinance actors in Greater Darfur are conducted

Output 3: Diversified Microfinance financial and non-financial Services are developed and provided on sustainable basis through/for MFIs, agents, Community Based organizations (CBO), unions and self-employment groups and clients

Output 4: Innovative community based models using technological products and micro-business models in selected agricultural value chain commodities are promoted

Project Approach

The project corresponds to the tracks of the UN policy for post-conflict employment creation, income generation and reintegration post conflict settings. The Policy aims to help scale up and to maximize the impact, coherence and efficiency of employment support provided to conflict-affected areas as well as gives specific attention to the needs and capacities of the unemployed women, youth and needy groups. The policy has three concurrent tracks which differently focus on stabilization, reintegration and long-term employment creation. Track A and track B are geared towards addressing the more urgent recovery issues, while track C supports the development of national capacities, strategies and policies to achieve sustainable solutions. Track C builds on the gains made in tracks A and B granting opportunity for those empowered initially to contribute to building the national systems.

The project in its essence supports financial sector and business development services in Darfur. It is mainly focused on capacity development of local governments and other local authorities, institutions, providers, communities and other associations all working in Microfinance sector. The focus includes community driven development interventions comprising participatory local economic recovery aspects to be developed in consultation with community groups, for the expansion of the private sector and direct employment support services particularly for financial development and Microfinance. Moreover, the project gives special focus on promotion of diversified Microfinance financial and non-financial Services through enhancing the public awareness of the services and products, establishing a microfinance information hub and more importantly promoting modern technology of mobile and point of sale and their supporting software and platforms for savings mobilization and money transfers ('Mobile Money for the Poor' model). The promotion of this model will be a good test for the accessibility and applicability of the mobile financial services in Darfur.

Furthermore, the project has a particular component that focuses on the grass-roots level through the promotion of new innovative community based technological models as well as group micro-business models for young producers in agricultural value chain via increased financing opportunities. The component aims to promote the use of mobile services for Microfinance purposes which can serve the unbanked or underbanked populations in Darfur. Sudan has recently introduced the Mobile financial services taking advantage of the advanced status of modern communication technology which provides an excellent opportunity to start using the Mobile for financial services. As the Mobile financial services is still at its initiation phase, this component builds on Sudan limited use of Money

Microfinance for Young and Poor Producers in Rural Areas in Darfur

Transfer system based on airtime and (Person to Person) P2P to promote for innovative technological products that can be more affordable and convenient financial services for individuals that have mobile phones, and also can be an entry point towards better access to formal financial services. At the same time, the component supports the group micro-businesses models to improve agricultural value chain in four commodities including Hibiscus, groundnut, Honey and Hides and skins.

Hence, the project will extensively follow track B focusing on the *Local economic recovery for employment opportunities and reintegration*, while at the same time, will touch on Track C *Sustainable employment creation and decent work* through supporting the financial sector. The project, therefore, gears all its support to the financial sector in Darfur towards improving the financing outreach to young and poor producers. It is building on the gains made at the Marco level granting opportunity for those are in need.

In addition, the project will have built-in cross-cutting concerns in its intervention following UN Policy principles:

Guiding principle 4: aim for sustainability

Sustainability requires national and local ownership and investment in capacity development of governments, communities and other stakeholders.

Guiding principle 5: promote gender equality

Programmes must systematically assess opportunities in a gender disaggregated way and support both women's and men's efforts to build new social and economic relationships. In September 2013, the UN Peacebuilding Commission adopted a Declaration recognizing that the "economic empowerment of women greatly contributes to the effectiveness of post-conflict economic activities and economic growth, and leads to improving the quality and social outcomes of economic recovery measures and policies as well as to sustainable development." However, consideration of these issues as part of national development plans, economic policies and other peacebuilding interventions has remained a gap to date, as women's economic recovery has generally not been prioritized.

The project will make sure that gender equality is adhered to in its training and awareness interventions. More specifically, the project will seek to ensure that a critical number of women, especially widows and head of households are targeted through its interventions and that microfinance service providers are trained to provide gender-sensitive services for women as individuals or as groups seeking to access microfinance for income generating activities.

Moreover, **Environmental issues** will be addressed through the intensive training provided for the GDMA staff, MFIs, mediators, and beneficiaries. The project will make use of Regional Microfinance providers Network that it will establish to advocate environmental and gender equality issues in Microfinance. Moreover the cross cutting issues could be advocated further through the project interventions of the awareness services and the component of Proposals for innovative community based model and awards winning proposals.

