Joint Programme Document
BUILDING INCLUSIVE FINANCIAL SECTORS IN AFRICA Phase II
2009 - 2012

Region: Sub – Saharan Africa

UNDP Strategic Plan 2009 – 2012 and UNCDF SRF: *Policies, strategies and partnerships established to promote private – sector and market development that benefit the poor and ensure that low – income households and small enterprises have access to a broad range of financial and legal services.*
UNDP RBA Programme Outcome Regional Programme Document for Africa (RCFIII, 2008 – 2011) key focus area: *Poverty reduction and achievement of MDGs.*

Joint Programme Outcome:
Contribute to the achievement of the Millennium Development Goals (MDGs) particularly the specific goal of poverty reduction in half by 2015, by increasing the sustainable access to financial services for poor and low income populations in general and for small and micro enterprises particularly in Sub-Saharan Africa.

Joint Programme Expected Outputs:

- **At the Macro level: Effective Advocacy and improved regulatory framework:** through supporting the African agenda on building inclusive financial sectors, creating synergies with other donors' initiatives, in addition to supporting a more conducive legal and regulatory framework.
- **At the Meso level: sector's capacity strengthened and sound principles and knowledge disseminated**: Through supporting national strategies for financial inclusion in LDCs, building FSPs capacities, and strengthening UNDP, IFAD, Luxemburg and other contributing donors' activities in LDCs and Non – LDCs; In addition to generation, publication and dissemination of knowledge and sound principles on inclusive finance
- **At the Micro Level: Sustainable access to financial service improved**: through supported innovations and product diversification and building the capacities of financial services providers (FSPs)

Prog/project Title: Building Inclusive Financial Sectors in Africa Phase II (2009 – 2012) Programme/project Duration (Start/end dates): 2009 / 2012 Fund Management Option(s): Pooled funds and other donor funds channeled through UNCDF Managing or Administrative Agent: UNCDF (if/as applicable)	Total estimated programme budget: **USD 12,932,972** Out of which: 1. Planned resources: • UNCDF: 3,881,698 (30%) • Donor LUX 3,351,580 (26%) • Donor IFAD 990,000 (8%) • UNDP: to be determined • Government ________ • Regular/Other Resources • NGO or private ________ • 2. Unfunded budget: **4,709,695** (36%)

UNITED NATIONS CAPITAL DEVELOPMENT FUND UNCDF UNITED NATIONS DEVELOPMENT PROGRAMME

UN Organizations	**National Partners**[1] (including sub national partners.)
David Morrison *Signature* *Name of Agency and title: UNCDF, Executive Secretary* *Date & Seal* 4 August 2009	*Name of Head of Partner* *Signature* *Name of Institution* *Date & Seal*
Tegegnework Gettu *Signature* *Name of Agency and title: UNDP, RBA Director* *Date & Seal* 15/08/09	*Name of Head of Partner* *Signature* *Name of Institution* *Date & Seal*
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[1] For UNDP, national signatories must include the national coordinating agency and the relevant national cooperating agency.

Acronyms

AfDB	African Development Bank
APRM	African Peer Review Mechanism
BDP	Bureau for Development Policy of UNDP
BIFSA	Building Inclusive Financial Sectors in Africa
CABFIN	Improving Capacity Building in Rural Finance
CGAP	Consultative Group to Assist the Poor
DfID	Department for International Development
FIPA	Financial Inclusion Practice Area
FSP	Financial Service Provider
IFAD	International Fund for Agricultural Development
LDC	Least Developed Country
LDU	UNCDF Local Development Unit
LUX	Luxemburg Department of Cooperation and Development
MFI	Microfinance Institution
NEPAD	New Partnership for Africa's Development
RFLC	Rural Finance Learning Centre
RUSEA	UNCDF Regional Unit for Southern and Eastern Africa
RUWCA	UNCDF Regional Unit for Western and Central Africa
TAS	Technical Advisory Service
UNCDF	United Nations Capital Development Fund
UNDP RBA	United Nations Development Programme Regional Bureau for Africa
UNDP	United Nations Development Programme

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1. Executive Summary

1. Building Inclusive Financial Sectors in Africa (BIFSA) is a programme that was launched in 2005 by UNCDF and UNDP-RBA as a joint programme to support the building of inclusive financial sectors in the region, including the least developed countries (LDCs) and non-LDCs. The programme had a one year start up to set the ground for the Phase I (2004 – 2007).
2. Phase two of the programme was designed to commence in 2008; however, the PAC (February 15, 2008), decided to align its launch until the evaluation of phase one is finalized to give enough time to include the evaluation's recommendations in BIFSA II.
3. The evaluation of BIFSA I was undertaken by the IRIS Center at the University of Maryland, College Park. The evaluation was conducted from November 2008 to April 2009, with field visits conducted from November 2008 to January 2009. The main recommendations of the evaluation and their incorporation into the strategy are discussed in section 4 of the present document.
4. In addition, the CGAP Smart Aid rating of UNCDF for 2008-2009 provided UNCDF with a strong endorsement while also offering suggestions for further improvement. UNCDF/FIPA ranked second among participating donors, as UNCDF received strong marks on all five elements of the index, which are: strategic clarity, staff capacity, accountability, knowledge management and appropriate instruments. The major recommendations of the Smart Aid are also discussed in the evaluations section 4 of this document.
5. FIPA has reformulated some of the BIFSA II programme strategy in order to reflect the main recommendations of the BIFSA I evaluation, in addition to the CGAP Smart Aid findings and conclusions. Consequently, the present document will keep the same spirit and objectives of BIFSA, however, with an improved strategy and interventions based on the lessons learned from the field, from the evaluation and the Smart Aid exercise.
6. This strategy moreover reflects UNCDF's response to address the consequences of the financial crisis, which has also affected the African continent. This response includes an active agenda to promote savings-based models that have proven to be more resilient than models that depend on external borrowing. This is being done for example through the MicroLead initiative, of which several of the pre-selected pilots are in Africa and will be monitored through BIFSA II. A second answer is the active policy dialogue that BIFSA II will pursue with governments and policy-makers on the most appropriate ways to address the impact of the financial crisis, in coordination with key partners (CGAP, GTZ, CABFIN, Making Finance Work for Africa etc...). Finally, UNCDF will actively promote, through BIFSA II, the agenda of client protection, from its position in the Steering Committee of the "International Campaign for Client Protection in Microfinance", launched under the leadership of ACCION International.
7. Under BIFSA I, steady progress has been made, with outreach showing steady annual increases in number of active clients from 379,018 in 2004 (the year the start up phase was launched) to 1,768,931 in 2008 (65% are women).
8. As of September 2007, BIFSA I has fully achieved, and sometimes exceeded, the main targets. Significant progress has been made towards the final targets to be achieved by the end of 2012. By December 2008, UNCDF and UNDP have co – funded in partnership with other donors such as KfW, the French Ministry of Foreign Affairs, Cordaid, and CIDA, programmes in eleven (11) countries.

Moreover, the BIFSA Programme through its two regional units have provided guidance and technical support to UNDP in 16 countries, based on UNDP's microfinance policy[2].

9. In addition to the field work, BIFSA has organized, in June 2006, the UN Dakar Conference on Financial Inclusion. The conference was attended by policy-makers, UNDP Resident or Country Representatives, and practitioners. A steering committee for the implementation of the declaration on building inclusive financial sectors was approved by the conference.

10. Based on the successful achievements of BIFSA I, there is a strong rationale for expanding the present programme into BIFSA Phase II. The environment for promoting inclusive finance is even more conducive now than it was at BIFSA's inception. However, despite progress made, the financial sectors in Africa remain very exclusive compared to other continents. Donors are becoming more and more aware of the need for regional programmes in Africa. Many existing and new initiatives[3] by other donors offer good prospects of partnership and synergy that lead to the achievement of the MDGs namely cutting poverty in half by 2015. In that supportive environment and given the existing huge demands, BIFSA programme offers strong prospects for further expansion. Moreover, BIFSA provides an opportunity to be harmonized with the new environment created by the (i)"Delivering as One" UN reform; (ii) UNDP Strategic Plan 2008 – 2011; (iii) UNDP RBA Capacity Development / Pro – Poor Growth and Accountability (CD/PGA) strategy and Regional Cooperation Framework III; (iv) the UNCDF and UNDP Partnership framework.

11. The outcome of BIFSA II is to contribute to the achievement of the Millennium Development Goals (MDGs) particularly the specific goal of poverty reduction in half by 2015, by increasing the sustainable access to financial services for poor and low income populations in general and for small and micro enterprises particularly in Sub-Saharan Africa.

12. The specific outputs that the programme aims to achieve are:

- <u>At the Macro level: Effective Advocacy and improved regulatory framework:</u> through supporting the African agenda on building inclusive financial sectors, creating synergies with other donors' initiatives, in addition to supporting a more conducive legal and regulatory framework.
- <u>At the Meso level: The sector's capacity strengthened and sound principles and knowledge disseminated</u>: Through supporting national strategies for financial inclusion in LDCs, building FSPs capacities, and strengthening UNDP, IFAD, Luxemburg and other contributing donors' activities in LDCs and Non – LDCs; In addition to generation, publication and dissemination of knowledge and sound principles on inclusive finance
- <u>At the Micro Level: Sustainable access to financial services enhanced and improved:</u> through supported innovations and product diversification and building the capacities of financial services providers (FSPs)

13. Another objective for BIFSA II is to create strong links and synergies between UNCDF FIPA's thematic initiatives and the sector based approach. UNCDF's thematic initiatives support product innovation in the sector, currently working on two products: remittances and micro-insurance. This, in addition to a global initiative "MicroLead" that supports south-south cooperation to render financial services in general, and savings in particular, accessible to an increased number of poor people, namely women.

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[2] http://www.uncdf.org/english/microfinance/undp_policy.php

[3] Such as the German / World Bank - sponsored "Making Finance Work for Africa" initiative and the regional microfinance facility (REGMIFA) promoted by KFW and IFC.

14. UNCDF has developed a strong technical infrastructure in the field in support to the agenda of financial inclusion. With its two regional offices in Dakar and Johannesburg as well as its field presence in every country where it has developed a National Strategy for Financial Inclusion (NSFI) and a roster of experienced consultants, UNCDF is uniquely positioned to support the above agenda and foster donor coordination around the theme of financial inclusion. Through facilitating the setting up of national investment committees, UNCDF has promoted donor coordination in terms of investment decision, selection criteria and joint performance-based monitoring standards. An illustration of this capacity to harmonize donors' field interventions is proven by the partnership UNCDF has developed with IFAD on rural finance in West and Central Africa. In Southern and Eastern Africa, partnerships at country level (Lesotho, Madagascar and Mozambique) are also being developed. By advising IFAD, UNCDF will help address the numerous challenges linked to the "rural frontier" of national strategies for financial inclusion.

15. UNCDF's work at the country level to design and implement financial inclusion programmes will naturally complement and support the programme developed by the Luxembourg Development Cooperation at the regional level, to strengthen BCEAO and the policy and regulatory framework for financial inclusion in West Africa[4].

16. In addition, UNCDF will support the MicroCredit Summit to be held in Nairobi in 2010, since this will be a key advocacy event for financial inclusion in Africa and an opportunity to highlight UNCDF's work in that area. UNCDF will also continue its active support to the client protection agenda launched in 2009, with its objectives to help microfinance providers worldwide to develop tools and implement shared standards for the appropriate treatment of low-income clients. In addition, the cooperation initiated with ADA for dissemination and knowledge sharing on financial inclusion will be strengthened, through the francophone microfinance portal **www.lamicrofinance.org**. Finally, UNCDF/UNDP: UNCDF will continue to provide technical assistance to UNDP in LDCs and non LDCs though BIFSA II.

17. Finally, BIFSA II will follow up on the United Nations Advisors Group (UNAG) legacy through wide dissemination of its outcomes (key messages, private sector involvement and case studies).

18. The total budget of BIFSA II amounts to USD 12.93 million. This includes the costs of (i) the agenda of advocacy and synergies with other donors' initiatives,(ii) the regional infrastructure supporting country-level programmes, based in Dakar and Johannesburg, (iii) the support to the generation, publication and dissemination of knowledge and sound principles in the field of inclusive finance, (iv) the development of partnerships and the evaluations.

19. The secure funding amounts to a total of USD 8.2 million (3.88 million from UNCDF, 3.35 million from Luxemburg, and 990,000 from IFAD).

20. The funding gap amounts to USD 4.7 million. This gap is supposed to diminish with the expected UNDP funding. The amount of UNDP fund is still to be determined through discussions with UNDP and UNDP RBA.

21. In addition to the above funding, resource mobilization efforts will be actively developed to mobilize the required resources to support BIFSA II implementation.

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[4] Promotion de Secteurs financiers inclusifs dans la Zone UEMOA (Union Economique et Monétaire Ouest Africaine).

2. Situation Analysis

2.1 The African Context

22. Africa has made some progress in political stability, conflict solving, democratic governance, civil society rights and socio – economic achievements. The GDP annual rate increased from less than 3.0% in 1999 to about 6.0% in 2006. Partnerships and political will to integrate the continent at regional and sub – regional levels are developing, as illustrated by the African Union's initiatives towards political and governmental integrated activities; involvement in conflict solving and the setting up of an African vision and strategy for the continent development through the New Partnership for Africa's Development, as well as the African Peer Review Mechanism (APRM). At sub – regional levels, some initiatives to be underlined include: the Common Market for Eastern and Southern Africa, Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS), South African Development Community (SADC), West African Monetary and Economic Union (WAEMU), Central Africa Economic and Monetary Cooperation (CEMAC).

23. Despite the progress made, Africa is still lagging behind as far as socio – economic progress is concerned. "Africa still faces considerable development challenges. Economic growth has yet to impact meaningfully on poverty reduction, decent employment, private sector expansion, reduction of gender disparities, and the bridging of widening social inequalities. The proportion of the population living below the poverty line has increased from 44% in 2000 to 47% at present. Sub-Saharan Africa's average Human Development Index stood at 0.472 in 2004 compared to 0.679 for developing countries as a whole. There is also the heavy disease burden, notably the HIV/AIDS pandemic, malaria and tuberculosis, which pose significant threats to human capital development and the attainment of the MDGs".[5]

24. Regarding specifically access to financial services, only 4% of the total population in Africa has a bank account and only 1% of Africans have a loan or credit facility with a formal financial institution. The financial sectors in most African countries are "under-capitalized, underdeveloped, and in need of restructuring." Informal sector remains dominant in much of sub-Saharan Africa, although MFIs are growing. Financial services infrastructure in Africa lags behind a large part of the rest of the developing world. Policy, Regulatory and Supervisory Frameworks need considerable strengthening in many African countries. Access to domestic and international capital markets for governments and financial service providers is very limited. 17 of the bottom 20 countries on the Capital Access Index are in Africa.

