

Fact Sheet

Title of the proposed Joint Programme Sustainable Communities: Eco-Innovative gender responsive Economic Growth

UNCT Iraq

Date Tue, 03/31/2020 - 12:00

RCO focal point Marta Ruedas, DSRG, RC/HC, ruedas@un.org

Lead UN entity and contact person

UN entity	Name	Email
United Nations Development Programme (UNDP)	Zena Ali Ahmad	zena.ali-ahmad@undp.org

Participating UN entities and contact persons

UN entity	Name	Email
Food and Agriculture Organization (FAO)	Salah Alhajhassan	salah.elhajhassan@fao.org
International Organization for Migration (IOM)	Gerard Waite	gwaite@iom.int
United Nations Children's Fund (UNICEF)	Hamida Ramadhani	hramadhani@unicef.org

Relevant UNDAF Outcome/s and Output/s

The following are the relevant Strategic Priorities and Outcomes from the Iraq's Draft Interim UN Sustainable Development Cooperation Framework (2020—2024)

Strategic Priority 2: Growing the Economy for All

Outcome 2.1: Improved people-centered economic policies and legislation contribute to inclusive, gender sensitive and diversified

economic growth, with focus on increasing income security and decent work for women, youth and vulnerable populations.

Outcome 2.2: People in Iraq have strengthened capacity, enabling inclusive access to and engagement in economic activities

Strategic Priority 4: Promoting Natural Resource and Disaster Risk Management, and Climate Change Resilience

Outcome 4.1: Strengthened and resourced policies and frameworks are implemented for managing natural resources (including trans-boundary issues), developing renewable resources, and increasing resilience to climate change, environmental stress and natural hazards, and man-made and natural disasters.

Relevant objective/s from national strategic document/s

- Objective 1: Create credit activities that stimulate growth (NDP 2018-2022)
- Objective 2: Maximize agricultural and industrial production (NDP 2018-2022)
- Objective 3: Improve the environmental impact of electricity activity by reducing CO2 emissions (NDP 2018-2022)
- Objective 4: Enhance the private sector role in managing the energy production and distribution sectors (NDP 2018-2022)
- Goal (3-4): Develop the agricultural sector and achieve food security (Iraq Vision 2030)
- Goal (3-1): High and sustainable economic growth rate (Iraq Vision 2030)
- Goal (2-4): Reform public financial administration and achieve financial sustainability (Iraq Vision 2030)
- Goal (5-2): Efficient use of water resources (Iraq Vision 2030)
- Promote use of solar energy in poor areas (PRS 2018-2022)
- Establish business incubator programs to provide training, finance and services to support small enterprises of the poor, especially women, per the comparative advantage of urban areas (PRS 2018-2022)
- Encourage graduates of agricultural colleges and institutes, colleges of veterinary medicine, and vocational agricultural schools to establish businesses and agricultural enterprises for job creation in rural areas, taking advantage of Law No. 24/2013 (PRS 2018-2022)
- Establishment of a Fund to provide seed capital soft loans and loan guarantees for businesses to establish new enterprises, increase competitiveness; and to promote entrepreneurship and innovation (PSDS 2014-2030)
- Provide safe drinking water in poor and remote areas (PRS 2018-2022)
- Improved governance, including the protection of human rights; UNDAF (2015-2019)
- Inclusive, more equitable and sustainable economic growth; UNDAF (2015-2019)
- Environmental management and compliance with ratified international environmental treaties and obligations; UNDAF (2015-2019)
- Increased access to quality essential services; UNDAF (2015-2019) and
- Investment in human capital and empowerment of women, youth and children. UNDAF (2015-2019)

SDG targets on which the progress will be accelerated (includes targets from a range of SDGs and development pillars)