Significant funding is needed for the Microfinance system in Darfur. The project will fund activities related mainly to technical support and capacity building. The Darfur Regional Authority, as the owner of the Apex and in fulfillment of DDPD Commitment, has a firm and formal commitment to allocate a total capital of approximately 600 million SDG (equivalent to 100 million US dollars) with an initial capital of 120 million SDG for setting up of a regional non deposit taking microfinance apex compliant with the Microfinance Framework issued by the Central Bank of Sudan (CBOS) in 2011.

Microfinance for Young and Poor Producers in Rural Areas in Darfur

Hence, the DRA will be responsible for the establishment of the Darfur Microfinance Apex along with its five branches located in the capitals of the states in the region.

The five states MFIs with resources from the Central Bank of Sudan and the States governments will assist in expanding the coverage of Microfinance. Also, there are many NGOs which are working in activities related to Microfinance, which will complement the work of this project. Moreover, States of Darfur have several social programs that are related to the Microfinance, particularly the social safety net programs. Use could also be made of the private sector in the region especially local merchants, small and medium size businesses and private training institutions.

3.3 Target Population & Location

The project will target all the Microfinance actors in the five states of Darfur including GDMA, Darfur states authorities, licensed MFIs, Mediators including CBOs, NGOs, native administration, training institutions, and media. Poor producers including IDPs, Returnees, farmers, pastoralists, Youth, People with Disabilities, needy, and Women within each state/ localities, are specifically targeted.

Selection Criteria to prioritize actors will be developed in full consultation with the states, GDMA and responsible partners. The Criteria may include: good governance, potential for outreach, sound financial management, social performance, prospects for financial sustainability.

The project targets locations are as follows: Central Darfur- Zalingei & Bindisi, South Darfur- Nyala & Gerida, East Darfur- Ed Daein & Assalaya, North Darfur- El-Fashir & Dar Essalam, and West Darfur- El-Geneina & Habila.

The GDMA headquarters will be located in El-fashir with regional offices in the other four Darfur states to be located in Nyala, El-Geneina, Ed- Daein, and Zalingi. A small coordination office will be located in Khartoum.

The Project will be implemented by UNDP in close coordination and partnership with Darfur Regional Authority, States Ministries of Finance & Economic Planning, States Ministries of Technology Development and Capacity Building and the relevant national counterparts

3.4 Lessons Learned

There are certain important factors for the success of an Apex based on best international practices resulting from lessons learned around the world, particularly given the fact that the proposed Apex institutions will operate in post conflict area. The project will take into account the following: (i) it will assist an Apex institution that has clear goal is nurturing the development of sustainable microfinance providers not maximizing the number of MFIs; (ii) The Apex is a politically independent institution, with a strong board ; (iii) its funding is based on a realistic assessment of the number of qualified MFIs or intermediaries and clear selection criteria; (iv) it has management of very high quality, possessing a blend of microfinance expertise, managerial and financial skills, and integrity.

To ensure that an effective and efficient microfinance system is in place the project will assist this process by increasing the capacity building of the Apex institution GDMA, as well as, the other actors who will contribute to the success of the project, including mediators and beneficiaries. This will ensure that the project will benefit from the lessons learned.

4. Feasibility, Value for Money, Risk Management and Sustainability of Results

As stated above, the project includes four outputs. The approach for delivering the four outputs is explained below:

Output 1: A Greater Darfur Microfinance Development Apex Model is established				
Activity	Challenges & Risks	Feasibility	Value for Money	Sustainability
1.1 Provide technical support to establish a well-structured, efficient and effective apex, dedicated to the fulfillment of DDPD objectives of vast microfinance outreach.	Minimal, if decisions and activities are closely coordinated with GDMA management	Feasible	A qualified responsible partner will save GDMA the trial and error learning process and costs	The responsible partner will establish operational procedures, train GDMA staff and build their capacity, so that after one year the staff is capable of operating GDMA effectively and efficiently
1.2 Collaborate with the Microfinance Unit in the Central Bank of the Sudan to ensure special banking directives and facilitation for Darfur	A legal structure and regulations must be defined under which agents with diversified expertise can be accommodated	Running a pilot will demonstrate the usefulness of the coordination	Coordination may not cost much; Piloting may.	Sustainable
1.3 Collaborate with Bank of Sudan at Central and states levels to create coordination mechanism to standardize the performance indicators and provide coherent risk management approach to microfinance business in Darfur	Providers have tendency to hide their poor performance	Cost can be included in the acquisition of the CMS	Excellent value for money. Gives the decision makers the tools to make informed decisions	Sustainable
1.4 Establish regional Microfinance providers Network including a portal, platform and MIS system	If the network involves all stakeholders and not limited to licensed service providers, defining the appropriate	Feasible with careful coordination with stakeholders	The network will lift many burdens from individual MFIs	If the network offers needed services it can be sustained through