25. Therefore, despite some progress made, there is still a problem to be addressed: how to increase sustainable access to financial services for poor and low – income populations, in a way that would help achieve the MDGs. Promoting a sector-wide approach to build inclusive financial sectors, as developed by UNCDF and UNDP in the context of the BIFSA programme, can help meet this challenge.

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[5] Draft UNDP RBA regional programme document for Africa (2008 – 2011), Executive Board, 10 to 14 September 2007, DP/RPD/RBA/1; updated in January 2008 Executive Board Meeting.

2.2 Joint Programme Background and results

26. In 2005, UNDP-RBA and UNCDF signed a Project document entitled 'Building Inclusive Financial Sectors in Africa (BIFSA)". The programme's final objective is to contribute to the achievement of the Millennium Development Goals (MDGs), particularly the specific goal of cutting poverty in half by 2015, by increasing sustainable access to financial services in Sub-Saharan Africa for poor and low income populations in general, and for small and micro enterprises, in particular. It was expected that the programme be implemented in three phases (start – up: 2004; Phase I (2005 – 2007) and Phase II (2009 -2012).

27. BIFSA I achieved remarkable results that sometimes exceeded the main targets set in the Project document for Phase I. By September 2007, UNCDF and UNDP have co-funded programmes in partnership with donors such as KfW, the French Ministry of Foreign Affairs, Cordaid, and CIDA to enhance sustainable access to financial services in 11 countries: Burkina Faso, Central African Republic, Democratic Republic of Congo, Guinea Bissau, Liberia, Madagascar, Mozambique, Malawi, Senegal, Sierra Leone and Togo.

28. Moreover, the BIFSA Programme through its two regional units has provided guidance and technical support on inclusive finance to UNDP in a number of countries including Angola, Burundi, Benin, Cape Verde, Chad, Cameroon, Comoros, Congo, Cote d'Ivoire, Ethiopia, Gabon, Lesotho, Mauritania, Mauritius, Mozambique, Nigeria, Rwanda and Zimbabwe.

29. As of 2008, the achievements compared to the objectives are summarized in the table below:

Table 1: Objectives and Achievements of BIFSA:

Indicators	**End of Phase I (2007)**			**2008**			**End OF Phase II (2012)**	
	Plan	**Actual**	**%**	**Plan**	**Actual**	**%**	**Plan 2012**	**% achieved (2008)**
Active clients	670,000	616,000	92%	1 808 102	1 793 685	99%	3,350,000	51%
Percent of Women	64%	68%	104%	67%	65%	97%	70%	93%
Countries having improved their environment	9	11	122%	12	11	92%	15	73%
Countries with Programmes	9	11	122%	12	11	92%	15	73%
Financially self - sufficient MFIs	9	9	100%	9	9	100%	20	45%

30. In addition to field programming, BIFSA has supported the agenda of building inclusive financial sectors through the organization of the June 2006 UN Dakar Conference on Financial Inclusion and setting the Steering Committee for the implementation of the Declaration on building inclusive financial sectors that was approved by the Conference.

31. Access to financial services has positively evolved: The Concept of inclusive finance and national strategies for financial inclusion have gained a lot of importance as it can be illustrated by a number of recent initiatives: the Dakar Conference on financial inclusion, the 2005 International Year of Microcredit, the publication of the Blue Book "Building Inclusive Financial Sectors for Development"[6], the CGAP Work on financial inclusion[7], the "Making Finance Work for Africa" initiated by the World Bank in 2007, and the advocacy carried out by UNCDF team led by its Executive Secretary in various forms: CGAP, the International Year of Microcredit, Donors meetings, and prominent conferences.

3. Evaluations and lessons learned

3.1 BIFSA I Evaluation

32. In 2008, UNCDF contracted The IRIS Center at the University of Maryland to undertake an external evaluation of BIFSA I to identify the points of success and the areas of improvement. The results of the evaluation were carefully reviewed in order to extract the lessons learned to benefit from upon the implementation of BIFSA II.

33. The evaluation was conducted from November 2008 to April 2009, with field visits conducted from November 2008 to January 2009. The evaluation methodology, consisted of conducting semi-structured interviews with key stakeholders in each country and at the regional offices, including more than 150 stakeholders ranging from government, donors, financial service providers (FSPs) such as microfinance institutions (MFIs) and credit unions, professional microfinance associations, universities, MFIs, banks, audit firms, UNDP and UNCDF staff and some MFI clients.

34. The evaluation examined the following key questions to understand the effectiveness of BIFSA I strategy, structure, and activities (Box):

a) Is the strategic choice (Building Inclusive Financial Sectors by broadening focus from retail microfinance) an appropriate niche for UNCDF? Does UNCDF have comparative advantages?
b) How effective was UNCDF's implementation of the strategic choice?
c) Has UNCDF been effective as a facilitator to build an inclusive financial sector in the region?
d) Has the decentralized approach using regional offices to provide quality and timely assistance to the project countries been successful?
e) Is the UNCDF's monitoring system able to track outputs to understand results that are associated with the inclusive finance approach?

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6 Building Inclusive Financial Sectors for Development, UN 2006

7 Access for All, CGAP, 2006 and CGAP Study on National Strategies for Financial Inclusion, 2007

3.2 Smart Aid report- main findings and recommendations

35. The final report for the Smart Aid Donors review for 2008 was sent to UNCDF in April 2009. The report states that "UNCDF received 73 out of 100 points, meaning that overall the agency has "good" systems in place to support microfinance".

36. The Major strengths of UNCDF mentioned in the final report were:

- Strategy for Building Inclusive Financial Sectors consistent with good practices: Developed with the participation of a broad range of staff, UNCDF's strategy is user-friendly and lays out the agency's approach to promote inclusive financial sectors.
- Responsiveness to evaluations and reviews: The refinement and evolution of UNCDF's strategy over the years demonstrates an exceptional willingness and proven ability to change based on feedback.
- Strong technical staff with mandate to review and approve all microfinance programmes: The PPOM unequivocally states that the advice of financial specialists is binding for all UNCDF programming related to inclusive finance.
- Size and experience of focal point matches portfolio: UNCDF enjoys an enviable staff-to-portfolio ratio with its 10-person strong in-house focal point. Placing experienced focal point specialists in the field is consistent with UNCDF's strategy.
- Policy and tools for mandatory performance monitoring and transparency in place: The requirement for regular (mostly quarterly) reporting is highlighted in the strategy and PPOM.
- Flexible grant funding aligned with strategy. UNCDF's primary instrument, grant funding, is well suited to its risk-taking approach and focus on retail institutions in LDCs. UNCDF works through direct implementation rather than national implementation through government, which is appropriate for the private sector focus the Fund seeks to foster. The ability to reassign funds among programmes in the inclusive finance practice area reduces potential disbursement pressure.

37. The main recommendations were :

- Clarify UNCDF's value added for all parts of the strategy namely "facilitation role" as well as its role on the market infrastructure level (meso level), and an option is to "hire solid, in-house expertise for effective work on policy and market infrastructure."
- Dedicate more energy to monitoring and improving the performance of UNCDF's retail finance portfolio. The assignment of one staff member to monitor the performance of institutions in Africa is a good first step.
- Commission an in-depth portfolio review. In addition to looking at on-the-ground project performance, this review should evaluate the sector approach, including national strategies and facilitation, as well as results of infrastructure activities.
- Identify opportunities to increase learning among staff. Maintaining the all staff retreat as an annual event is positive. In addition, sub-regional meetings for staff in field offices where UNCDF is most active would be helpful. Outside experts could be invited to bring fresh views.

Box : BIFSA I Evaluation:

1. Is the strategic choice an appropriate niche for UNCDF? Does UNCDF have comparative advantages in this sector?

Key Strengths:

UNCDF has the first mover advantage in post-conflict countries and countries with nascent inclusive finance sectors. Liberia is an example.

UNCDF has the reputation among governments of being an "honest broker". This allows UNCDF to establish a relationship with governments for promotion of inclusive financial sector activities. UNCDF has wide experience to contribute to learning. The BIFSA programme is building a core of knowledge from different countries and the BIFSA context. This will contribute to learning in the industry.

Main Recommendations:

- Improve mechanisms and processes for mobilizing funds. Engage with other donors, investigate the possibilities of establishing professionally managed regional loan funds, and establish a matching grant fund with other donors for innovations in inclusive financial sector approaches.
- Build human resources capacity in the meso and macro level skills over time. In the meantime, work jointly with other stakeholders who currently have these skills.

2. How effective was UNCDF's implementation of the strategic choice?

Key Strengths

At the Micro level, UNCDF aimed to invest in promising financial service providers (FSPs) by using grants and loans. In general, the FSPs funded are representative of the diversity of the sector. Due diligence was performed, and was thorough. The process was transparent and there was no sign of politicization. Performance contracts were used with FSPs and contained an appropriate number of best practice indicators linked to the FSPs' business plans. The performance contracts were helpful in pushing FSPs to improve their performance.

At the Meso level, activities aimed at improving the quality of the inclusive finance sector and raising the level of knowledge of many stakeholders on inclusive finance concepts.

At the Macro Level, there has been considerable effort by the project units to build government capacity to coordinate the sector.

Main Recommendations:

- Develop a systematic way of monitoring additionality, with indicators and targets for each country.
- Ensure that additionality is used by the Investment Committees to assess investments
- Give priority to supporting the development of new products and services.
- Focus project activities on areas where CDF has comparative advantages for building government capacity
- Partner with other stakeholders to provide capacity building support to governments

3. Has UNCDF been effective as a facilitator to build an inclusive financial sector in the region?

Key Strengths

In general, in the evaluation countries, consensus building activities were appropriate, and the outputs solid. UNCDF is to be commended for expanding peer reviews and exercises such as CGAP's Smart Aid Index done at the end of 2007 and in early 2009.

Main Recommendations:

- Conduct market studies with other donors to identify funding requirements and put into place a fund structure with an implicit exit plan.
- Explore/expand regional and country level staff roles in helping FSPs to network alternative funding sources.
- Re-assess the functioning of the Investment Committee and improve procedures.
- Ensure better communications with donor members outside the country.

4. Has the decentralized approach using regional offices to provide quality and timely assistance to the project countries been successful?

Key Strengths

The decentralized approach, using regional offices in Dakar and Johannesburg to provide quality and timely assistance to the project countries, and technical assistance to UNDP, was important in achieving the growth in the number of BIFSA countries and is a work in progress. Regional office staff has excellent MF technical skills.

Main Recommendations:

Work with other donors to fill existing needs on macro level.

5. Is the UNCDF's monitoring system able to track outputs to understand results that are associated with the inclusive finance approach?

Key Strengths

The project has taken a number of positive steps with the help of CGAP including i) fine tuning indicators, ii) creating Excel sheets in 2008 that help automate some of the calculations based on the MIX Market indicators, iii) creation of a guide, post-BIFSA I, and iv) delegating a regional point person to work on improving indicator quality.

Main Recommendations:

- Enable FSP management and staff to attend workshops on the indicators and their use Continue to build on efforts in 2008 and 2009 to improve data collection,
- Develop progressive indicators for the macro and meso levels.

4. BIFSA II Strategic Orientations, Objectives, and Results

4.1 Strategy

38. Based on the achieved results of BIFSA I, taking into consideration the above mentioned evaluations, in addition to in house feedback, assessments and lessons learned, UNCDF has reviewed and modified its strategic orientations in BIFSA II in order to improve the performance of the programme. The major strategic focus of BIFSA II will be to: i) engage more effectively with stakeholders namely donors in earlier stages of sector based approach development; ii) revisit the processes on national strategies; iii) ensure additionality and innovation in products especially when it comes to encouraging FSP and offer them incentive to expand into underserved and riskier areas; iv) strengthen staff capacities on all levels of interventions, and ensure more effective portfolio monitoring.

4.2 Objective

39. The programme's final objective is to contribute to the achievement of the Millennium Development Goals (MDGs), particularly the specific goal of cutting poverty in half by 2015, by increasing the sustainable access to financial services for poor and low income populations in general and for small and micro enterprises in particular in Sub-Saharan Africa.

4.3 Outcomes and Outputs

40. The outcome of BIFSA II is to contribute to the achievement of the Millennium Development Goals (MDGs) particularly the specific goal of poverty reduction in half by 2015, by increasing the sustainable access to financial services for poor and low income populations in general and for small and micro enterprises particularly in Sub-Saharan Africa.

41. Supported by a strong technical infrastructure (professional staff at regional and national levels, technical service providers and a roster of experienced consultants) and within this framework, the programme's specific outputs are:

- At the Macro level: Effective Advocacy and improved regulatory framework: through supporting the African agenda on building inclusive financial sectors, creating synergies with other donors' initiatives, in addition to supporting a more conducive legal and regulatory framework.
- At the Meso level: The sector's capacity strengthened and sound principles and knowledge disseminated: Through supporting national strategies for financial inclusion in LDCs, building FSPs capacities, and strengthening UNDP, IFAD, Luxemburg and other contributing donors' activities in LDCs and Non – LDCs; In addition to generation, publication and dissemination of knowledge and sound principles on inclusive finance
- At the Micro Level: Sustainable access to financial services enhanced and improved: through supported innovations and product diversification and building the capacities of financial services providers (FSPs)

Output 1: Effective Advocacy and improved regulatory framework

42. BIFSA II will promote the development of inclusive financial sectors as part of UNDP and UNCDF poverty reduction, MDGs and inclusive growth work and as support to private sector development. The vision of BIFSA II is that, supported by a sound policy, legal and regulatory frameworks, each target country should have a continuum of financial institutions that together offer appropriate financial products and services to all segments of the population. Strong partnerships will be established with Donors and their initiatives.