Goal 1: End Poverty

1.4

Goal 2: Zero Hunger	2.3
	2.4

Goal 3: Good Health and Well-Being

Goal 4: Quality Education

Goal 5: Gender Equality

Goal 6: Clean Water and Sanitation	6.1
	6.4
	6.b

Goal 7: Affordable and Clean Energy	7.2
--	-----

Goal 8: Decent Work and Economic Growth	8.2
	8.3

Goal 9: Industry, Innovation and Infrastructure	9.3
--	-----

Goal 10: Reduced Inequalities

Goal 11: Sustainable Cities and Communities	11.a
--	------

Goal 12: Responsible Production and Consumption

Goal 13: Climate Action

Goal 14: Life Below Water

Goal 15: Life On Land

Goal 16: Peace, Justice and Strong Institutions

Goal 17: Partnerships for the Goals	17.3
	17.5
	17.16

Self-Assessment

The proposal reflects the integrated nature of the SDGs Yes

The proposal is based on an inter-agency approach (two or more UN entities involved), with RC coordinating Joint Programme preparation and implementation Yes

The proposed results are part of the UNDAF and aligned with national SDG priorities Yes

The proposed Joint Programme will be led by government and include key national stakeholders Yes

The proposal is based on country level consultations, as explained in the Concept note, and endorsed by the government (the letter of endorsement) Yes

The proposal is based on the standard template for Concept Notes, it is complete, and it includes: Yes

- Theory of Change demonstrating contribution to SDG acceleration and transformation to implement the 2030 Agenda and awareness of relevant financial policy efforts at regional or national level,
 - Results-oriented partnerships, including a strategy to engage and partner with IFIs/MDBs,
 - “Quick wins” and substantive outcome-level results, and
 - Initial risk assessment and mitigation measures.
-

The proposal is expected to leverage resources for the SDGs at scale Yes

Proposal for Joint Programme

1. Summary of the Joint Programme

The purpose of this JP is to accelerate implementation of SDGs in Iraq by scaling up the potential financing of Micro, Small and Medium Enterprises (MSMEs), in underserved and conflict affected provinces in priority sectors, especially in renewable energy, agriculture and agribusiness, and water security. The JP builds on the findings of a consultation with Iraqi stakeholders exploring priority areas in

advancing the 2030 Agenda, as prioritized in the NDP and Vision 2030.

The contribution of the private sector (PS) in Iraq is very low. More than half of the wage earners work in the government sector, with 90% of the working women employed in the government sector. The PS is dominated by MSMEs, with 68% of the total workforce engaged in informal activities. Female-owned SMEs have greater rates of informality and lower numbers of employees. Though MSMEs contribute to 90% of PS employment, their growth is constrained, among others, by lack of access to finance due to difficult collateral requirements (more than 150% of the loan value or two public sector guarantors). Lending to SMEs accounted for only 9% of bank loans in 2017, and only 2.7% of firms have financed investment projects through banks loans. Investment for job creation in the PS will, among others, require significant investments in priority non-oil economic sectors, namely green economy, climate change and friendly agriculture/agribusinesses.

With this backdrop, the JP aims to achieve the following results:

- (a) Access to and use of renewable energy sources expanded and innovation and adoption of new technologies in production systems, agribusinesses, agroindustry and support services promoted;
- (b) Access to finance and investment for MSM agri-business enterprises enhanced and enabling conditions for sustainable value chain strengthened;
- (c) Financial market engagement with entrepreneurs facilitated through the enhancement of national and regional government capacities and private bank capacities,
- (d) Localized pilot model to roll-out a transformative solution to catalyze and integrate financing to ensure water security developed.
- (e) an assessment of the private sector contribution to SDG financing produced with clear recommendations for advocacy.

Multiple-innovative financing solutions will be explored and implemented through a credit-risk sharing arrangement with the private sector. Part of the SDG funds will be delivered in the form of grants to SMEs to improve off-site infrastructure (for green agriculture/agribusiness and water use) and energy efficiency. Grant for microfinance will focus on enhancing employment/and productivity of women. The JP will be implemented in Anbar and Basra.