Microfinance for Young and Poor Producers in Rural Areas in Darfur

	legal structure for the network may pose a challenge.			membership and service fees
1.5 Develop resources mobilization mechanism to ensure consistent flow of funding	Some traditional donors may have reservation in funding GDMA, being a semi-government agency. Involvement of a mediator like UNDP might be more effective.	Feasible depending on the quality of the projects presented for funding	Excellent, with a minimum investment additional funding can be raised	Sustainable, once the in-house unit is fully operational
Output 2: Comprehensive Capacity Development Training Programs for Microfinance actors in Greater Darfur are conducted				
Activity	Challenges & Risks	Feasibility	Value for Money	Sustainability
2.1 Undertake Capacity Development Training Programme for Apex management team and staff	personnel must be qualified to understand and utilize topics of training	Can be easily implemented if funding is available	A good investment which pays off in productivity, efficiency and profits	Once the new team is trained, they will continue to train new comers
2.2 Undertake Capacity Development Training Programme for MFIs, agents, Community Based organizations, unions, mediators and Business Development Services Providers including training on how to enhance the gender responsiveness of microfinance institutions and relevant authorities and improve the accessibility of microfinance institutions and services to women	Personnel from different institutions may have different skills levels, which will require customizing the training for the group being trained	Can be easily implemented if funding is available	A good investment which pays off in productivity, efficiency and profits	Once the new team is trained, they will continue to train new comers
2.3 Undertake Training and TOT Programme to self-employment	Processes must be standardized and capacities of	Feasible, especially if	Having trainers at the local community levels will save	Once the project is setup and coordinated the

Microfinance for Young and Poor Producers in Rural Areas in Darfur

groups, including women, small entrepreneurs and client on how to start/ maintain/ grow their businesses; including training on how to approach microfinance institutions and access their services	trainers and beneficiaries must be optimized. For this purpose dedicated training tools will be developed	youth volunteers are engaged in the process	on mobilization costs of trainers from other areas. Training Outsourcing will save GDMA and the MFIs significant costs.	trainers are well trained and fairly compensated, this activity is sustainable
Output 3: Diversified Microfinance financial and non-financial Services are developed and provided on sustainable basis through/for MFIs, agents, Community Based organizations (CBO), unions and self-employment groups and clients				
Activity	Challenges & Risks	Feasibility	Value for Money	Sustainability
3.1 Enhance public awareness of Microfinance financial and client services and products such as client protection, micro-insurance, micro-credit, saving, cash transfers, lending, guarantees and collaterals etc.	Unless Islamic microfinance is clearly understood, some communities may have reservations for religious reasons	Feasible, if the awareness is carried out by involving local community and religious leaders	A customer, who is aware of the benefits of microfinance and knows his responsibilities is the best customer for the providers	Sustainability will depend on the initial success of the program and how microfinance is accepted by the first group of participants; then word of mouth will take over
3.2 Promote modern technology of mobile and point of sale and their supporting software and platforms for savings mobilization and money transfers ('Mobile Money for the Poor' model)	Unstable telecom services in certain areas in Darfur; cash availability with agents in rural areas;	With the proper technology, a functioning agent network and effective promotion the services will become popular in a very short time	The services are needed in Darfur and can be profitable for the service providers	A per transaction fee is charged, which should pay for all the associated expenses. From other countries experience, rapid growth in the number of subscribers is expected, which translates to more revenue
3.3 Establish a hub for information about microfinance in Sudan; in which all demographic, economic and social data, studies, reports and literature	Minimal or non-existent	Can be easily implemented in a very short time	Excellent value for the investment; especially if a research unit is attached to the center for doing specific	Access to data (depending on the type of data) can be made available to members who pay membership fees