43. The following activities will be undertaken to support the realization of the Output 1:

- Develop an active cooperation framework with key regional initiatives promoting the development in inclusive financial sectors in Africa. These include the Making Finance Work for Africa (MFW4A) initiative, initiated by the German cooperation and the World Bank and presently housed within the African Development Bank (AfDB);

- Actively participate in the CABFIN initiative, promoted by IFAD, FAO, GTZ and the World Bank, which focuses on documenting and promoting innovative approaches around the theme of rural and agriculture finance. This is an area where both FAO (through their Rural Finance Learning Center) and GTZ have developed considerable experience and have documented it well. This partnership will strengthen BIFSA II policy dialogue in the field with governments and policy makers on how to promote increased access to financial services in rural areas and tackle the difficult challenge of funding small-holder agriculture sustainably, which are key areas for policy dialogue in the context of the combined financial and food crisis that have impacted the African economies;

- Deepen UNCDF cooperation with key donors involved in financial inclusion in Africa. These include first of all the co-funding agencies of BIFSA II (IFAD and Luxembourg). With IFAD, BIFSA II will strengthen the present cooperation in West/Central Africa as well as Eastern/Southern Africa. BIFSA II has become IFAD's major technical partner in the design and implementation of their rural finance programmes in West-Central Africa and has also actively cooperated with their programmes in Eastern-Southern Africa. Through this partnership, BIFSA II has the potential to advise and influence about USD 40 M investment per year from IFAD in rural finance in Africa. BIFSA II will also provide pro-active technical support to the regional inclusive financial programme in West Africa that is financed by the Luxemburg government, as it will be ideally positioned to support the Luxemburg programme's agenda at the country level through its technical teams on the ground. Finally, UNCDF will develop a partnership with the Microfinance Trust Fund launched by Spain and the African Development Fund, the "Technical Assistance Fund for Africa", with a view to develop a joint advocacy agenda for the promotion of inclusive finance sectors in Africa as well as co-financing of joint programmes on the ground.

- Strengthen advocacy on developing supportive regulatory frameworks for microfinance through partnerships with the new initiative launched by GTZ with funding from the Gates Foundation: Alliance for Financial Inclusion (AFI), which will provide regulators and policy makers a forum to share and discuss ways to improve microfinance regulatory frameworks.

- Strengthen BIFSA Team in-house capacity at the macro / policy level, by recruiting an in-house expert in that area who will become the focal point for coordinating our approach and managing our partnership with key external stakeholders in that area, including the CGAP Policy Cadre as well as the GTZ- led "Alliance for Financial Inclusion". This decision reflects strong recommendations from both the BIFSA I evaluation and the SmartAid Index.

Output 2: The sector's capacity strengthened and sound principles and knowledge disseminated:

44. BIFSA II will undertake a number activities and reforms that are related to the recommendations from the BIFSA I evaluation as well as the outcome of the CGAP SmartAid Index 2008. These include the following:

- Review UNCDF role as "facilitator" in the process of building inclusive finance sectors and the exact meaning of this role, based on what is UNCDF comparative advantage vis-a- vis other donors. A guidance note will be prepared to that effect and systematically implemented by the BIFSA II programme in the field.

- Involve donors at the inception stage of any new formulation, in order to ensure strong buy-in in the sector diagnostics and pave the way for more active cost-sharing of BIFSA programmes. Stronger leverage of UNCDF resources will be sought and BIFSA II will document and actualize its funding gap analysis, country by country, based on the model endorsed at the May 2009 Cape Town retreat.

- Test innovative joint donor funding mechanisms, as part of the institutionalization process of its field programmes. Following the BIFSA I evaluation, negotiations are on-going for having UNCDF become a member of a joint donor funding instrument in DRC Congo (as part of the Phase II of its programme), and is part of a similar feasibility study launched by KfW in Sierra Leone.

- Develop a set of new indicators to track its performance at the macro and meso levels, in close consultation with CGAP. Once designed, those indicators will be tested through all national programmes technically supported by BIFSA II, and BIFSA II will monitor the progress in their implementation.

45. Regarding knowledge management, BIFSA II undertake the following activities:

- Engage in continued peer review progress on national microfinance strategies with GCAP and other donors.
- Disseminate studies, concepts, methodologies, results and lessons learnt. This includes the widespread dissemination of the Key Messages from the Un Advisors' Group on Building Inclusive Financial Sectors, as well as their case studies on the role of the private sector in inclusive finance.
- Finance top trainings for BIFSA Staff.
- Organize inclusive finance trainings for UNDP Senior Managers, as part of the legacy of the UN Advisors Group on Inclusive Finance.
- Participate to the portfolio review that UNCDF will organize end 2009 / early 2010 (CGAP Smart Aid Index recommendation).
- Disseminate knowledge on rural and Agricultural Finance and case studies of CABFIN.
- Carry out the BIFSA II evaluation and disseminate the lessons learnt.

Output 3: Sustainable access to financial services enhanced and improved

46. The following activities are related to the Output 3:

- Link BIFSA II to UNCDF thematic initiatives in remittances and micro-insurance and incorporate those new products in the scope of BIFSA's national programmes on the ground.

- Support FSPs to develop IF technologies.

- Set up guidelines of the principle of additionality for the use of BIFSA funds (set up criteria around the principles of leveraging, innovation with strong impact on increased outreach including in terms of rural outreach, use of technology etc...). These guidelines will be tested through all BIFSA II programmes in the field.

- Implement the agenda set up in Cape Town to strengthen the monitoring of performance indicators from FSPs in the field. This include a systematic tracking of quarterly performance indicators, the setting up of a web-enabled data base on which these indicators will be posted, a more pro-active dialogue with the FSPs funded and the introduction of more flexibility in terms of minimal performance, more adapted to the variety of FSPs funded. This activity also closely reflects key recommendations from BIFSA I evaluation and from the SmartAid Index.

In addition, the BIFSA II programme will be articulated with the following initiatives:

47. **Client protection**: The Campaign for Client Protection in Microfinance is expected to be launched in spring of 2009. The campaign seeks to unite microfinance providers worldwide to develop and implement standards for the appropriate treatment of low-income clients based on the six principles. The overall objective of the Campaign is for these principles to become embedded within the fabric of the microfinance community and for microfinance to be recognized as a strong pro-consumer industry. UNCDF will support the campaign with USD 45,000 from its core budget and will work on reinforcing and raising awareness about the six principles client protection: 1) Avoidance of Over-Indebtedness; 2) Transparent Pricing; 3) Appropriate Collections Practices; 4) Ethical Staff Behavior; 5) Mechanisms for Redress of Grievances; and 6) Privacy of Client Data.

48. **MicroLead**: Recognizing the importance of 'market leaders' to drive sector development, UNCDF developed the "MicroLead" programme, a USD 26 million fund for developing savings-led market leaders for inclusive finance in LDCs, to shorten the time poor people in LDCs would need to wait for access to financial services. Based on proven business models market leaders can rapidly scale-up their own operations offering a variety of products and services while accelerating the pace of sector development. For example, after starting operations in Afghanistan in 2002, by end 2005 BRAC Afghanistan has achieved 109,469 active clients in nineteen (19) provinces with 3.87% portfolio at risk (30 days). With substantial support (US$19.9 million) from the Bill & Melinda Gates Foundation, MicroLead will provide loans and grants to leading microfinance institutions and financial service providers on a competitive basis to facilitate their entry into least developed countries where access to finance is most limited. UNCDF has invested USD 6 million, and leveraged USD 20 million from Gates Foundation and 102 millions in investments.

In October 2008, UNCDF launched a globally competitive request for applications (RFA) targeted towards globally top-performing microfinance institutions and financial service providers. Based on publicly available data (www.themix.org), UNCDF has shortlisted the top 59 MFIs in the world with proven business models. Through a globally competitive process, UNCDF Financial Inclusion

Investment Committee has endorsed 8 proposals for up to $22.5 million in funding that are determined to be technically sound and investable. MicroLead currently has funding to approve at least 10 proposals, designed to reach at least 525,000 active clients by the end of 2013, and UNCDF will be inviting development partners to fund additional proposals that are deemed promising.

MicroLead was recently reviewed by CGAP as part of UNCDF's participation in SMART Aid, designed to improve aid effectiveness. CGAP noted that: "The recent MicroLead Facility is an excellent use of UNCDF's core expertise and flexible instruments. The facility provides incentives for financial service providers from the South to expand to the poorest and post-conflict LDCs consistent with UNCDF's strategy. The new facility, MicroLead, exemplifies the best of UNCDF, building on its core strengths while innovating through partnerships with strong Southern providers and an emphasis on savings."

49. **Remittances with IFAD:** UNCDF is also promoting access to remittance services for the poor through its participation to the IFAD-managed USD 13 millions multi-donor Funding Facility for Remittances (FFR). Key objectives of the FFR include lowering costs to senders and recipients through institutional and technological innovations, increasing access to remittance services in remote areas, as well as linking remittances to other financial services, especially savings, which result in widening options for recipients. Twenty five pilots are currently being implemented and in Africa, the major pilots are in Senegal and Sierra Leone. The project is currently finalizing the analysis of the African remittances corridors as well as the challenges and issues that face policy makers in order to have a more conducive environment for remittances. The results of this analysis will be disseminated through BIFSA II and used in policy dialogue with governments, in order to enhance the role of remittances in building inclusive financial sectors.

50. **Micro-Insurance with ILO**: UNCDF is promoting through a joint programme with ILO a sector-based approach for the promotion of micro-insurance services, building on the ILO's specialized expertise in micro-insurance and UNCDF's long experience in building inclusive financial sectors. This approach to micro-insurance starts by understanding the key constraints that impede poor people's access to micro-insurance services at the macro, meso and retail levels, as well as set the priorities that need to be addressed at those three levels. The first pilot country where this approach is being tested is Ethiopia, and another one in Zambia, in addition to a strong potential to develop one in Nigeria. The joint programme will also, through these pilots, design a series of normative tools for the development of a sector-based approach in micro- insurance that will accordingly be disseminated through BIFSA II.

51. **Working Together with the Luxemburg Government in Africa:** UNCDF has achieved policy impact and leverage through its harmonized support to BCEAO (Banque Centrale des Etats de l'Afrique de l'Ouest). This support is also being harmonized with the newly approved Luxemburg development assistance (Euro 18.8 Million) for West Africa that will assist the eight (8) BCEAO countries in West Africa to implement mainly the new regulatory framework.

According to an independent evaluation report, the initial project (CGAP-SIDA-UNCDF) has reached three major achievements in West Africa: (i) the regulatory framework was significantly modified, eliminating key obstacles hindering development of the regional microfinance sector, (ii) a new accounting framework was defined and currently being disseminated; (iii) closer coordination between BCEAO and national authorities and the organization of joint inspection missions have helped improve supervision in UEMOA countries.

Luxemburg contribution to BIFSA II will support the UNCDF regional technical infrastructure in Africa to continue providing technical backstopping and sound expertise in Africa mainly in UEMOA region in order to tackle the key challenges for the building of inclusive financial sectors in West Africa:

- National Strategies implementation: participation to Investment Committees at national levels;
- Accounting framework for MFIs; The dissemination of the framework;
- Law enforcement and the stronger supervisory role of the BCEAO: Close coordination with national authorities is required Supervision: The supervision methodology needs to be adapted to microfinance; national authorities still have limited capacities to analyze the risk of MFIs and adapt missions accordingly;
- Collection of statistics and data at the national level still need to be harmonized, up-dated and, above all, data need to be exploited (translation, large dissemination by mail/internet).

4.4 Cross – cutting issues

52. **Gender**: The programme will mainstream the gender issue through product development, and outreach in specific niches. The programme has set an objective of targeting a majority of women and aims at encouraging at least 50% of women beneficiaries within the FSPs.

53. **HIV / AIDS:** The issue of HIV / AIDS, through innovations in products, risk mitigation, delivery mechanisms and capacity building should also be considered in the programme.

4.5. Technical Assistance, Additonality, Leverage and Impact

54. BIFSA II is funding UNCDF's regional technical assistance capacity to support the National Inclusive Finance Programmes at the country levels developed by UNDP/UNCDF through joint programmes; often in close cooperation with other donors. BIFSA II will also strengthen existing close technical partnerships between UNCDF and other key donors involved in micro / rural finance in Africa, particularly IFAD and the Luxembourg Cooperation. The existence of such regional technical infrastructure provides a clear additionality and added value to the country-level programmes, in the following ways.

55. It fosters a regional coherence to the financial inclusion strategy promoted across the region, and provides streamlined technical assistance to those country level programmes. In that respect, it also makes it possible for UNCDF to provide active technical support to UNDP offices in non LDCs, or LDCs where UNCDF does not have on-going IF programmes.

56. It also enables to link those country programmes to regional advocacy initiatives and partnership development with other donors. BIFSA I has developed (and BIFSA II will further expand) a wide network of partnerships with the key donors / actors engaged in the agenda of financial inclusion in Africa. On the advocacy side, this includes partnership with the initiative "Making Finance Work for Africa" launched by the World Bank and GTZ and presently housed within the AfDB, who will in turn engage with NEPAD and the African Union on the theme of inclusive finance.

57. BIFSA II will also partner with GTZ, the World Bank, IFAD and FAO through the "CABFIN" network to support advocacy and policy dialogue on the issues of rural and agriculture finance. It will finally establish links with the new initiative "Alliance for Financial Inclusion" targeting regulators and policy makers in micro / inclusive finance. The ideas, lessons learnt and innovations coming

out of those partnerships will be channeled into the policy dialogue and investment agenda of the country level programs technically supported by BIFSA II.

58. The link between country programmes and some of the major thematic initiatives supported by UNCDF, globally (i.e. on remittances with IFAD, micro-insurance with ILO and the Gates Foundation with the MicroLead programme) will also be made possible thanks to the BIFSA II's regional technical infrastructure, who will promote and support those thematic initiatives at the country level.

59. This impact is all the more important when considering the leverage of BIFSA I budget vis-à-vis the scope of the country programs that BIFSA I helped to support. Under BIFSA I UNCDF/UNDP developed joint programmes in partnership with donors like KfW, the French Ministry of Foreign Affairs, Cordaid, CIDA, in enhancing sustainable access to financial services in 11 countries. The total financial size of those approved country level programmes that received support from the regional programme was as of May 2009 about 61.3 million USD, with UNCDF contributing 16.5 Million USD and UNDP 15.7 million USD. This leverage on the programming side is poised to increase significantly, as UNCDF's coordination with other donors through joint programming and parallel funding increases. For example, in Rwanda, UNCDF/UNDP joint program (with USD 2 M. contribution each) will harmonize investment decisions with the new interventions from the WB and DfID, which may amount to about USD 20 M. In DRC, the planned second phase by UNCDF and UNDP will leverage the substantial funding planned by KfW, the WB and AfD through a joint donor national funding mechanism for microfinance.