2. Thesis and theory of change of the Joint Programme

The JP aims to expand access to finance by MSMEs, especially women/youth-led in underserved areas, through credit guarantees, information and strengthening the capacity of local ecosystems (e.g., banks, and Unions), enabling MSMEs to create jobs, promote access to sustainable energy/water use among agricultural SMEs, promote agri-businesses, and value-chains through PPPs and other finance mechanisms.

IF enabling conditions for operation/management of MSMEs, credit guarantee schemes/risk sharing facilities, business development services, business skills training (marketing and strategic management including risk assessment and management), innovation, and

technologies, are in place; and;

IF domestic public and private financial institutions are incentivized and their capacities strengthened to identify business opportunities and to expand access to finance tailored to MSMEs, while at the same time ensuring that No One is Left Behind;

IF financing is properly targeted towards enterprises (MSMEs) with experience in operating businesses, and if it is complemented with due diligence and quality assurance;

IF capacity of local public and private sector to utilize the opportunities for renewable energy strengthened

IF new technologies in production systems, agribusinesses, agroindustry and support services that strengthen the entire value chain are adopted; and IF Public and private Dialogue Platforms are established for each value chain;

THEN, domestic private sector will be able to expand access to banking opportunities to even more underserved populations; capacity of MSMEs, public sector and banks will be strengthened; MSMEs without collateral will be greatly enabled to access an otherwise inaccessible financial services; and, these will allow MSMEs to invest and create jobs, empower women, improved access to renewable energy and contributes to addressing, climate change, agri-businesses, and water security.

The above hypothesis will hold true, GIVEN the following conditions (assumptions):

(1) Iraq's economic policies are inclusive and support access to finance and investment for micro, small and medium-sized agro-enterprises; (2) the Government continues its commitment to economic diversification and priority is given to strengthening non-oil sectors; (3) cessation of conflict. Appropriate indicators will be assigned to assumptions and be monitored as part of the JP's M&E Plan.

Risks— related to information asymmetry/political issues:

(a) Adverse selection—extending credit in areas where most of the population are unbanked will present challenges in terms of SME selection/identification, and the risk of entering into lending arrangements with MSMEs who provide falsified or fraudulent documentation for the purposes of securing a loan. (b) Moral hazard—thinking that their loan portfolio to MSMEs is covered by guarantee scheme, financing institutions may not take appropriate measures to ensure that borrower repay credit, and once given loans, MSMEs may lack the willingness to repay their credit, now that their loans are guaranteed (c) Political risks—any disruptions due to political issues.

3. What are the expected results of the proposed Joint Programme?

Outcome 1: Improved access to finance for MSMEs, especially women/youth-led agribusinesses, agro-industry & sustainable value chains/support services in underserved areas, through guarantees, information and capacity strengthening of local ecosystems (IOM,

FAO, UNDP)

KRA 1.1: Access to finance and investment for MSM agri-business enterprises enhanced and enabling conditions for sustainable value chain strengthened.

- Innovation and adoption of new technologies in production systems, agribusinesses, agroindustry and support services to strengthen the entire value-chain promoted;
- inclusive and sustainable businesses in selected agricultural value-chains and market systems strengthened;
- Public and private Dialogue Platforms established for each value-chain;

KRA 1.2: Financial market engagement with credit-worthy entrepreneurs facilitated.

- enhanced national/regional gov and private bank capacities, to extend funding and debt-equity to the non-oil sector;
- expanded portfolio of financing institutions to include underserved areas;
- increased women's/youth's access to financial services

Outcome 2: Access to and use of renewable energy/water use promoted among agricultural SMEs and selected value-chains through credit guarantee schemes, and grants to microfinance facility and innovative finance mechanisms (FAO, UNICEF, UNDP)

KRA 2.1: Access to and use of renewable-energy sources expanded

- Solar-panel electricity generation units are established.
- Capacity of local public and private sector to utilize the opportunities for renewable-energy strengthened;
- Low-cost clean energy available to MSMEs and agricultural producers;
- Renewable-energy legal and incentive frameworks created;

KRA 2.2: Localized pilot model to roll out a transformative solution to catalyze and integrate financing to ensure water security developed.