Microfinance for Young and Poor Producers in Rural Areas in Darfur

relevant to the microfinance sector in Darfur will be maintained and can be accessed through the center's website			research assignments for fee.	Or to those who pay for extracted data. This should generate sufficient revenue to sustain the center
Output 4: Innovative community based models using technological products are promoted				
Activity	Challenges & Risks	Feasibility	Value for Money	Sustainability
4.1 Organize and run Call for Proposals/ business idea competitions for innovative community based models and micro-business models in selected agricultural value chain commodities	Innovative projects selected and winning proposals awarded	TOR should be very specific with a clear criteria for selection	Feasible	Will contribute to sector promotion and winning proposals can be successfully implemented
4.2 Award the winning proposals/ ideas				

5. Results Framework

As stated in the previous section, the project's objectives can be grouped into four outputs with the following logical flow:

Output 1: The establishment of the Darfur Apex (GDMA) – activities will include selecting and working with a responsible partner and the procurement of hardware and software, as well as, acquiring and installing the Core Microfinance System (CMS) at GDMA, its branches and at least 5 participating providers. Also, a regional network for microfinance stakeholders registered. In addition, finalize reporting framework for gauging performance of Providers. Moreover, establish a proposal writing and fund-raising unit at GDMA.

Output 2: Training and capacity building for microfinance actors entail the development and implementation of training programs for various actors, including the personnel of GDMA, as well as, staff of different providers ranging from MFIs to mediators, etc. Performance indicators will be the number of personnel trained.

Output 3: Development of microfinance products and services to be offered through providers – Performance indicators will include the implementation of a region-wide public awareness campaign and the distribution of the mobile wallet product to selected beneficiaries. Before, launching the mobile wallet, the needed technology must be acquired, installed, connected to the national switch, and fully operational. Another performance indicator is the establishment of an information center, which can be done in two stages the design of the database and the portal for web access and gathering and electronically storing the contents.

Output 4: Innovative community based and micro-business models– since GDMA will focus on supporting community based integrated projects based on value chain concepts as well as micro-business models for the community groups, a sizable award in forms of seed money will be allocated for the best proposal to be submitted by the community groups. 40 Microfinance innovative community based model using technological products are supported to finance 10,000 economically active individuals, whilst 36,000 poor producers in total including farmers, pastoralists, IDPs, returnees, youth, people with disabilities and women will have increased financing opportunities and businesses models in different production sectors e.g. hibiscus, ground nuts, honey, hides and skin.

Based on UNDP similar previous experience and its lessons learnt, a number of mitigative mechanisms will be taken to ensure transparency and neutrality in the selection of winning innovative models, as well as to secure fair microfinance outreach to the end beneficiaries. One of these mechanisms will be the Darfur Apex which, by nature, will be the oversight and supervisory roles for microfinance flow. The second mechanism will be an independent Selection Panel will be set up to screen and select the winning proposal. The Selection Panel will be comprised of members who will be carefully representing the different bodies with appropriate knowledge and relevant expertise in such work. The whole application, screening, scoring, selection and delivery process will be developed on predetermined evaluation criteria and in a very scientific manner for transparency and neutrality. A follow up mechanism which will include the monitoring and mentoring delivery will be established.

Performance indicators may include advertising the awards, awarding the winning proposals and subsequently the follow up mechanisms. Table 1 below summarizes the results framework:

