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Enhancing South-South Cooperation UNDP Sudan and Central Bank of Sudan Support Micro-finance Development in Somalia

Khartoum- March 11, 2013- Under the auspices of the Central Bank of Sudan (CBoS), the United Nations Development Programme (UNDP) Sudan in collaboration with UNDP Somalia is organizing a regional workshop on the basics of microfinance and good practices. The workshop that is taking place from 11-13 March 2013 will be attended by representatives from Somalia as well as other neighboring African countries of Djibouti, Ethiopia, and Kenya.

Assistant Governor of the Central Bank of Sudan, Hussain Yahia Gangoul said *“We, at the Central Bank of Sudan, are proud to host this vital regional workshop on Islamic microfinance highlighting Sudan’s experience in institutionalizing Islamic microfinance as part of Sudan’s efforts for poverty reduction, financial inclusion, and job creation.”*

The overall objective of the workshop is to introduce the basic principles of Islamic micro-finance and examine best practices in the region. In particular, the workshop will also help in plotting the future course of action for Somalia to institutionalize the micro-finance industry and integrate it in the recovery and development planning of the country. From Somalia, participants are selected from government officials who are engaged in micro-finance policies and active NGOs in the field of micro-finance.

UNDP Sudan, since 2006 has contributed to the establishment of the micro-finance industry in Sudan. With the financial and technical support of UNDP, a number of significant partnerships have been established with the micro-finance Unit of the CBoS, as well as with Sudanese Microfinance Development Facility, and various microfinance actors.

Amin Sharkawi, Deputy Country Director, UNDP Sudan said *“This workshop is an example of a good practice of South-South cooperation by taking Sudan Islamic microfinance experience as a model, and links UNDP Somalia with the appropriate knowledge, resources, and micro-finance actors,”*

Promoting and supporting the microfinance sector is in the centre of UNDP’s global development efforts and as stated by Sharkawi *“Sudan is a shining example of UNDP cooperation with the government across a range of areas, one of which is microfinance.”*

Somalia is facing challenges related to the availability of viable microfinance services. Some of these challenges were reflected in a baseline Survey of Microfinance Services. The key findings included limited number (nine) and low capacity of micro-finance institutions; absence of a micro-finance regulatory framework; lack of clear policies and laws, and high operating costs, just to name a few. The ongoing conflict, unstable political and economic situations have also contributed to a weak micro-finance industry.

Mohammed Barre, Representative of UNDP Somalia said *“Despite all these challenges, there is high demand and need to introduce Islamic micro-finance as one of the tools to reduce the widespread poverty in Somalia and to develop micro enterprises industry. The demand for Islamic micro-finance is called for by communities, government, and development partners including donors. The experience of conventional micro-finance hasn’t been successful in Somalia due to contrasts with cultural and religious beliefs.”*

Therefore, UNDP Somalia is leading efforts to help in establishing a sound Islamic micro-finance system in the country. This workshop is expected to deliver concrete outputs in terms of: understanding the concepts and modes of Islamic micro-finance; documenting best practices on the Islamic micro-finance; and develop a road map with key actions (results and resources) and timelines for the implementation of Islamic micro-finance in Somalia and other African countries.

UNDP is the UN’s global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life.

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