- A blended concessional finance model and a microfinance scheme to leverage investment in water-security with linkages KRA 2 designed;
- A platform for engaging other investors and SMEs established.
- Localized pilot model to roll out blended concessional loans implemented;
- A pilot model for microfinance along with credit enhancement implemented.
- Increased employment opportunities for youth/women, and other vulnerable groups.;

Results contribute to SDGs 2, 5, 6, 7, 8, 13 and 16. The contribution of results measured as part of review of the UNSDCF-through respective indicators of outcomes 2.1, 2.2 and 4.1 of interim UNSDCF.

Sustainability-PUNOs will work jointly with communities and authorities to plan, ensuring that sustainability with leaving no one behind is considered from the very outset of activities. Business development services, training of youth in maintaining solar-panels, and

institutional capacity building, will be emphasized. Additionally, the Unions (farmers, labor unions) and chamber of commerce will be reactivated to play a role in implementation.

4. Describe the innovative nature of the Joint Programme

From design perspective, the JP also is conceptualized in such a way that its implementation encourages collaboration and avoiding siloed approach. The success of one requires the success of others. For example, the results achieved under the envisioned KRA 1 would be crucial for achieving long-term gains from KRA 2. For example, the renewable energy solution produced by KRA1 will supply the inputs needed for achievement of KRA2. This, in a way, ensures adequate market for SMEs working on KRA 1. In this way, the programme ensures integration and full complementarity among the results.

Furthermore, currently with a large part of the population unbanked (of the 22 million adults in Iraq in 2019, only one in four has a bank account), information asymmetries and a lack of credit histories create outsized risks for lending institutions, who struggle to find bankable opportunities. In terms of financing solutions, the JP aims to add services that break bottlenecks in the middle of the value chain, as the EDF does, addressing market failures that the EDF helped identifying over the years. The experience with EDF (related to grants) will allow to better address crucial points of developing a credit guarantee mechanism, such as ensuring it is scalable, market-led and demand driven, allowing to target specific geographical areas or business sectors.

The proposed approach for implementing the anticipated JP is innovative from the point of view of financial products (as it employs multiple financing solutions (credit guarantee scheme, grants to beneficiaries and microfinance facility) among the outputs to achieve a common objective), with the status of the initiatives ranging from piloting to scaling up. Such approach is understandably complex, but it is particularly relevant for countries coming out of conflict, such as Iraq, which have structural gaps in these forms of blended financing.

IOM has a wealth of information on SMEs through its EDF applications portal. In a context marked by low confidence in portfolios, one of the best uses of such portal is being able to identify businesses that will actually pay loans back, training a cadre of people who can contribute to private sector engagement, and effectively, bringing the banks to the private sector through portfolio building. This is an innovative approach to formalization and growth which has not yet been implemented in Iraq.

5. Expected added value of the UN and the Joint SDG Fund

Securing access to finance is very challenging for MSMEs. Iraq ranks 186 out of 190 countries in getting credit, according to Doing Business 2020 Report. It is estimated that fewer than 5% of SMEs in the formal sector have received bank loans. The amount of credit provided to the private sector (PS) amounts to less than 7% of GDP (compared with 55% on average in other MENA countries). Access to credit is mainly constrained by the excessive collateral requirement (up to 150% of loan value for, small firms and medium firms respectively). This limits job creation and hampers economic growth, as the current limited access to finance makes it an arduous task for businesses to modernize or expand. Therefore, new avenues to obtain financing, accessible to more businesses, especially SMEs, are needed. This is where the financing from the SDG Fund adds value—by providing access to finance by SMEs while removing the constraint of collateral requirement.