Microfinance for Young and Poor Producers in Rural Areas in Darfur

Table 1: Results Framework

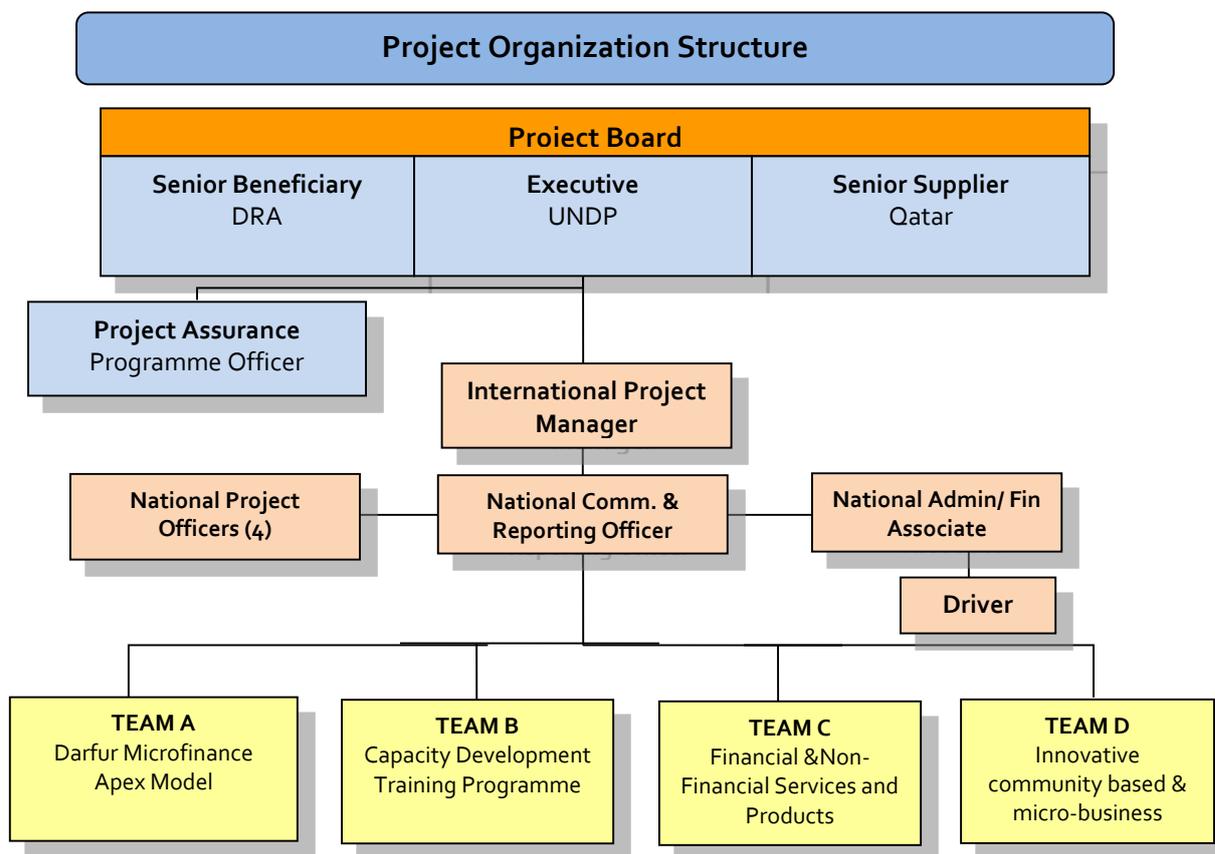
Project Title		Greater Darfur Microfinance Development				
DDS Pillar		Economic Recovery				
DDS outcome		3.0 Increased Access to Financial Services				
Relevant DDS Pillar Priority: 3.0 Increased Access to Financial Services						
Project Outputs	UN Organization	Other Implementing partner(s)	Performance Indicators	Baseline	Target	Means of Verification
1: A Greater Darfur Microfinance Apex Model is established	UNDP	DRA and Responsible Partners	<ul style="list-style-type: none"> Organizational & operational structure developed Number of Microfinance providers registered in the Network Number of Standardized performance reports generated 	<ul style="list-style-type: none"> GDMA obtained the initial license from the Central Bank Comprehensive Business Plan for Darfur Microfinance Apex conducted in Dec 2013 	<ul style="list-style-type: none"> A well-structured, GDMA is established Regional Microfinance providers Network is established Unified reporting & monitoring the performance standards is developed 	<ul style="list-style-type: none"> Periodical reporting; progress Manuals/ Guideline Subscribers data Standardized performance templates
2: Comprehensive Capacity Development Training Programmes for Microfinance actors in Greater Darfur are conducted including a training on gender responsiveness	UNDP	DRA, Responsible Partners, training outfits	<ul style="list-style-type: none"> Number of managerial, administrative & technical personnel whose capacity is developed Number of Microfinance Providers 	<ul style="list-style-type: none"> NA NA 	<ul style="list-style-type: none"> Apex management team and staff are trained 20 Microfinance Providers are trained 	<ul style="list-style-type: none"> Training materials List of participants Training reports Training