60. On the investment side, the potential leverage of BIFSA II's support to IF national country programmes may be even more striking. The MicroLead programme, for example, which has several selected applications in Africa (DRC, Tanzania, Sierra Leone, Liberia and South Sudan) with a 6 million USD contribution funded by UNCDF, mobilized USD 20 million grant from Gates, has selected 12 market leader MFIs to expand their operations in LDCs. Those MFIs brought together an additional USD 114 million from their own resources and plan to have a combined active loan portfolio of more than USD 280 million in five years! The technical team funded under BIFSA II will monitor the implementation of the MicroLead programme on the ground in Africa, which operations and impact will directly benefit UNCDF/UNDP joint programmes in the field.

61. Access to financial services is acknowledged as an important instrument to contribute to the MDGs. BIFSA II plans to reach through its sector based programmes 3.5 million poor people by 2012. If one adds the other thematic initiatives (MicroLead, Remittances and Microinsurance), this figure is likely to be substantially higher.

4.5. Communication strategy

62. This important programme requires a communication strategy that will be worked out with the Business Development and Communication Unit. This will start with the translation of the prodoc in French. In addition, leaflets including the main aspects of the Programme should be available in English, French and Portuguese. In its communication strategy, BIFSA II should clearly link the regional technical infrastructure with the impact at national level through the successful implementation of national programmes to support national strategy for financial inclusion and results on other activities: MicroLead, Microinsurance, remittances as well as our strong partnerships with other regional initiatives like Dakar Declaration, Making Finance Work for Africa. A light version of the prodoc will be a tool to engage into partnership with key actors in the sector in Africa (Policymakers, Central bankers, Financial Institution Association (Bankers, AFMIN, AFRACA...), regional institutions, financial and technical partners and other stakeholders). This will

be a powerful tool for advocacy, partnership and resource mobilization. BIFSA will better communicate on its achievements through knowledge management sharing and publications, updating country profile with indicators on project achievements at national levels, communications in various fora as well as sponsorship of key events. All the documents will be posted on our website. The communication will involve in addition to UNCDF the actors and mainly LDCs representatives at high level and members of Steering Committee. High level representatives in countries where our support has yielded good results could be advocates of the programme in various arenas. The strategy also includes seminars for information, communication and training dedicated to high level government, central bankers and UNDP representatives on inclusive finance and BIFSA II. By the end of the programme, a new conference on inclusive finance as a follow-up of the June 2006 Conference may also be organized.

5. Results Framework (check Chapter 12)

6. Budget

BIFSA II Budget Distribution in USD						
	% contribution	Total	2009	2010	2011	2012
UNCDF						
Output 1. MACRO Effective advocacy and improved regulatory framework		1,002,339	346,972	324,643	330,724	-
Output 2. MESO The Sector's capacity strengthened and sound principles Knowledge disseminated		793,438	321,200	347,577	124,661	-
Output 3: MICRO Sustainable access to financial services improved		1,600,277	571,000	888,921	140,356	-
Programme Management		485,643	194,085	291,558		-
Sub - total UNCDF	**30%**	**3,881,697**	**1,433,257**	**1,852,699**	**595,741**	**-**
LUXEMBURG						
Output 1. MACRO Effective advocacy and improved regulatory framework		455,000	115,000	115,000	115,000	110,000
Output 2. MESO The Sector's capacity strengthened and sound principles knowledge disseminated		983,526	213,400	200,677	252,658	316,791
Output 3: MICRO Sustainable access to financial services improved		1,117,751	335,135	237,693	269,693	275,230
Programme Management		795,303	236,306	333,997	225,000	
Sub - total LUX	**26%**	**3,351,580**	**899,841**	**887,367**	**862,351**	**702,021**
IFAD						
Output 1. MACRO Effective advocacy and improved regulatory framework		-	-	-	-	-
Output 2. MESO The Sector's capacity strengthened and sound principles knowledge disseminated		770,700	200,700	270,000	300,000	-
Output 3: MICRO Sustainable access to financial services improved		150,000	50,000	50,000	50,000	-
Programme Management		69,300	69,300			
Sub - total IFAD	**8%**	**990,000**	**320,000**	**320,000**	**350,000**	**-**
Funded Budget	**64 %**	**8,223,277**	**2,653,098**	**3,060,066**	**1,808,092**	**702,021**
Unfunded Budget						
Output 1. MACRO Effective advocacy and improved regulatory framework		386,742	-	-	69,944	316,798

7. Management and Coordination Arrangements

7.1 Coordination

63. The programme will comprise the following bodies:

- The Project Steering Committee (PSC);
- The Management Unit.

64. As a regional programme covering Sub – Saharan African and in order to ensure the full participation of all the partners and donors involved, a Project Steering Committee (PSC) comprising high – level representatives of UNCDF, UNDP, each donor contributing more than 900,000 USD to the programme will be set up. The PSC is responsible for overall coordination of the joint programme. It has the overall authority for the project and is responsible for its direction, review and eventual closure. Therefore, the PSC will provide overall guidance to the programme and will exercise an oversight role of the achievements of the programme and will be responsible for making necessary arrangements for assurance function. Decisions of the PSC are made through consensus. The PSC will be co – chaired by the UNDP-RBA Director or his /her representative and the UNCDF Executive Secretary or his/her representative.

65. The PSC (see attached TORs) will meet once a year to:

- approve the annual work plan and the budget;
- review progress reports and achievements against targets;
- take decisions on the way to improve the implementation or to adjust targets.

66. The Joint Programme covering the whole of Sub-Saharan Africa will be managed and followed up by two units, linked up with the two UNDP Regional Centers in Africa:

- one unit based in Senegal will cover the West African region and Central Africa, except for Burundi, Rwanda and the Democratic Republic of Congo;
- the other unit based in South Africa will cover Southern Africa, Eastern and part of Central Africa (Burundi, Rwanda and Democratic Republic of Congo).

67. Each unit will be hosted in the Regional Service Centers (RSCs). The Unit will work together with UNCDF Local Development practice areas. The concept of working together and to identify joint initiatives will be used. The RU will work together with other practice areas, regional programmes and associated funds.

68. Human resources: Each unit comprises one Senior Regional Technical Advisor, team leader of the Unit; two (02) Inclusive Finance Specialists and one (01) Portfolio Manager. In addition, each unit will have support staff (a bilingual programme assistant and a driver). Moreover, a fully bilingual senior policy advisor will be recruited and based in one of the regional offices. The Regional Units will hire additional staff on an as – needed basis. Hence, the composition of each unit will depend on the business it has to carry out.

69. Equipment: Each unit is provided with the following materials: a 4WD car; usual hardware (laptops and desktops) and usual software; office furniture. The setting will depend on the existing equipment and the agreement within the RSC.

70. The two units will work in close cooperation. The Coordinator designated as the Director of the Programme will have the overall responsibility. He will ensure the consolidation of the two Unit Work plan and budget and report to UNCDF and UNDP on the Programme's overall results by issuing the Programme reports based on the inputs from the two Units.

71. Each Unit team is responsible for the implementation of all operations relating to various outputs, the administration and the Programme's management in its intervention zone. The technical members of the team will have important operational roles as reflected in their TORs (see annex). The units will ensure the knowledge management and the dissemination of the lessons learned through the most appropriate ways and means.

72. The units' specific attributions are to (See TORs):

- conduct sector development assessments and present proposals to UNCDF Investment Committee;
- implement the decisions, particularly those related to programme execution;
- manage the programme on a daily basis, in liaison with UNCDF, UNDP RBA, UNDP country offices and contractual partners;

- produce progress reports, analysis of documents and assessment reports;
- provide technical advisory services to UNDP offices;
- conduct training seminars for policy makers and UNDP staff.

73. Under the technical supervision of Director, UNCDF - FIPA, each Unit Regional Technical Advisor ensures the coordination of the unit's activities. He/she is moreover responsible for operations' management. The two Regional Technical Advisors (RTAs) will play the role of Project Managers. Therefore, their main tasks include:

- Overall planning and management of the Programme, including annual work plan and budget initiation and revision;
- Motivation and leadership of the Project staff at regional and national level;
- Liaison with the other bodies of the Project;
- Liaison with UNDP COs, UNDP RBA Country Operations Divisions (including Regional Service Centers), UNDP RBA HQs and relevant UNDP departments through UNCDF FIPA Director;
- Definition of roles and responsibilities of the staff and management of the financial and human resources upon approval of the annual work plan and the budget;
- Reporting progress to the FIPA Director and to the Steering Committee.

74. The Regional Policy Advisor (RPA) will be UNCDF / FIPA focal point for global initiatives (The Alliance for Financial Inclusion and the CGAP Cadre) and policy and regulatory issues for all FIPA programming.

75. Under the technical supervision of the Unit Regional Technical Advisor, the Inclusive Finance Specialists (IFSs) are responsible for technical supervision and quality of the investments in the field. Each IFS will have 2 to 4 countries in his/her portfolio.

76. The Portfolio Managers (PMs) are responsible for operations and budgetary management of the national programmes (Work plans; budgets...).

77. The Programme Assistants (PAs) will be in charge of staff records and secretarial tasks, and the translation and interpretation English/French and French/English and act as a buyer in Atlas.

78. In addition to the regional level, the regional technical infrastructure include at national level in each country where a sector development programme is supported, a Country Technical Advisor (CTA) and / or a Technical Service Provider (TSP), in charge of implementing the programme and / or supporting the national partners implementing the programme. In addition, the Regional Units will set up and maintain a roster of experienced consultants to be used on as needed basis.

79. Once a year, the Management team will provide a report to the PSC, which will discuss it and provide feedback and recommendations. The report should include:

- The achievements compared to targets as stated in the annual Work plan and the ROAR and a regional report on ROAR, including the three levels (macro, meso and micro with the local Investment Committees activities);
- The analysis of the FI sector in Africa with specific country highlights
- The budget report
- The new Annual Work plan, the new ROAR and the budget.

80. The FIPA Director will play the role of Programme assurance on behalf of the PSC. She/he would ensure the quality control of the planning process, the management of the programme, the achievement against targets and the compliance with corporate procedures and objectives. She/he will provide regular feedback in order to improve the implementation of the Programme. The results of the Programme will be captured in the annual ROAR as contribution of Africa to the corporate goals.

81. Annual reviews: The implementing partners and the participating UN Organizations shall jointly conduct scheduled/annual planning and review meetings for all activities covered in the results framework, monitoring and evaluation plan and work plans covered by this joint programme. This will include an assessment of the risks and assumptions to determine whether they are still holding. A new work plan and budget will be produced with the necessary adjustments made based on the lessons learned from a review of the risks and assumptions and implementation progress achieved. The new work plan is approved in writing by the Steering Committee. Any substantive change in the joint programme scope will require revision of the Joint Programme Document (JPD). The amendments will need to be signed by all parties.

7.2 UNDP roles and responsibilities

82. UNDP-RBA through its participation to the PSC and through its regional initiatives in Africa will provide technical inputs, recommendations, guidance and oversight role to this Joint Programme.

83. RBA will co-finance BIFSA II with UNCDF by pooling its resources. In 2008, UNDP - RBA has dedicated the amount of 440,050 USD to the salaries of the two Regional Technical Advisors (Dakar and Johannesburg).

84. Given the results achieved in BIFSA I, the needs from the countries in the region for improving sustainable access to financial services for inclusive growth and the interest in that sector as reflected in the RCF III (2008 - 2011), UNCDF expect that UNDP-RBA contribution will be raised at a level similar to the relative contribution between UNCDF and UNDP in BIFSA I.

85. If UNDP RBA increases its contribution, the resources will be affected to (i) funding the Advocacy Agenda to the building of inclusive financial sectors in Africa, (ii) the two RTAs (given their roles in the programme but also as gatekeepers for UNDP microfinance and inclusive finance and their implication in supporting the implementation of the recommendations of the Peer Review), (iii) knowledge sharing and training of UNDP managers in the field of inclusive finance and (iv) cost sharing the Joint Programme evaluation.

86. The UNDP Country Offices contributions are not reflected in this Joint Programme. They will be included in each financial inclusion national support programme, designed, approved and implemented separately and technically supported by the two regional units funded in BIFSA II which is an umbrella programme.

7.3 UNCDF roles and responsibilities

87. In addition to its above - mentioned roles as Management Agent (MA), UNCDF responsibilities are financial and technical. UNCDF will co-finance the Programme for a total amount of US$ 4.2 million.

88. In addition, additional resources have been and will be mobilized as non-core resources, from other donors. So, far, the Luxembourg's International Cooperation and IFAD have agreed to contribute to the costs of the Programme for USD 3.35 million and USD 990,000 respectively,

mainly for funding the Regional Unit for Western and Central Africa and the advocacy agenda. The funds will be channeled through UNCDF which has signed separate agreements with each of the two contributors.

89. UNCDF through its decentralized technical infrastructure at regional as well as national level and from its HQs will have the following technical responsibilities (see attached TORs for the Regional Units Staff):

- Technical support to facilitating the process of designing and implementing National strategies for financial inclusion and implementing its action plan through national support
- Technical support to UNDP programmes in IF including in the Non – LDCs
- Technical support to UNDP RBA Country Operations Divisions and RSCs
- decisions on financing proposals
- Technical support to corporate process and policy decisions
- Resource mobilization at regional as well as national level
- Follow up, monitoring and evaluation
- Reporting
- Technical review
- Communication.

7.3 Other donors' roles and responsibilities

90. Other donors' resources will be mobilized to complete UNCDF and UNDP resources. As of now, IFAD has provided 990,000 USD. The Government of Luxemburg has also provided 3.3 million USD to support BIFSA activities mainly in West Africa. IFAD and Luxemburg Cooperation will be represented in the PSC.

91. The Programme needs to mobilize additional resources for a total amount of 4.7 million USD.

8. Fund Management

92. The JP funds will be pooled. Given its regional as well as country presence (two RUs with qualified professional staff and Country Technical Advisor in each supported country), its recognized expertise in inclusive finance and its role as technical advisor to UNDP in that field and therefore its comparative advantage in the area covered by the JP, its existing relationship with national counterparts, and its in-country and regional financial/administrative management capacity, UNCDF will be the Managing Agent (MA). The other donor contributions will also be channeled through the MA. So, the UNDP and UNCDF resources, as well as the ones from other donors, will be pooled. The financial accountability for the UN support to the joint programme will rest with the MA.

93. Reporting: The MA will prepare and share narrative and financial reports in accordance with its policies and procedures and operational policy guidance for submission to the Joint Programme Coordination Mechanism.