Previous working experience with the UN-agencies in financing SMEs (IOM through EDF and UNDP's work on renewable energy) and

successes achieved has given the confidence to the financing PS institutions to further expand the scope and depth of products they offer to SMEs. The Agencies' developed competences minimize the risk-of-failure and avoid potential loss of investment by PS, on which this JP capitalizes. The JP will provide an opportunity for the PUNOs to consolidate their efforts and support Iraq in achieving SDGs through as well as accelerating the SDGs through short-medium term gains. The contribution of UN is important as public and PS investment in sustainable development is still limited due to political/security circumstances in the country. Without UN investments, the direct beneficiaries will not be able to take full advantage of this opportunity and investing with a medium-term horizon in their mind.

6. Leadership and implementation of the Joint Programme

The JP will adopt existing steering committee (SC) structure established for the implementation of UNDAF/UNSDCF. It is the highest decision-making body of the programme. The SC ensures operational effectiveness and efficiency. It will be co-chaired by the Ministry of Planning and the JP lead agency (UNDP). The SC will ensure that the JP is coordinated with other relevant initiatives and review the JP's performance and provide strategic guidance to ensure it meets the original objectives, as well as provision of support to resolve high-level political issues, if appropriate. The SC will comprise primary stakeholders, including but not limited to DCO, FAO, IOM, UNDP and UNICEF, ministries of agriculture, planning, finance, and, Municipalities, civil societies and private sector. IFIs and bilateral partners would be invited as observers. The JP will be implemented through a transparent, participative and inclusive consultative process, which aims to leave no one behind.

Each of the participating UN agencies lead each of the key result areas of the JP. KRA 1 is led by UNDP, while results 2, 3 and 4 are led by FAO, IOM and UNICEF respectively, with the implementation of each KRA requiring collaboration with other agencies. A coordination and management unit will be established within the Ministry of Planning for the day-to-day implementation and monitoring. .

UN entities provide advice/technical support to SMEs under the results they are leading, linking them with market in/out the country, assess challenges being faced by the enterprises and work towards addressing those challenges.

Partnership beyond the UN agencies would be a key for success. Participating UN agencies will engage with the World Bank to address constraints on business environment; IFC in streamlining the engagement of the private sector for blended financing; and USAID for tapping their expertise in value chain development.

7. Expected period of implementation

The implementation period is 3 years. The duration and milestones have been constructed based on a series of consultations with the national/sub-national governments, civil society and those co-funding/co-financing, beside previous lessons learned, and case studies prepared by the joint agencies.

- 1) Completion of the Inception Phase: signing JP agreement, followed by the signing of a Memorandum of Understanding with the partner financial institution. This phase includes setting up PIU, steering committee meetings, inception workshop, refining roles and responsibilities of coordination mechanisms. 6-12 months.
- 2) Identification and selection of MSMEs (required skills, knowledge and technical packages with view of focusing on women-intensive):

establishment of dialogue forums for policy development for SDGs acceleration and to support access to finance and investment for MSMEs, as well as a vibrant, efficient and sustainable business environment for investors. 6-12 Months.

3) Operationalization of the credit guarantee, concessional loans, and microfinance schemes: assessing enabling environment for implementation (regulatory, legal and marketing, and financing related issues), and facilitating access to credit. 1-3 years.

4) Enhance the knowledge and innovation focus of private investment to prioritized SDG areas: including capacity development of the SMEs in business management, and marketing. This is a continuous process.

8. Cost, co-funding, and co-financing of Joint Programme

The overall cost for the implementation of the JP is estimated to be \$20.7 million. The total amount requested from the fund is \$6.9 million (about 33.3% of the total JP cost). The remaining 66.67% of the total JP would be financed from different sources.

Discussion have taken place with some private sector players and universities, which expressed interest to co-finance the JP, amounting to \$1.1 million. This includes co-financing from Iraq Private Banks League amounting to \$0.5million, and co-funding from universities amounting to \$0.6 million. Co-funding from the JP participating UN Agencies amount to \$1.5 million.