Microfinance for Young and Poor Producers in Rural Areas in Darfur

			<p>whose capacity is developed</p> <ul style="list-style-type: none"> • Number of Microfinance clients whose capacity is developed - disaggregated by sex 		<ul style="list-style-type: none"> • 5000 Microfinance clients are trained on business skills and TOTs 	<p>Evaluation forms</p>
<p>3: Diversified Microfinance financial and non-financial Services are developed and provided on sustainable basis through/ for MFIs, agents, Community Based organizations (CBO), unions and self-employment groups and clients including women</p>	<p>UNDP</p>	<p>GDMA and Responsible Partners</p>	<ul style="list-style-type: none"> • Number of awareness workshops conducted • Number of users efficiently benefited from the hub info - disaggregated by sex 	<ul style="list-style-type: none"> • 0 products development; Promotional awareness, mobile wallet product • Mobile usage covers 40 sites in seven cities in Darfur with 13.1% perceived growth in the market according to Sudan Central Bureau of Statistics 	<ul style="list-style-type: none"> • 10 Public awareness for 10,000 users on Microfinance financial and client services and products is enhanced • Microfinance information hub is established 	<ul style="list-style-type: none"> • Project reports • List of participants • Subscribers data statistics
<p>4: Innovative community based models using technological products and micro-business models in selected agricultural value chain commodities (four) are promoted</p>	<p>UNDP</p>	<p>GDMA and Responsible Partners</p>	<ul style="list-style-type: none"> • Number of community based innovative proposals received • Number of community groups micro-business applications received 	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • 40 community based innovative proposals are supported • 300 (120 members) community groups micro-business ideas are supported 	<ul style="list-style-type: none"> • Call for proposals/ applications

6. Management and Coordination Arrangements

The diagram below illustrates the proposed project management structure:



The Project Board will be comprised of UNDP as Executive, Qatar as Senior Suppliers, and DRA as Senior Beneficiaries. The Project Board Meeting will be held on regular basis. The Board can meet as required in response to an urgent issues, to ensure optimum implementation of the Project. The Project Board will review and approve project work plans, annual budgets; and receive accountability and reports and manage by exception. It will also provide project and policy implementation oversight.

The project will be implemented by UNDP. Project management function will be performed by an International Project Manager, National Project Officers (four), National Communication & Reporting Officer, National Project Finance & Administrative Associate and a National Driver. The Project Manager will be responsible for day-to-day management and decision-making for the project's work plan and budget, as well as ensuring the plan produces the results specified in the agreed project document and annual work plan. The Project Officers will be responsible for delivering the project components. The International Project Manager will be overseeing this projects and UNDP component in the 'Accelerated Learning Programme and improved access to employment opportunities for out-of-school children and youth' Joint Programme with UNICEF for cost effectiveness and advantage of area of expertise.

The Communication & Reporting Officer for overall monitoring, reporting and communication of project activities and to best document the success and lessons learnt for future scaling up of the

Microfinance for Young and Poor Producers in Rural Areas in Darfur

model tested and proved functional. S/he will be responsible for compliance with the quarterly reporting requirement. The Finance and Administrative Associate will support the implementation of the project activities and fulfill the administrative, financial, operational, and procurement tasks of the project activities. Both the Communication & Reporting Officer and Finance and Administrative Associate will be outsourced through the centralized DDS harmonized structure on cost sharing basis. The project team will be based at the UNDP Darfur Field Office as well as at UNICEF Field Offices where UNDP does not exist.

The project quality assurance role will be delegated by the project board to a UNDP Programme Officer.

The Capacity Development Training Programme and the required technical support for the Apex will be undertaken through subcontracting a specialized consultants/ firm, whilst the call for proposals/ applications will be run through NGO.

The expected core project structure is illustrated in the above diagram, and will be further elaborated and expanded commensurate with project needs.

7. Funds allocation and Cash Flow Management

The project will be implemented under UNDP Direct implementation Modality (DIM) where UNDP is managing the allocation of budgets for the different components and disbursement of fund for the responsible partners. The allocation of fund will be based on the activities and roles performed in the project implementation.

UNDP is soliciting 1 million US dollars for funding this project for duration of 18 months. The following table summarized the allocation of funds between the different project components.

8. Monitoring, Evaluation and Reporting

Monitoring

The table below summarizes monitoring and evaluation indicators and actions:

Expected Results (Outcomes & outputs)	Indicators (with baselines & indicative timeframe)	Means of verification	Collection methods	Responsibilities
Output 1: A Greater Darfur Microfinance Development Apex (GDMA) Model is established.	<p>Indicators:</p> <ul style="list-style-type: none"> Organizational & operational structure developed Number of Microfinance providers registered in the Network Number of Standardized performance reports generated <p>Baseline:</p> <ul style="list-style-type: none"> GDMA obtained the initial license from the Central Bank Comprehensive Business Plan for Darfur Microfinance Development Apex conducted in Dec 2013 	<ul style="list-style-type: none"> Periodical reporting; progress Manuals/ Guideline Subscribers data Standardized performance templates 	<ul style="list-style-type: none"> Interview Questionnaire 	UNDP, DRA and Responsible Partners
Output 2: Comprehensive Capacity Development Training Programmes for Microfinance actors in Greater Darfur are conducted including a training on gender responsiveness	<p>Indicators:</p> <ul style="list-style-type: none"> Number of managerial, administrative & technical personnel whose capacity is developed Number of Microfinance Providers whose capacity is developed Number of Microfinance clients whose capacity is developed- - disaggregated by sex <p>Baseline:</p> <ul style="list-style-type: none"> NA NA 	<ul style="list-style-type: none"> Training materials List of participants Training reports Training Evaluation forms 	<ul style="list-style-type: none"> Interview Questionnaire 	UNDP, DRA and Responsible Partners