94. Monitoring and Evaluation: This will take place during the year in accordance with the MA's procedures and policy guidance. All signatories to the joint programme document will participate in monitoring and evaluation and contribute to the Annual Review. For some UN organizations, the review takes place every other year. It is however recommended that joint programmes should be reviewed at least annually.

95. Fund Management Mechanism: Each UN organization participating in the pool would sign a Memorandum of Understanding with the MA. In addition, UNCDF will sign a separate MOU with each donor contributing to the regional JP. UNCDF has already signed MOUs with IFAD and Luxemburg contributing respectively 990,000 USD and 3,3351,580 USD. The full mechanism shall

be applied for any further contribution. The MA is accountable for supporting the (sub-) national partner in managing the joint programme. The MA is accountable for timely disbursement of funds and supplies, and for coordinating technical inputs by all participating UN organizations and other donors. The MA also follows up with the regional, (sub-) national partners on implementation, and is accountable for narrative and financial reporting to the joint programme coordination mechanism. The MA may engage in resource mobilization for the joint programme, in consultation with government and participating UN organizations and other donors involved.

96. Budget Preparation: The MA will prepare a budget for the joint programme, consistent with its procedures, and covering the mutually agreed components of the programme, for endorsement by the participating UN organizations.

97. Accounting: The MA will account for the income received to fund the joint programme in accordance with its financial regulations and rules.

98. Indirect Costs: The MA will recover indirect costs in accordance with its financial regulations and rules. This will be documented in the Memorandum of Understanding signed with the participating UN organization(s) and in any funding agreement signed with the donor(s).

99. Balance of Funds: The disposition of any balance of funds remaining at the end of programme implementation will be in accordance with the Memorandum of Understanding signed with the participating UN organization(s) and in any funding agreement signed with the donor(s) (see Annex F).

100. Communication: Upon consultation with the participating UN organizations and contributing donors, the Managing Agent shall take appropriate measures to publicize the Joint Programme as a joint programme of all the participating UN organizations and the (sub)-national partner. Information given to the press, to the beneficiaries of the Joint Programme, all related publicity material, official notices, reports and publications, shall acknowledge the role of the (sub)-national partner, the Managing Agent and all participating UN organizations, and the other contributors (if any) to the joint programme account.

101. Audit: Consistent with current practice, audits of joint programmes will be conducted in accordance with the respective UN organizations' requirements. The audits conducted by the MA's internal and/or external auditors should be considered acceptable to all UN organizations contributing to the pool.

102. Even though the pooled mechanism would be the mainstream funding mechanism, the Fund Management will be flexible to accommodate other contributions which for various reasons could not be considered in pooled resources. In such cases, the funding agreement should set up the appropriate way: parallel or pass - through as well as the reporting mechanisms.

103. Financing and execution responsibilities are primarily split up among UNCDF, UNDP, other contributing agencies and the programme's technical partners.

9. Feasibility and risk management

9.1 Risks

104. The main risks relating to the programme's execution comprise the following aspects:

- political constraints and their socio-economic consequences can make the environment very difficult for the designing and implementation of sector development programmes;
- the microfinance environment can be insufficiently conducive (absence of appropriate national policy or regulation, bad past or present practices, socio-economic and political situation, reduced possibilities for the selection of an efficient operator);
- strong monetary erosions, particularly devaluations, can have negative impact on MFIs ' effectiveness;
- options for the implementation of non sustainability-oriented programmes can have negative impact on the development conditions of a competitive and sustainable microfinance sector;
- the banking sector could not contribute to the financial markets integration process, at appropriate level.

9.2 Means to mitigate the risks

105. Political options, decentralization and the programme's execution methods will contribute to reduce the above-mentioned risks:

- most post-conflict countries have started fragile but ongoing reconciliation, peace and development processes;
- the sector approach, with rigorous country selection, the conduct of sector assessment, the elaboration and implementation of microfinance policy and strategies, will contribute to the development of a common and concerted vision for the promotion of an inclusive financial sector;
- regional and sub-regional market integration and sub-regional and regional (Africa) concerted development policies and local currency loan options will reduce the exchange rate and monetary erosion risks;
- this process and the technical support to UNDP offices, policy makers, MFIs will be reinforced by decentralization in the two Units;
- contribution to the improvement of human resources technical competences (training, workshops, seminar, best practices' diffusion...) will be reinforced;
- for operations related risks, the Units will make all provisions in order to reinforce MFIs capacities (training, computerizing, strategic reflections...).

10. Accountability, Monitoring, Evaluation and Reporting

106. In accordance with UNDP and UNCDF directives, a maximum of 5% of project costs will be set aside for the final evaluation.

107. The Investment Committees at local level will provide reporting on an annual basis to the RU through the CTAs. The IFSs and the RTAs will carry out regular field monitoring visits to the country programmes to verify progress and to consult with stakeholders, especially women and men beneficiaries and those negatively affected.

108. To measure the impact on vulnerable groups, programme monitoring and evaluation will take a gender and human rights based approach.

109. The programme is subject to an independent final evaluation, managed by the UNCDF Evaluation Unit. The evaluation is in compliance with the UNCDF mandatory evaluation requirements in the

UNDP Evaluation Policy[8], to which UNCDF is party. Funding for the evaluation is included in the programme's budget. The evaluation will assess its overall performance, the outputs and outcomes produced against its initial targets, the impact it has brought or would likely to bring about with a focus on the progress toward sustainability of the FSPs, its relevance to the national context, and management efficiency.

110. The evaluations will pay specific attention on intended and unintended impacts on vulnerable groups and provide mechanisms for the free and meaningful participation of local stakeholders – including women and targeted vulnerable groups.

111. The evaluation will be forward looking offering lessons learned and recommendations to improve programme performance. The results of these evaluations will feed into strategic, thematic and outcome evaluations carried out by UNCDF and UNDP. Success in carrying out development evaluation requires partnerships in evaluation with national and international actors. Opportunities will be sought for collaboration with programme partners in conducting the evaluations.

11. Legal Context

112. The legal context for this Joint Programme document is the UNDP Regional Programme Document for Africa (2008-2011), approved by the Executive Board in 2007 and the UNDP and UNCDF Partnership Framework.

[8] See: http://www.undp.org/eo/documents/Evaluation-Policy.pdf

12. Results and Resources Framework:

Framework

Outcome: To contribute to the achievement of the Millennium Development Goals (MDGs), particularly the specific goal of cutting poverty in half by 2015, by increasing the sustainable access to financial services for poor and low income populations in general and for small and

Expected Outputs	Activities	Indicators	Budget Category	Responsible Party	Resource Allocation and Time Frame				Total Amount	Funding Source
					Y1	Y2	Y3	Y4		
Output 1. MACRO Effective advocacy and improved regulatory framework	1.1 Establish strong linkageswith other regional initiatives supporting financial inclusion in Africa	a. Number of signed MOUs between FIPA and relevant initiatives b. Joint activities implemented	Advocacy	UNCDF/ Partners	91 112	113 783	177 580	173 440	555 915	UNCDF/LUX
	1.2 Support Microcredit Summit	a. Sponsorship and participation in the summit to be held in Nairobi (March		UNCDF/ Microcredit Summit	-	50 000	-	-	50 000	UNCDF
	1.3 Support the Microfinance Trust Fund launched by Spain at the African Development Bank , under the name of Microfinance Technical Assistance Fund for	a. Number of Partnership established and deals signed	Advisory services	UNCDF/ AfDB	150 000	-	-	-	150 000	UNCDF
	1.4 Collaborate with ACCION, CGAP, donors and other bodies on the Client protection principles	a. Active participation on client protection related activities (conferences, discussions)	Advocacy	UNCDF/ CGAP/ Donors	50860	75 860	125 750	75 860	328 330	UNCDF/LUX
	1.5 Facilitate countries access to the Alliance for Financial inclusion	a. Number of countries joining with UNCDF support	Advocacy	UNCDF	20 000	25 000	25 000	25 000	95 000	UNCDF/LUX
	1.6 Support legal and regulatory framework and central banks capacities strengthening	a. Number of countries have improved legal and regulatory environment by b. Number of Central Banks more efficient in Sector supervision	Capacity development	UNCDF/ Central Banks	150 000	175 000	187 338	152 498	664 836	UNCDF/LUX
Subtotal Output 1					461 972	439 643	515 668	426 798	1 844 081	14%
Output 2. MESO The Sector's capacity strengthened and sound principles knowledge disseminated	2.1 Support the designing and implementation of National Support Programme for NSFI	a. Number of countries where UNCDF and other donors supported National Networks and lessons learnt shared	Capacity development	UNCDF CRA, TSP and RUs, and FSPs	162 303	173 440	200 667	118 000	654 410	
	2.2 Capacitate Investment Committees and other relevant bodies to ensure their full functionality	a. Level of efficiency of Investment committees in decision making process, and quality of stakeholders' feedback	Capacity development	UNCDF/ IC members	137 720	147 720	215 946	123 720	625 106	UNCDF/LUX/IFAD
	2.3 Support to IFAD, Luxembourg and other donors activities	a. Number and quality of support provided to IFAD and other contributing donors programs	Capacity development	UNCDF/ Luxembourg, IFAD	209 057	210 561	288 577	105 385	813 580	UNCDF/IFAD
	2.4 Disseminate UNAG legacy, IF concept, methodologies, results, lessons learnt and challenges	a. Number od UNAG related activities to dessiminate knowledge abd principles	Knowledge management	UNCDF	55 220	56 720	63 998	70 089	246 027	UNCDF/LUX/IFAD
	2.5 Write and share Case Studies and articles	a. Number of articles shared and case studies written	Knowledge management	UNCDF	47 000	60 000	89 794	93 773	290 567	UNDP
	2.6 Disseminate knowledge on rural and Agricultural Finance and case studies of CABFIN	a. Quality of dissemination and knowledge shared and of feedback from CABFIN and stakeholders	Knowledge management	UNCDF/CABFIN	74 000	75 813	80 294	85 000	315 107	UNCDF/IFAD
	2.7 Support UNCDF IF staff training in top MF courses	a. Number of trainings attended and relevance of training subjects	Capacity development	FSPs/ UNCDF	50 000	94 000	125 000	75 000	344 000	UNCDF/LUX/IFAD
Subtotal Output 2					735 300	818 254	1 064 276	670 967	3 288 797	25%
Output 3: MICRO Sustainable access to financial services enhanced and improved	3.1 Promote New IF technologies promoted	a. Number of FSPs with new initiatives in IF technologies	Capacity development	uncdf/FSPs/ Other partners	215 720	262 877	327 640	252 720	1 058 957	UNCDF/LUX/IFAD
	3.2 Promote Innovations and product diversification promoted	a. Number of FSPs that expanded their operations to new regions products	Capacity development	UNCDF	244 880	240 538	354 217	320 695	1 160 330	UNCDF/LUX/IFAD
	3.3 Improve outreach and sustainability of FSPsthrough investments and technical advisory services	a. Total number of financially self – sufficient FSPs, (baseline 9)	Capacity development	UNCDF/ FSPs	445 529	598 199	638 200	673 528	2 355 456	UNCDF/LUX/ IFAD
		Number of active clients (3.35 million active clients by 2012)	Capacity development	UNCDF/ FSPs						
	3.4 Improve women's access to financial services	Percentage of women (target> 50%)	Capacity development	UNCDF/ FSPs	50 000	75 000	75 000	75 000	275 000	UNCDF/LUX/IFAD
Subtotal Output 3					956 129	1 176 614	1 395 057	1 321 943	4 849 743	37%
Programme Management	4.1 Improve management at the policy level	a. Senior Policy specialist recruited,	Capacity development	UNCDF	-	230 000	245 000	-	475 000	UNCDF/LUX
	4.2 Improve support at the micro level	manager and Inclusive finance specialists recruited as planned	Capacity development	UNCDF	-	395 555	415 333	436 099	1 246 987	UNCDF/LUX/IFAD
	4.3 Support efficient management	Quality and timeliness of support and documentation and reporting	Admin and facilites	UNCDF	499 691	-	278 673	-	778 364	UNCDF/LUX/IFAD/ other donors
	4.4 Support final evaluation of BIFSA and lessons learnt dissemination	a. Evaluation report published and lessons learned documented and shared	Admin and facilites	UNCDF/ Partners	-	-	-	450 000	450 000	UNCDF/ other donorsTBD
Subtotal Management					499 691	625 555	939 006	886 099	2 950 351	23%
Total Budget					2 653 092	3 060 066	3 914 007	3 305 807	12 932 972	100%
Total UNCDF					1 433 251	1 852 699	595 741	-	3 881 691	30%
Total Luxemburg					899 841	887 367	862 351	702 021	3 351 580	26%
Total IFAD					320 000	320 000	350 000	-	990 000	8%
Total UNDP					-	-	-	-	-	TBD
Funding Gap					-	-	2 105 915	2 603 786	4 709 701	36%