Additional contribution will be explored during project formulation to possibly scale up results and intended outcomes. Some private companies (e.g., oil companies, and telephone companies) have also indicated their intention to support the SMEs by funding the implementation of some interventions. Further discussions will be held to see how these companies engage, the amount of funding, to facilitate this sector specific SDG financing requirement relevant to the SDGs that this JP primarily refers to, i.e., SDGs 2, 6, 7, 8 and 9. Based on the assessment results, this JP would be expanded to encompass more number of beneficiaries.

The breakdown of the financing requested from SDG fund is broken down as follows:

- (a) UNDP \$2.5 million
- (b) UNICEF \$1.3 million
- (c) IOM \$1.6 million
- (d) FAO \$1.5 million

The funds available through the Joint SDG fund will be delivered in the form of credit guarantee scheme (UNDP and IOM), grants to direct beneficiaries (FAO), and grants to establish the microfinance facility (UNICEF). A certain amount of funding from local sources will also be used to implement activities related to the financing solutions mentioned above, but that are essential for the success of credit guarantee schemes such as building capacities of enterprises to develop bankable proposals, Business Development Services, institutional capacity building (e.g., assessing and advocating conducive enabling environment, such as legal frameworks, understanding the financing space and additional financing requirements for implementing SDGs to which this JP contributes (2, 6, 7, 8, 9, 13), etc.).

9. Risk assessment

The risks are mainly political. Escalation of conflicts, co-optation of reforms by vested interests, partisan politics and deterioration of capacity of implementing institutions, are associated risks that could hamper success of the JP. As the recent demonstrations have shown, the impact of such incidents on development efforts could be high. Such disruptions have long-term impacts and delay programme implementation. Major causes of such risk include lack of employment opportunities for youth. To prevent such risks and mitigate their impacts, the JP will devise mechanisms which empower the youth and enable them to benefit from the interventions. PUNOs will monitor the development of the risk through the establishment/strengthening of conflict early warning system to provide alternative solutions to overcome possible obstacles.

There is also the risk of credit default. Understanding the SME sector and market participants could minimize the risks. Through IOM EDF, a wealth of information has been collected about SMEs. UNDP is also in the process of undertaking "Mixed Formal and Informal MSME surveys" to "build a comprehensive picture on the SMEs structure, trend, business dynamics, challenges and opportunities through up-to-date, reliable, relevant market information and analysis to identify those economic sectors / sub-sectors with the highest potential to allow all actors to design initiatives aimed at supporting private sector through SMEs or job creation, or even inclusive growth policy". In addition, strong emphasis will be given to due diligence and risk mitigation; close partnership with government for the management of the fund; broader public and private partnerships; and, helping SMEs develop creditworthiness to gain access to commercial banks.

While there has been previous experience of working with banks on similar kind of arrangement, the bank currently proposed as partner (Industrial Bank) has no previous history of partnerships or initiatives with UN organization. Due diligence or an audit would be undertaken to understand the possible shortcomings of the institution and areas that may require special attention. The credit guarantee scheme will guarantee only part of the loans to ensure participation by the financing institution in employing its loan collection practices diligently

Other risks relate to social and environmental risks. To address this, the participating UN agencies adopt/ shall support the adoption of fair labor standards, according to Iraqi labor law and UN standards. Agencies will ensure that globally accepted social and environmental safety standards will be adhered to during the design of the full-fledged JP and its implementation.

10. Convening the private sector and engaging IFIs/DFIs

Series of discussions were held with multiple stakeholders, including public and private institutions. Some parties expressed their willingness to discuss their contribution after the acceptance of the Concept Note, while other have made financial commitment. Some oil companies and a telephone Company have indicated their intention to support the SMEs by providing financial support. Further discussions will be held to operationalize this commitment.

There has not been discussions IFIs regarding this Concept Note, but the participating UN agencies are closely collaborating with IFIs/DFIs in implementing other projects. Despite no discussion on this Concept Note, they would be invited to take part in the JP Steering Committee as observers. Further discussion will take place. IFIs/DFIs active in Iraq include: World Bank, IFC, IsDB, KfW and others. The presence of IFC around the table, with significant experience in SME Finance in the MENA through various financing facilities, would contribute to the success of this JP. There is already an ongoing discussion with KfW for financing SMEs, though not as part of this JP. As part of future strategies of engagement, the UN will continue discussions with IFIs and DFIs to leverage additional

financial products to support the implementation of this JP.