Microfinance for Young and Poor Producers in Rural Areas in Darfur

<p>Output 3: Diversified Microfinance financial and non-financial Services are developed and provided on sustainable basis through/ for MFIs, agents, Community Based organizations (CBO), unions and self-employment groups and clients including women</p>	<p>Indicators:</p> <ul style="list-style-type: none"> • Number of awareness workshops conducted • Percentage of improved awareness on Microfinance financial and client services and products • Number of Microfinance providers used mobile technology • Number of users efficiently benefited from the hub info- - disaggregated by sex <p>Baseline:</p> <ul style="list-style-type: none"> • 0 products development; Promotional awareness, mobile wallet product • Mobile usage covers 40 sites in seven cities in Darfur with 13.1% perceived growth in the market according to Sudan Central Bureau of Statistics 	<ul style="list-style-type: none"> • Project reports • List of participants • Subscribers data statistics 	<ul style="list-style-type: none"> • Interview • Questionnaire 	<p>UNDP, DRA and Responsible Partners</p>
<p>Output 4: Innovative community based models using technological products and micro-business models in selected agricultural value chain commodities are promoted</p>	<p>Indicators:</p> <ul style="list-style-type: none"> • Number of community based innovative proposals received • Number of community groups micro-business applications received <p>Baseline:</p> <ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • Call for proposals/ applications 	<ul style="list-style-type: none"> • Announcements 	<p>UNDP, DRA and Responsible Partners</p>

Microfinance for Young and Poor Producers in Rural Areas in Darfur

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- 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
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annual/Regular reviews

- Annual Review Report: An Annual Review Report shall be prepared covering the whole year with updated information as well as a summary of results achieved against pre-defined annual targets at the output level.
- Annual Project Review: Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project.

Evaluation

A final evaluation is driven by UNDP and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes. The evaluation will be done once at the end of the project.

Reporting

- Progress reports will be developed on quarterly basis
- A final report including a narrative report of progress against objectives and financial part will be developed by the end of the project.

Microfinance for Young and Poor Producers in Rural Areas in Darfur

9. Work plans and budgets

Work plan of 'Microfinance for Young and Poor Producers in Rural Areas in Darfur'

Duration of the Project: 18 months

Specific Objectives of the Fund:										
Expected Products of the Project	Key Activities	Calendar (by activity)						Geographic Area	Responsible Participating Organization	Planned Budget (by product/ activity)
		Q1	Q2	Q3	Q4	Q5	Q6			
Output 1									94,814	
A Greater Darfur Microfinance Apex Model is established	1.1 Provide technical support to establish a well-structured, efficient and effective apex, dedicated to the fulfillment of DDPD objectives of vast microfinance outreach							Capital cities of Darfur 5 states and Khartoum	UNDP and Responsible Partner (Consultancy)	\$50,000
	1.2 Collaborate with the Microfinance Unit (MFU) in the Central Bank of the Sudan to ensure special banking directives and facilitation for Darfur							Khartoum	UNDP and Responsible Partner (Consultancy)	\$7,000
	1.3 Collaborate with Bank of Sudan at Central and states level to create coordination mechanism to standardize the performance indicators and provide coherent risk management approach to microfinance business in Darfur							Khartoum	UNDP and Responsible Partner (Consultancy)	\$7,814