13. Detailed Budgets

BIFSA II Budget UNCDF core 2009- 2012 amount in USD											
Activity Description	**Fund**	**Donor**	**Impl.A**	**Account**	**Activity**	**Budget Category**	**Total budget**	**2009**	**2010**	**2011**	**2012**
1. Technical Backstopping											
1.1 Two senior regional technical advisors (1 Dakar, 1 Jo'burg)	G1310		1853	1971	61300 Salaries Labou	P5	875,151	319,725	448,248	107,178	0
1.2 Two Inclusive Finance Specialists (Jo'burg)	G1310		1853	1971	71100 LABOU	P4	709,007	345,857	363,150	0	0
1.3 Two Portfolio Managers (1 Dakar, 1 Jo'burg)	G1310		1853	1971	71400 LABOU	P4	759,947	-	389,241	370,706	0
1.4 GS Staff (Jo'burg)	G1310		1853	1971	71400 LABOU	GS Staff (G6,G3)	98,892	48,240	50,652	0	0
1.5 Support to AfDB (multi Donor Facility TechMIFA)	G1310		1853	1971	TBD TECHB		150,000	150,000	0	0	0
1.6 Travel	G1310		1853	1971	71600 TECHB	Travel	125,000	25,000	50,000	50,000	0
1.7 Int'l consultants	G1310		1853	1971	71200 TECHB	Int'l Consultant	68,250	12,000	26,250	30,000	-
Sub - total Technical backstopping							*2,786,247*	*900,822*	*1,327,541*	*557,884*	*0*
2. Office Management											
2.1 Office equipment	G1310		1853	1971	72200 Office Management	Office-Equipment	112,450	25,000	87,450	0	0
2.2 Office rents and maintenance	G1310		1853	1971	73400 Office Management	Office-rent & Mainten	142,100	70,000	72,100	0	0
2.3 Rental and maintenance other equipment	G1310		1853	1971	73400 Office Management	Office-rent & Mainten	30,450	15,000	15,450	0	0
2.4 Office vehicle, Fuel and maintenance	G1310		1853	1971	73400 Office Management	Office- Veh. Fuel Mai	81,200	40,000	41,200	0	0
2.5 Office Communication	G1310		1853	1971	72400 Office Management	Landlines, Newspape	71,050	35,000	36,050	0	0
2.6 Office supplies	G1310		1853	1971	72500 Office Management	Office- supplies	101,500	50,000	51,500	0	0
2.7 Contractual services	G1310		1853	1971	72100 Office Management	Service Contracts	100,000	50,000	50,000	0	0
2.8 Operating Costs						Misc. Op. Costs	34,758	13,350	21,408	0	0
Sub - total Office Management							*673,508*	*298,350*	*375,158*	*0*	*0*
3. Conferences, Policy and Training											
3.1 Support to the Microcredit summit (Nairobi 2010)							50,000	*0*	50,000	*0*	*0*
3.2 Travel costs	G1310		1853	1971	71600 Train	Travel	70,000	20,000	30,000	20,000	0
3.3 Organisation training / Conference	G1310		1853	1971	71600 Train	Contr. Services	40,000	20,000	20,000	0	0
3.4 Tools	G1310		1853	1971	72100 Publications	Int'l Consultant	30,000	0	30,000	0	0
3.5 Tools	G1310		1853	1971	72100 Publications	Travel	37,857	0	20,000	17857	0
Sub Total Conference, Policy and Training							*227,857*	*40,000*	*150,000*	*37,857*	*0*
4. Final Evaluation	G1310		1853	1971	72100 Eval	Contr. Services	0	0	0	0	0
Sub - Total evaluation							*0*	*0*	*0*	*0*	*0*
Sub total Before Adm&Facilities Fees							*3,687,612*	*1,239,172*	*1,852,699*	*595,741*	*0*
5. Administration&facilities fees	G1310		1853	1971	75100 Adm&Fac.	Adm&Fac. Fees	194,085	194,085	-	0	0
Sub - total Adm.&Facilities fees							194,085	194,085	0	0	0
Total UNCDF Core							3,881,697	1,433,257	1,852,699	595,741	0

BIFSA II - Budget 2009 - 2012 LUXEMGBURG Amount in USD						
Activity	**Category**	**Total budget**	**2009**	**2010**	**2011**	**2012**
1. Advocacy and Policy						
1.1 Client protection principles	Grants	50,000	50,000	0	0	0
1.2 Support to CABFIN and other initiatives	Grants	250,000	60,000	60,000	60,000	70,000
Sub - Total Advocacy		**300,000**	**110,000**	**60,000**	**60,000**	**70,000**
2. Technical Backstopping						
2.1 Senior Policy Advisor	P5	400,000	-	200,000	200,000	-
2.2 Two Inclusive Finance Specialists (Dakar)	P4	1,704,891	395,555	415,333	436,099	457,904
2.3 GS Staff (Dakar)	G6, G2	182,017	42,230	44,342	46,559	48,887
Sub - total Staff Costs		*2,286,908*	*437,785*	*659,674*	*682,658*	*506,791*
2.6 Travel	Travel	200,000	50,000	50,000	50,000	50,000
Sub - total Technical Backstopping		***2,486,908***	***487,785***	***709,674***	***732,658***	***556,791***
3. Office Management						
3.1 Operating Costs	Mis. Op. Costs	278,366	65,750	67,693	69,693	75,230
3.2 Contractual services		50,000	0	50,000	0	0
Sub - total Before Admin & facilities fees		***3,115,274***	***663,535***	***887,367***	***862,351***	***702,021***
4. Administration&facilities fees	Fac. & Adm.	236,306	236,306	0	0	0
Sub - total Adm&Facilities Fees		***236,306***	***236,306***	***0***	***0***	***0***
Total Lux budget		**3,351,580**	**899,841**	**887,367**	**862,351**	**702,021**
Total surplus from 2008						
5. Expenditures						
5.1 Expenditures during 2008		*681,337*				
5.2 Expenditures 2009 (May 2009)		*582,937*				
Subtotal expenditures till May 2009		***1,264,274***				
Total Lux net Balance		**2,087,306**				

BIFSAII Budget: IFAD Grant 2009 – 2011 (Grant only till 2011)									
Description	**Fund**	**Donor**	**Account**	**Activity**	**Budget Category**	**Total budget**	**2009**	**2010**	**2011**
1. Technical Backstopping									
1.1 One Inclusive Finance Specialist (Dakar)	G1310	1853	71100	Staff cost	P4	623,501	197,780	207,669	218,052
1.2 Travel	G1310	1853	71600	TECHB	Travel	61,948	20,000	20,000	21,948
1.3 Int'l Consultants	G1310	1853	71200	TECHB	consultancies	100,000	-	50,000	50,000
Subtotal Technical Back stopping						*785,449*	*217,780*	*277,669*	*290,000*
3. Conf, Policy and Training									
3.1 Travel	G1310	1853	71600	Training TRAIN	Travel	109,551	27,220	32,331	50,000
2. Office Management									
2.1 Miscellaneous Op. costs	G1310	1853	74500	contingencies	MISC	25,700	5,700	10,000	10,000
4. Facilities & Administration fees									
4.1 Facilities & Administration fees			75100			69,300	69,300	-	-
Total						**990,000**	**320,000**	**320,000**	**350,000**

BIFSA II Budget 2009 - 2012 To be Mobilized in USD											
Activity Description	**Fund**	**Donor**	**Impl.A**	**Account**	**Activity**	**Budget Category**	**Total budget**	**2009**	**2010**	**2011**	**2012**
1. Technical Backstopping											
1.1 Two senior regional technical advisors (1 Dakar, 1 Jo'burg)	G1310	1853	1971	61300	TECHB	P5	964,854	-	-	470,661	494,194
1.2 Two Inclusive Finance Specialists (Jo'burg)	G1310	1853	1971	71100	TECHB	P4	781,680	-	-	381,307	400,373
1.3 Two Portfolio Managers (1 Dakar, 1 Jo'burg)	G1310	1853	1971	71400	TECHB	P4	837,842	-	-	408,703	429,139
1.4 GS Staff (Jo'burg)	G1310	1853	1971	71400	TECHB	GS Staff (G6,G3)	109,028	-	-	53,185	55,844
1.5 One Inclusive Finance Specialist (Dakar)	G1310	1853	1971	71400	TECHB	P4	228,955	-	-	-	228,955
1.6 Travel	G1310	1853	1971	71600	TECHB	Travel	121,948	-	-	50,000	71,948
1.7 Int'l consultants	G1310	1853	1971	71200	TECHB	Int'l Consultant	125,000	-	-	50,000	75,000
Sub - total Technical backstopping							***3,169,308***	***0***	***0***	***1,413,856***	***1,755,452***
2. Office Management											
2.1 Office equipment	G1310	1853	1971	72200	Office Management	Office-Equipment	42,380	-	-	21,190	21,190
2.2 Office rents and maintenance	G1310	1853	1971	73400	Office Management	Office-rent & Mainten	155,952	-	-	74,263	81,689
2.3 Rental and maintenance other equipment	G1310	1853	1971	73400	Office Management	Office-rent & Mainten	32,305	-	-	15,914	16,391
2.4 Office vehicle, Fuel and maintenance	G1310	1853	1971	73400	Office Management	Office- Veh. Fuel Mai	86,145	-	-	42,436	43,709
2.5 Office Communication	G1310	1853	1971	72400	Office Management	Landlines, Newspape	75,378	-	-	37,132	38,246
2.6 Office supplies	G1310	1853	1971	72500	Office Management	Office- supplies	107,681	-	-	53,045	54,636
2.7 Contractual services	G1310	1853	1971	72100	Office Management	Service Contracts	100,000	-	-	50,000	50,000
2.8 Operating Costs						Misc. Op. Costs	36,873	-	-	19,407	17,466
Sub - total Office Management							***636,715***	***0***	***0***	***313,387***	***323,328***
3. Conferences, Policy and Training							*0*		-		
3.2 Training costs	G1310	1853	1971	71600	Train	Training	*100000*	-	-	50,000	50,000
3.3 Organisation training / Conference	G1310	1853	1971	71600	Train	Contr. Services	*0*	-	-	-	-
3.4 Tools	G1310	1853	1971	72100	Publications	Int'l Consultant	*0*	-	-	-	-
3.5 Tools	G1310	1853	1971	72100	Publications	Travel	*75000*	-	-	50,000	25,000
Sub Total Conference, Policy and Training							***175,000***	***0***	***0***	***100,000***	***75,000***
4. Final Evaluation	G1310	1853	1971	72100	Eval	Contr. Services	450,000	-	-	-	450,000
Sub - Total evaluation							**450,000**	-	-	-	***450,000***
Sub total Before Adm&Facilities Fees							***4,431,023***	***0***	***0***	***1,827,243***	***2,603,780***
5. Administration&facilities fees	G1310	1853	1971	75100	Adm&Fac.	Adm&Fac. Fees	278,672	-	-	278,672	-
Sub - total Adm.&Facilities fees							**278,672**	**0**	**0**	**278,672**	**0**
Total to be mobilized							**4,709,695**	**0**	**0**	**2,105,915**	**2,603,780**

14. Joint Programme Monitoring Frame work

Expected Results (Outcomes & outputs)	Activities	Indicators (with Baseline & indicative timeframe)	Means of verification	Collection methods (with indicative timeframe & frequency)	Responsibilities	Risks & assumptions
Outcome: To contribute to the achievement of the Millennium Development Goals (MDGs), particularly the specific goal of cutting poverty in half by 2015, by increasing the sustainable access to financial services for poor and low income populations in general and for small and micro enterprises in particular in Sub-Saharan Africa.						
Output 1. MACRO Effective advocacy and improved regulatory framework	1.1 Establish strong linkages with other regional initiatives supporting financial inclusion in Africa	signed MOUs between FIPA and relevant initiatives	MOUs	MOUs, Reports and minutes	UNCDF/ Partners	Insufficient involvement of partners
		joint activities implemented	the reports on the activities	Reports		Unwillingness to cooperate
		Target 30% in 2008 60% in 2009 100% in 2011 100% in 2011				
	1.2 Support Microcredit Summit	Sponsorship and participation in the summit to be held in Nairobi (March 2010)	Grant agreement Microcredit summit	Grant agreement, FIPA presentation during summit	UNCDF/ Microcredit Summit	Summit rescheduled or canceled
	1.3 Support the Microfinance Trust Fund launched by Spain at the African Development Bank , under the name of Microfinance Technical Assistance Fund for Africa ("TechMIFA")	Partnership established, signed document	Signed agreement	Advisory and TA activities	UNCDF/AfDAB/ Spanish Government	AfDB involvement
	1.4 Collaborate with ACCION, CGAP, donors and other bodies on the Client protection principles	Active participation on client protection related activities (conferences, discussions)	Participation in conferences , events	presentations during events, minutes	UNCDDF/ ACCION/ other partners	availability of events/ conferences
	1.5 Facilitate countries access to the Alliance for Financial inclusion	Number of countries joining with UNCDF support	AFI website	data from AFI website	UNCDF/ Country stakeholders/ AFI	Countries show no interest in joining
	1.6 Support legal and regulatory framework improvement and central banks capacities strengthening	15 countries have improved legal and regulatory environment by 2012	national legal and regulatory framework documents	New regulations or ammendments	UNCDF CRA, TSP and RUs	The Central Banks are willing and able to design, revise and implement a conducive legal and regulatory framework
		Central Banks more active in Sector supervision	Indicator: Number of CB supported and quality of support	CB websites		- the FSPs have enough capability to comply with the legal and regulatory framework
			Baseline: 5 (including BCEAO for 8 countries)	UNCDF reports		- the CB reports and the FSPs reports are made available
			Target 12 in 2008			- Studies are carried out on legal and regulatory framework
			14 in 2009			- the national support programmes include support to the legal and regulatory framework
			15 in 2010			- The Central Banks have approved an Action Plan and have signed an agreement with the JP
			15 in 2011			- sufficient funding and technical support are provided to implement the AP

Expected Results (Outcomes & outputs)	Activities	Indicators (with Baseline & indicative timeframe)	Means of verification	Collection methods (with indicative timeframe & frequency)	Responsibilities	Risks & assumptions
Outcome: To contribute to the achievement of the Millennium Development Goals (MDGs), particularly the specific goal of cutting poverty in half by 2015, by increasing the sustainable access to financial services for poor and low income populations in general and for small and micro enterprises in particular in Sub-Saharan Africa.						
Output 2. MESO The Sector's capacity strengthened and sound principles knowledge disseminated	2.1 Support the designing and implementation of National Support Programme for NSFI	a. Number of countries where UNCDF and other donors supported National Networks and lessons learnt shared	Baseline: 7 in 2007 13 in 2010, 14 in 2011, 15 in 2012	FSPs Networks reports - RU and other support organization reports - Quarterly and yearly report on the MOU with the Networks - Action Plan	UNCDF CRA, TSP and RUs, and ICs	Networks are willing and able to design and implement an Action Plan Funding and technical support available to back the implementation of the Action Plan - the FSPs adhere to the activities of the Network
	2.2 Capacitate Investment Committees and other relevant bodies to ensure their full functionality	a. Number and quality of functioning IC	- UNDAF, CPAP, CPD, UNCDF FIPA Management Plan	- On ad hoc basis TSPs report	UNCDF CRA, TSP and RUs, and ICs	- the NSFI Action Plan is appropriate to ground a national support programme
		b. total Number and quality of investments made	- Local IC minutes	- Quarterly and yearly reports on PBAs - Annual ROARs - Online Mix Market Data		- there is enough demand for financial services - the FSPs are able to submit good proposal - The Local IC has the capability to assess the proposals - the environment is conducive enough to achieve the PBA set up targets.
	2.3 Support IFAD, Luxembourg and other donors activities	a. Number and quality of support provided to IFAD and other contributing donors programs	Support activities dates, content and quality	Reports on support activiites	UNCDF/Lux/IFAD/other partners	Insufficient coordination and willigness
	2.4 Disseminate UNAG legacy, IF concept, methodologies, results, lessons learnt and challenges	Number od UNAG related activities to dessiminate knowledge abd principles	reports and events	Documents, meetings	UNCDF	- sufficient funding to cover joint activities
	2.5 Write and share Case Studies and articles	a. Number of articles shared and case studies written	Baseline: 0 in 2009, 1 in 2010, 2 in 2011 and 2 in 2012	Written Case studies	UNCDF	Time constraints, priorities in the fireld not conducive enough
	2.6 Disseminate knowledge on rural and Agricultural Finance and case studies of CABFIN	a. adequate desismination and knowledge sharing, feedback from CABFIN and stakeholders	Target: Tools in 2008 and dissemination 2009 - 2012	written documents,CABFIN website	UNCDF/CABFIN	Availability of documents and language
	2.7 Support the UNCDF IF staff training in top MF courses	a. Number of trainings attended and relevance of training subjects	100% of staff attend at least one tr	reports, training participation lists	UNCDF	Availability of relevent trainings