11. Leverage and catalytic function

The JP leverages resources for the SDGs at scale. With each \$1 investment from the Joint SDG fund, over \$2 will be mobilized for implementation of the Joint Programme. This ratio is attainable, given previous experiences in Iraq. It is believed that in the context of Iraq, credit guarantee scheme would succeed if it is properly targeted towards enterprises with experience in operating businesses; complemented with due diligence and quality assurance; supported through business development services; and if enabling conditions for operation and management of the enterprises are in place. The mechanism will greatly enable small and medium enterprises without collateral to access an otherwise inaccessible financial service. Based on previous experience by IOM Enterprise Development Fund, (for \$600,000 capital invested by EDF, for example, nearly 5 times more liquidity (\$3 million) could be unlocked to Iraqi SMEs with the loan guarantee fund, under a 15% default rate scenario. The anticipated credit guarantee scheme will guarantee only part of the SME loans in order to ensure participation by the financing institution in employing its loan collection practices diligently, and allowing other partners to focus on funding, due diligence best practices and product marketing. Thus, as another activity in line with target 8.10 of SDG 8, domestic institutions will be encouraged to expand access to banking opportunities to even more underserved and under reached populations under this activity.

Private capital represents approximately over 54.1% of the total project costs. Out of the total cost, \$6.9 million (33.3%) is expected from the SDG Fund; \$2.6 million (12.6%) is expected in the form of local commitment (including co-funding from participating UN agencies amounting to \$1.5 million), and \$11.2 million (54.1%) to be leveraged from domestic and/or international financing institution. As part of future strategies of engagement, the UN has already engaged and will continue discussions with World Bank, Islamic Development Bank and International Finance Corporation to leverage additional financial products to support areas prioritized in this JP.

12. Technical support and seed funding

The formulation of the JP will be informed by the guidance stipulated in the UNSDG Guidance Note for Joint Programmes. The formulation of the full-fledged Joint Programme would require a detailed level of analysis of development context, including financing the SDGs highlighted in this concept note, and identification of potential financing options, in addition to those proposed in the Concept Note. It would require joint situation analysis of MSMEs (strengths, opportunities weaknesses and threats), establishing scenarios, undertaking further consultation with stakeholders at national and sub-national levels to identify the most adequate strategy of joint UN action and to ensure a realistic design and work plan; and, setting up coordination mechanisms to maximize synergies and impacts. In this regard, existing studies and the ongoing SME survey by UNDP Country Office, and agricultural value chain studies undertaken by FAO on behalf of the Food Security Cluster, would provide useful information. Inception workshops would be organized, to get agreement from all partners on the results, indicators and target timeframes while also clarifying roles and responsibilities.

Once the Concept Note is approved, the formulation of JP in such manner would entail costs and require technical support. Major costs are related to recruitment of consultant, consultation with the stakeholders (government, private sector counterparts (including banks), women organizations, youth groups, IFIs and MDBs). It is estimated that about \$500,000 would be required for consultancy fee, organizing consultation, and quick assessment of the SMEs sector in different sectors (energy, agriculture, agri-businesses, other

MSMEs in order to establish baselines.

The participating UN agencies will draw on the support from their respective Regional Bureau for sharing of best practices in accelerating the SDG financing around priority areas climate change, agriculture, and water and sanitation. Experience sharing is also another resource that can be utilized during the implementation of the programme. Overall, the intervention will draw on the comparative advantages of the four UN Agencies and the multiple technical sectors that they cover to conceive and jointly implement a system-wide approach to advance the purpose of the programme.

Signatures

Signed Signature Form
[Signature Page.pdf](#) 208.68 KB

Government Endorsement

Letter of Endorsement
[Endorsement Letter-JP UNDP-led.pdf](#) 206.54 KB