Microfinance for Young and Poor Producers in Rural Areas in Darfur

	1.4 Establish regional Microfinance providers Network including a portal, platform and MIS system						Elfashir, North Darfur, and Khartoum	UNDP, DRA, Responsible Partner (Consultancy)	\$20,000
	1.5 Develop a framework for reporting, analyzing, measuring and monitoring the performance of Microfinance Institutions to eventually unify the reporting standards for Microfinance providers						Khartoum	UNDP and Responsible Partner (Consultancy)	\$5,000
	1.6 Develop resources mobilization mechanism to ensure consistent flow of funding						Elfashir and Khartoum	UNDP, DRA and Responsible Partner (Consultancy)	\$5,000
Output 2									350,000
Comprehensive Capacity Development Training Programmes for Microfinance actors in Greater Darfur are conducted	2.1 Undertake Capacity Development Training Programme for Apex management team and staff						Capital cities of Darfur 5 states and Khartoum	UNDP and Responsible Partner (Consultancy)	\$50,000
	2.2 Undertake Capacity Development Training Programme for MFIs, agents, Community Based organizations, unions, mediators and Business Development Services Providers including gender responsiveness training						Capital cities of Darfur 5 states and Khartoum	UNDP and Responsible Partner (Consultancy)	\$200,000
	2.3 Undertake Training and TOT Programme to self-employment groups, including women, small entrepreneurs and client on how to start/ maintain/						Elfashir, North Darfur	UNDP and Responsible Partner (Consultancy)	\$100,000

Microfinance for Young and Poor Producers in Rural Areas in Darfur

	grow their businesses including training on how to approach microfinance institutions and access their services								
Output 3									148,270
Diversified Microfinance financial and non-financial Services are developed and provided on sustainable basis through/ for MFIs, agents, Community Based organizations (CBO), unions and self-employment groups and clients including women	3.1 Enhance public awareness of Microfinance financial and client services and products such as client protection, micro-insurance, micro-credit, saving, cash transfers, lending, guarantees and collaterals etc.						Capital cities of Darfur 5 states and Khartoum	UNDP, Responsible Partner, mediators and business development services (Workshops, Materials, etc.)	\$25,000
	3.2 Promote modern technology of mobile and point of sale and their supporting software and platforms for savings mobilization and money transfers ('Mobile Money for the Poor' model)						Capital cities of Darfur 5 states and Khartoum	UNDP and Responsible Partner (Consultancy, Equipment)	\$75,000
	3.3 Establish a hub for information about microfinance in Sudan; in which all demographic, economic and social data, studies, reports and literature relevant to the microfinance sector in Darfur will be maintained and can be accessed through the center's website						Khartoum	UNDP, Responsible Partner (Consultancy)	\$48,270
Output 4									1,200,000
Innovative community based and micro-business models using	4.1 Organize and run Call for Proposals for the innovative community based model using technological products						Elfashir	UNDP, DRA, Responsible Partner (Consultancy)	\$50,000

Microfinance for Young and Poor Producers in Rural Areas in Darfur

technological products and selected agricultural value chain commodities are promoted	4.2 Award the winning proposals							Elfashir	UNDP, DRA, Responsible Partner (grants)	\$300,000
	4.3 Organize and run Call for applications for the community groups micro-business ideas							Elfashir	UNDP, DRA, Responsible Partner (Consultancy/ NGO)	50,000
	4.4 Provide micro-grants startup capital to the winners							Elfashir	UNDP, DRA, Responsible Partner (grants)	800,000
M&E – Evaluation										30,000
Final Evaluation									UNDP (Evaluator)	30,000
Project Management										480,000
International Project Manager									UNDP	200,000
National Project Officer (4 posts)									UNDP	200,000
National Communication & Reporting Officer									UNDP	15,000
National Project Associate									UNDP	10,000
National Driver									UNDP	15,000
Travel									UNDP	30,000
General Operating and Other Direct Costs									UNDP	10,000
Programmatic Cost										2,313,085
ISC 7%										161,916
TOTAL BUDGET										\$2,475,000

Budget by Participating UN Organization, using UNDG Budget Categories

UN FUND FOR DARFUR PROJECT BUDGET*	
CATEGORIES	UNDP
1. Staff and other personnel costs	440,000
2. Supplies, Commodities, Materials	48,270
3. Equipment, Vehicles and Furniture including Depreciation	40,000
4. Contractual Services	644,814
5. Travel	30,000
6. Transfers and Grants to Counterparts	1,100,000
7. General Operating and Other Direct Costs	10,000
Sub-Total Project Costs	2,313,085
ISC 7%**	161,916
TOTAL BUDGET	2,475,000

* Budgets must adhere to the UNDG Harmonized Budget Categories as approved by the High Level Committee on Management (HLCM) and Chief Executives Board for Coordination (CEB).

**Indirect support cost should be in line with the rate of 8%, as specified in the UN Fund for Darfur TOR and MOU and SAA, Section II- Financial Matters.