Expected Results (Outcomes & outputs)	Activities	Indicators (with Baseline & indicative timeframe)	Means of verification	Collection methods (with indicative timeframe & frequency)	Responsibilities	Risks & assumptions
Outcome: To contribute to the achievement of the Millennium Development Goals (MDGs), particularly the specific goal of cutting poverty in half by 2015, by increasing the sustainable access to financial services for poor and low income populations in general and for small and micro enterprises in particular in Sub-Saharan Africa.						
Output 3: MICRO Sustainable access to financial services enhanced and improved	3.1 Promote New IF technologies	Number of countries supported in new technology innovations Baseline: 7 Target: 12 in 2009 14 in 2010 15 in 2011- 2012	- FSPs and TSPs reports - results in the performance – based agreements (PBAs) - proposals submitted to the Investment Committee - Mix Market	- On ad hoc basis TSPs report - Quarterly and yearly reports on PBAs - Annual ROARs - Online Mix Market Data	- UNCDF CRA, TSP and RUs, and FSPs	- The FSPs are willing and able to submit innovative proposals - the legal and regulatory framework allows the introduction of those innovations - funding and technical support are made available to back the innovations
	3.2 Promote Innovations and product diversification	a. Number of FSPs that expanded their operations to new regions b. Number of FSPs that developed new products	- Annual ROAR - FSPs quarterly and yearly reports		- UNCDF CRA, TSP and RUs, and FSPs	Funding/ capacity and willingness of FSPs
	3.3 Improve outreach and sustainability of FSPs through investments and technical advisory services	a. Total number of financially self – sufficient FSPs, (baseline 9)	Performance – based agreements (Percentage of FSPs meeting their performance based agreement targets; achievements compared to set up targets in the PBA: PAR_30d; FSS or AROA; number of active clients; Average loan size / GDP per capita)	- Quarterly and yearly reports on PBAs	UNCDF/ FSPs/ Networks	The local networks promote expansion and growth
		3.35 million active clients by 2012	c. Total number of financially self – sufficient FSPs	- Annual ROARs		FSP have the capacities to expand and grow
			d. total number of active clients	- Online Mix Market Data		FSPs can manage quality and growth
	3.4 Improve women's access to financial services	Percentage of women > 50%	Percentage of Women clients (borrowers and savers)	- Quarterly and yearly reports on PBAs	UNCDF/FSPs/Networks	Working poor women in the areas of operations
				- Annual ROARs		FSPs products designs conducive to women joining
Programme Management	4.1 Improve management at the policy level	a. Senior Policy specialist recruited,	Policy Advisor recuited and operational	UNCDF staff list	UNCDF	Availabilty of a competent expert
	4.2 Improve support at the micro level	Recruitment of Portfolio manager and Inclusive finance specialists	Staff recruited	UNCDF staff list	UNCDF	- the required resources are made available
	4.3 Support efficient management	Timely support and documentation	- quarterly and annual reports	Reports and documentation	UNCDF	Staff has the capacity and adequate monitoring
			- workplans			
			- ad hoc UNCDF and technical support missions	Mission reports		
	4.4 A Support final evaluation of BIFSA and lessons learnt dissemination	a. Evaluation report published and lessons learned documented and shared	Final evaluation in 2012	Evaluation report	UNCDF	- resources are made available and the evaluation planned in advance

15. Annual Work Plans[9]

Annual Workplan 2009

Outcome: To contribute to the achievement of the Millennium Development Goals (MDGs), particularly the specific goal of cutting poverty in half by 2015, by increasing the sustainable access to financial services for poor and low income populations in general and for small and micro enterprises in particular in Sub-Saharan Africa.

Expected Outputs	Activities	Indicators	Budget Category	Responsible Party	Resource Allocation and Time Frame				Planned Budget
					Q1	Q2	Q3	Q4	
Output 1. MACRO Effective advocacy and improved regulatory framework	1.1 Establish strong linkages with other regional initiatives supporting financial inclusion in Africa	a. signed MOUs between FIPA and relevant initiatives b. joint activities implemented	Advocacy	UNCDF/ Partners			x	x	91 112
	1.2 Support Microcredit Summit	a. Sponsorship and participation in the summit to be held in Nairobi (March 2010)		UNCDF/ Microcredit Summit					-
	1.3 Support the Microfinance Trust Fund launched by Spain at the African Development Bank , "Microfinance Technical Assistance Fund for Africa" ("TechMIFA")	a. Partnership established, signed document	Advisory services	UNCDF/ AfDB			x	x	150 000
	1.4 Collaborate with ACCION, CGAP, donors and other bodies on the Client protection principles	a. Active participation on client protection related activities (conferences, discussions)	Advocacy	UNCDF/ CGAP/ Donors			x	x	50 860
	1.5 Facilitate countries access to the Alliance for Financial inclusion	a. Number of countries joining with UNCDF support	Advocacy/ capacity development	UNCDF			x	x	20 000
	1.6 Support the improvement of legal and regulatory framework and central banks capacities	a. 15 countries have improved legal and regulatory environment by 2012	Capacity development	UNCDF/ Central Banks	x	x	x	x	150 000
		b. Central Banks more active in Sector supervision			x	x	x	x	
Subtotal Output 1									461 972
Output 2. MESO The Sector's capacity strengthened and sound principles knowledge disseminated	2.1 Support the designing and implementation of National Support Programme for NSFI	a. Number of countries where UNCDF and other donors supported National Networks and lessons learnt shared	Capacity development	UNCDF CRA, TSP and RUs, and FSPs	x	x	x	x	162 303
	2.2 Capicitate Investment Commitees and other relevant bodies to ensure their full functionality	a. Investment committees role and decision making is clearer, and stakeholders feedback positive	Capacity development	UNCDF/ IC members	x	x	x	x	137 720
	2.3 Support IFAD, Luxembourg and other donors activities	a. Number and quality of support provided to IFAD and other contributing donors programs	Capacity development	UNCDF/ Luxembourg, IFAD	x	x	x	x	209 057
	2.4 Disseminate UNAG legacy, IF concept, methodologies, results, lessons learnt and challenges	a. Number of workshops, conferences and other participations and quality of presentations	Knowledge management	UNCDF	x	x	x	x	55 220
	2.5 Write and share case Studies and articles	a. Number of articles shared and case studies written	Knowledge management	UNCDF	x	x	x	x	47 000
	2.6 Disseminate knowledge on rural and Agricultural Finance and case studies of CABFIN	a. adequate desismination and knowledge sharing, feedback from CABFIN and stakeholders	Knowledge management	UNCDF/CABFIN	x	x	x	x	74 000
	2.7 Support the training of UNCDF IF staff in top MF courses	a. Number of trainings attended and relevance of training subjects	Capacity development	FSPs/ UNCDF	x	x	x	x	50 000
Subtotal Output 2									735 300
Output 3. MICRO Sustainable access to financial services enhanced and improved	3.1 Promote New IF technologies	a. Number of FSPs with new initiatives in IF technologies	Capacity development	uncdf/FSPs/ Other partners	x	x	x	x	215 720
	3.2 Promote innovations and product diversification	a. Number of FSPs that expanded their operations to new regions	Capacity development	UNCDF	x	x	x	x	244 880
		b. Number of FSPs that developed new products			x	x	x	x	
	3.3 Provide investments and technicla advisory services to improve outreach and sustainability of FSPs	a. Total number of financially self – sufficient FSPs, (baseline 9)	Capacity development	UNCDF/ FSPs	x	x	x	x	445 529
		3.35 million active clients by 2012	Capacity development	UNCDF/ FSPs	x	x	x	x	
	3.4 Improve women's access to financial services	Percentage of women > 50%	Capacity development	UNCDF/ FSPs	x	x	x	x	50 000
Subtotal Output 3									956 129
Programme Management	4.1 Improve management at the policy level	a. Senior Policy specialist recruited,	Capacity development	UNCDF				x	-
	4.2 Improve support at the micro level	Recruitment of Portfolio manager and Inclusive finance specialists	Capacity development	UNCDF				x	-
	4.3 Support efficient management	Timely support and documentation	Admin and facilities	UNCDF	x	x	x	x	499 691
Subtotal Management									499 691
Total Budget									2 653 092
Total UNCDF									1 433 251
Total Luxemburg									899 841
Total IFAD									320 000

[9] The annual work plans include the funding gap

Annual Workplan 2010

Outcome: To contribute to the achievement of the Millennium Development Goals (MDGs), particularly the specific goal of cutting poverty in half by 2015, by increasing the sustainable access to financial services for poor and low income populations in general and for small and micro enterprises in particular in Sub-Saharan Africa.

Expected Outputs	Activities	Indicators	Budget Category	Responsible Party	Resource Allocation and Time Frame				Planned Budget
					Q1	Q2	Q3	Q4	
Output 1. MACRO Effective advocacy and improved regulatory framework	1.1 Establish Strong linkages established with other regional initiatives supporting financial inclusion in Africa	a. signed MOUs between FIPA and relevant initiatives b. joint activities implemented	Advocacy	UNCDF/ Partners	x	x	x	x	113 783
	1.2 Support Microcredit Summit	a. Sponsorship and participation in the summit to be held in Nairobi (March 2010)	Advocacy	UNCDF/ Microcredit Summit	x	x	x	x	50 000
	1.3 Support the Microfinance Trust Fund launched by Spain at the African Development Bank "Microfinance Technical Assistance Fund for Africa" ("TechMIFA")	a. Partnership established, signed document		UNCDF/ AfDB	x	x	x	x	-
	1.4 Collaborate with ACCION, CGAP, donors and other bodies on the Client protection principles	a. Active participation on client protection related activities (conferences, discussions)	Advocacy	UNCDF/ CGAP/ Donors	x	x	x	x	75 860
	1.5 Facilitate countries access to the Alliance for Financial inclusion	a. Number of countries joining with UNCDF support	Advocacy	UNCDF	x	x	x	x	25 000
	1.6 Support the imrpovement of legal and regulatory framework supported and central banks capacities strengthening	a. 15 countries have improved legal and regulatory environment by 2012 b. Central Banks more active in Sector supervision	Capacity development	UNCDF/ Central Banks	x	x	x	x	175 000
Subtotal Output 1									**439 643**
Output 2. MESO The Sector's capacity strengthened and sound principles knowledge disseminated	2.1 Support the designing and implementation of National Support Programme for NSFI	a. Number of countries where UNCDF and other donors supported National Networks and lessons learnt shared	Capacity development	UNCDF CRA, TSP and RUs, and FSPs	x	x	x	x	173 440
	2.2 Capacitate Investment Committees and other relevant bodies to ensure their full functionality	a. Investment committees role and decision making is clearer, and stakeholders feedback positive	Capacity development	UNCDF/ IC members	x	x	x	x	147 720
	2.3 Support IFAD, Luxembourg and other donors activities	a. Number and quality of support provided to IFAD and other contributing donors programs	Capacity development	UNCDF/ Luxembourg, IFAD	x	x	x	x	210 561
	2.4 Disseminate UNAG legacy, IF concept, methodologies, results, lessons learnt and challenges	a. Number of workshops, conferences and other participations and quality of presentations	Knowledge management	UNCDF	x	x	x	x	56 720
	2.5 Write and share case Studies and articles	a. Number of articles shared and case studies written	Knowledge management	UNCDF	x	x	x	x	60 000
	2.6 Disseminate knowledge on rural and Agricultural Finance and case studies of CABFIN	a. adequate desismination and knowledge sharing, feedback from CABFIN and stakeholders	Knowledge management	UNCDF/CABFIN	x	x	x	x	75 813
	2.7 Support UNCDF IF staff training in top MF courses	a. Number of trainings attended and relevance of training subjects	Capacity development	FSPs/ UNCDF	x	x	x	x	94 000
Subtotal Output 2									**818 254**
Output 3: MICRO Sustainable access to financial services enhanced and improved	3.1 Promote New IF technologies	a. Number of FSPs with new initiatives in IF technologies	Capacity development	uncdf/FSPs/ Other partners	x	x	x	x	262 877
	3.2 Promote innovations and product diversification	their operations to new regions new products	Capacity development	UNCDF	x	x	x	x	240 538
	3.3 Improve outreach and sustainability of FSPsthrough investments and technical advisory services	a. Total number of financially self – sufficient FSPs, (baseline 9)	Capacity development	UNCDF/ FSPs	x	x	x	x	598 199
		b. 3.35 million active clients by 2012	Capacity development	UNCDF/ FSPs					
	3.4 Improve women's access to financial services	Percentage of women > 50%	Capacity development	UNCDF/ FSPs	x	x	x	x	75 000
Subtotal Output 3									**1 176 614**
Programme Management	4.1 Improve management at the policy level	a. Senior Policy specialist recruited,	Capacity development	UNCDF	x	x			230 000
	4.2 Improve support at the micro level	a. Recruitment of Portfolio manager and Inclusive finance specialists	Capacity development	UNCDF	x	x			395 555
	4.3Support efficient management	a. Timely support and documentation	Admin and facilities	UNCDF	x	x	x	x	-
Subtotal Management									**625 555**
Total Budget									**3 060 066**
Total UNCDF									1 852 699
Total Luxemburg									887 367
Total IFAD									320 000
Total UNDP									-
Funding Gap									-

Annual Workplan 2011

Outcome: To contribute to the achievement of the Millennium Development Goals (MDGs), particularly the specific goal of cutting poverty in half by 2015, by increasing the sustainable access to financial services for poor and low income populations in general and for small and micro enterprises in particular in Sub-Saharan Africa.

Expected Outputs	Activities	Indicators	Budget Category	Responsible Party	Resource Allocation and Time Frame				Planned Budget
					Q1	Q2	Q3	Q4	
Output 1. MACRO Effective advocacy and improved regulatory framework	1.1 Establish strong linkages established with other regional initiatives	a. signed MOUs between FIPA and relevant initiatives b. joint activities implemented	Advocacy	UNCDF/ Partners	x	x	x	x	177 580
	1.2 Collaborate with ACCION, CGAP, donors and other bodies on the Client protection principles	a. Active participation on client protection related activities (conferences, discussions)	Advocacy	UNCDF/ CGAP/ Donors	x	x	x	x	125 750
	1.3 Facilitate countries access to the Alliance for Financial inclusion	a. Number of countries joining with UNCDF support	Advocacy	UNCDF	x	x	x	x	25 000
	1.4 Support the improvement of legal and regulatory framework and central banks capacities strengthening	a. 15 countries have improved legal and regulatory environment by 2012 b. Central Banks more active in Sector supervision	Capacity development	UNCDF/ Central Banks	x	x	x	x	187 338
Subtotal Output 1									515 668
Output 2. MESO The Sector's capacity strenghtened and sound principles knowledge disseminated	2.1 Support the designing and implementation of National Support Programme for NSFI	a. Number of countries where UNCDF and other donors supported National Networks and lessons learnt shared	Capacity development	UNCDF CRA, TSP and RUs, and FSPs	x	x	x	x	200 667
	2.2 Capacitate Investment Committees and other relevant bodies to ensure their full functionality	a. Investment committees role and decision making is clearer, and stakeholders feedback positive	Capacity development	UNCDF/ IC members	x	x	x	x	215 946
	2.3 Support IFAD, Luxembourg and other donors activities	a. Number and quality of support provided to IFAD and other contributing donors programs	Capacity development	UNCDF/ Luxembourg, IFAD	x	x	x	x	288 577
	2.4 Disseminate UNAG legacy, IF concept, methodologies, results, lessons learnt and challenges	a. Number of workshops, conferences and other participations and quality of presentations	Knowledge management	UNCDF	x	x	x	x	63 998
	2.5 Write and share Case Studies and articles	a. Number of articles shared and case studies written	Knowledge management	UNCDF	x	x	x	x	89 794
	2.6 Disseminate knowledge on rural and Agricultural Finance and case studies of CABFIN	a. adequate desismination and knowledge sharing, feedback from CABFIN and stakeholders	Knowledge management	UNCDF/CABFIN	x	x	x	x	80 294
	2.7 Support the training of UNCDF IF staff in top MF courses	a. Number of trainings attended and relevance of training subjects	Capacity development	FSPs/ UNCDF	x	x	x	x	125 000
Subtotal Output 2									1 064 276
Output 3: MICRO Sustainable access to financial services enhanced and improved	3.1 Promote New IF technologies	a. Number of FSPs with new initiatives in IF technologies	Capacity development	uncdf/FSPs/ Other partners					327 640
	3.2 Promote Innovations and product diversification	new regions b. Number of FSPs that developed new products	Capacity development	UNCDF					354 217
	3.3 Improve outreach and sustainability of FSPs through investments and technical advisory services	a. Total number of financially self – sufficient FSPs, (baseline 9)	Capacity development	UNCDF/ FSPs					638 200
		3.35 million active clients by 2012	Capacity development	UNCDF/ FSPs					
	3.4 Improve women's access to financial services	Percentage of women > 50%	Capacity development	UNCDF/ FSPs					75 000
Subtotal Output 3									1 395 057
Programme Management	4.1 Improve management at the policy level	Senior Policy specialist	Capacity development	UNCDF	x	x	x	x	245 000
	4.2 Improve support at the micro level	Portfolio manager and Inclusive finance specialists	Capacity development	UNCDF	x	x	x	x	415 333
	4.3 Support efficient management	Timely support and documentation	Admin and facilities	UNCDF	x	x	x	x	278 673
Subtotal Management									939 006
Total Budget									3 914 007
Total UNCDF									595 741
Total Luxemburg									862 351
Total IFAD									350 000
Total UNDP									-
Funding Gap									2 105 915

annual Workplan 2012

Outcome: To contribute to the achievement of the Millennium Development Goals (MDGs), particularly the specific goal of cutting poverty in half by 2015, by increasing the sustainable access to financial services for poor and low income populations in general and for small and micro enterprises in particular in Sub-Saharan Africa.

Expected Outputs	Activities	Indicators	Budget Category	Responsible Party	Time Frame Q1	Q2	Q3	Q4	Planned Budget
Output 1. MACRO Effective advocacy and improved regulatory framework	1.1 Establish strong linkages with other regional initiatives supporting financial inclusion in Africa	a. signed MOUs between FIPA and relevant initiatives b. joint activities implemented	Advocacy	UNCDF/ Partners	x	x	x	x	173 440
	1.2 Collaborate with ACCION, CGAP, donors and other bodies on the Client protection principles	a. Active participation on client protection related activities (conferences, discussions)	Advocacy	UNCDF/ CGAP/ Donors	x	x	x	x	75 860
	1.3 Facilitate countries access to the Alliance for Financial inclusion	a. Number of countries joining with UNCDF support	Advocacy	UNCDF	x	x	x	x	25 000
	1.4 Support the imrpovement of legal and regulatory framework and central banks capacities strengthening	a. 15 countries have improved legal and regulatory environment by 2012 b. Central Banks more active in Sector supervision	Capacity development	UNCDF/ Central Banks	x	x	x	x	152 498
Subtotal Output 1									**426 798**
Output 2. MESO The Sector's capacity strengthened and sound principles knowledge disseminated	2.1 Support the designing and implementation of National Support Programme for NSFI	a. Number of countries where UNCDF and other donors supported National Networks and lessons learnt shared	Capacity development	UNCDF CRA, TSP and RUs, and FSPs	x	x	x	x	118 000
	2.2 Capacitate Investment Committees and other relevant bodies for their full functionality	a. Investment committees role and decision making is clearer, and stakeholders feedback positive	Capacity development	UNCDF/ IC members	x	x	x	x	123 720
	2.3 Support IFAD, Luxembourg and other donors activities	a. Number and quality of support provided to IFAD and other contributing donors programs	Capacity development	UNCDF/ Luxembourg, IFAD	x	x	x	x	105 385
	2.4 Disseminate UNAG legacy, IF concept, methodologies, results, lessons learnt and challenges	a. Number of workshops, conferences and other participations and quality of presentations	Knowledge management	UNCDF	x	x	x	x	70 089
	2.5 Write and share Case Studies and articles	a. Number of articles shared and case studies written	Knowledge management	UNCDF	x	x	x	x	93 773
	2.6 Disseminate knowledge on rural and Agricultural Finance and case studies of CABFIN	a. adequate desismination and knowledge sharing, feedback from CABFIN and stakeholders	Knowledge management	UNCDF/CABFIN	x	x	x	x	85 000
	2.7 Support UNCDF IF staff training in top MF courses	a. Number of trainings attended and relevance of training subjects	Capacity development	FSPs/ UNCDF	x	x	x	x	75 000
Subtotal Output 2									**670 967**
Output 3: MICRO Improving Sustainable access to financial services	3.1 Promote New IF technologies	a. Number of FSPs with new initiatives in IF technologies	Capacity development	uncdf/FSPs/ Other partners	x	x	x	x	252 720
	3.2 Promote innovations and product diversification	a. Number of FSPs that expanded their operations to new regions b. Number of FSPs that developed new products	Capacity development	UNCDF	x	x	x	x	320 695
	3.3 Improve outreach and sustainability of FSPs through investments and technical advisory services	a. Total number of financially self – sufficient FSPs	Capacity development	UNCDF/ FSPs	x	x	x	x	673 528
		3.35 million active clients by 2012	Capacity development	UNCDF/ FSPs					
	3.4 Improve women's access to financial services	Percentage of women > 50%	Capacity development	UNCDF/ FSPs	x	x	x	x	75 000
Subtotal Output 3									**1 321 943**
	4.1 Improve support at the micro level	Portfolio manager and Inclusive finance specialists	Capacity development	UNCDF	x	x	x	x	436 099
	4.2 A Support final evaluation of BIFSA and lessons learnt dissemination	a. Evaluation report published and lessons learned documented and shared	Admin and facilities	UNCDF/ Partners			x	x	450 000
Subtotal Management									**886 099**
Total Budget									**3 305 807**
Total UNCDF									-
Total Luxemburg									702 021
Total IFAD									
Total UNDP									-
Funding Gap									2 603 786

Annexe: TORs

Policy Advisor

Job Description

I. Post Information

Post Title: Policy Advisor (PA) Post Number: Organizational Unit: UNCDF Supervisor / Grade: Senior Regional Advisor UNCDF Inclusive Finance (L5) Post Status: Non-rotational Duration of Initial Contract: 1 year Expected Duration of the Contract: 4 years Source of Funding: Project	Current Grade: Proposed Grade: FTA-5 Approved Grade: Post Classified by: Classification Approved by:

II. Organizational Context

In 2005, the United Nations Development programme (UNDP) and United Nations Capital Development Fund (UNCDF) developed a joint programme named "Building Inclusive Financial Sectors in Africa" (BIFSA) to support the building of inclusive financial sectors in the region, including the LDCs and non-LDCs. The programme had a one year (2004) start up to set the ground for phase I (2005 – 2008). The outcome of BIFSA II is to contribute to the achievement of the Millennium Development Goals (MDGs) particularly the specific goal of poverty reduction in half by 2015, by increasing the sustainable access to financial services for poor and low income populations in general and for small and micro enterprises particularly in Sub-Saharan Africa. The specific outputs that the programme aims to achieve are: (i) at the Macro level: Effective Advocacy and improved regulatory framework: through supporting the African agenda on building inclusive financial sectors, creating synergies with other donors' initiatives, in addition to supporting a more conducive legal and regulatory framework; (ii) at the Meso level: the sector's capacity strengthened and sound principles and knowledge disseminated through supporting national strategies for financial inclusion in LDCs, building FSPs capacities, and strengthening UNDP, IFAD, Luxemburg and other contributing donors' activities in LDCs and Non – LDCs; in addition to generation, publication and dissemination of knowledge and sound principles on inclusive finance and (iii) at the Micro Level: Improving sustainable access to financial service: through supported innovations and product diversification and building the capacities of financial services providers (FSPs).

The Policy Advisor belongs to BIFSA team but will provide his/her advisory to all FIPA programmes. Under the supervision of the FIPA Senior Regional Advisor, the PA will have the following responsibilities: (i) focal point for UNCDF- FIPA for global policy initiatives, e.g. the Alliance for Financial Inclusion (AFI) and the CGAP Policy Cadre; (ii) focal point for policy and regulatory issues for all FIPA programming; (iii) represent UNCDF in key policy forums and conferences and (iv) organize UNCDF's knowledge management around key policy issues.

III. Functions / Key Results Expected

Summary of key functions:

The Policy Advisor (PA) will have the following responsibilities:

- be the primary focal point for UNCDF FIPA for global policy initiatives e.g. the Alliance for Financial Inclusion (AFI) http://www.afi-global.org/ and the CGAP Policy cadre;
- serve as the focal point for policy and regulatory issues for all FIPA programming;
- represent UNCDF in key policy forums and conferences ensuring that UNCDF programming has access to the latest knowledge and experiences in building conducive policy environments.
- Organize UNCDF's knowledge management around key policy issues, utilizing all the various forums (global technical retreat) and instruments (intranet, list serve) to ensure FIPA staff are abreast of latest developments.

Further details are explained below:

1. UNCDF-FIPA FOCAL POINT FOR POLICY INITIATIVES: Provides advice for FIPA ensuring the alignment of FIPA to the Policy Cadre focusing on:

- Participating to meetings and conferences related to Policy Initiatives;

- Providing guidance internally on key policy issues;

2. STRATEGIC LEADERSHIP AND POLICY ADVICE: Provides strategic leadership, policy advice on policy and regulatory issues for all FIPA programming with focus on the following results:

- Developing standard terms of reference for FIPA sector assessments to ensure a thorough analysis of potential policy constraints and opportunities;
- Developing a roster of policy experts who could carry out assessments and other policy related assignments for FIPA programmes;
- Serving as a resource for all FIPA programmes to review policy issues as they emerge and ensure that the best possible policy advice is provided to LDC governments and central banks.

3. BUSINESS DEVELOPMENT/EXTERNAL RELATIONS: Provides leadership in

applying business development strategies, tools and intelligence, to build and maintain strategic partnerships, capitalize on partnership opportunities, focusing on achieving the following results:

- Close collaboration with Central Banks and Governments;

- Strong partnerships with major multilateral and bilateral organizations for sharing knowledge and experiences on building conducive environments.

4. KNOWLEDGE MANAGEMENT: Provides leadership in the active acquisition and sharing of business-sensitive knowledge policy and regulation issues, focusing on achieving the following results:

- Identification, documentation and incorporation of lessons learned from Inclusive Finance experience on policy and regulation mainly in Africa ;

- Identification and development of new instruments, tools and processes in UNCDF and UNDP niche areas to better use comparative advantages of UNCDF and UNDP in Africa to serve targeted clients;

- Share different experiences with stakeholders and partners interested in the region.

IV. Impact of Results

Results of the work of the Policy Advisor have major impact on the overall effectiveness, efficiency, governance and the effective implementation of the Programme activities. Specific results of this effort are to improve FIPA internal capacities on policy and regulatory issues. These results have a direct impact on the success of FIPA on achieving the MDGs. Results have a major impact on UNCDF and UNDP's reputation as a preferred partner in Inclusive Finance and center of excellence within the region, and its success engaging key actors in strategic partnerships and joint programming for Inclusive Finance programmes in LDCs and non - LDCs.

V. Competencies

CORPORATE

- Demonstrates integrity and fairness by modeling UN values and ethical standards;
- Displays cultural and gender sensitivity and adaptability;
- Treats all people fairly and without favoritism;
- Shows strong corporate commitment;
- Promotes the vision, mission and strategic goals of UNCDF and UNDP.

FUNCTIONAL

- Displays a high level of respect, diplomacy and tact when dealing with government officials, donors and other stakeholders;
- Demonstrates strong technical knowledge in field of Inclusive Finance;
- Proven practical knowledge of Inclusive Finance especially as applied in LDC context at both local and national levels;
- Familiarity with UNDP and UN system and role of key institutions in the field of Inclusive Finance. Knowledge of UNDP field level organization;
- Comprehensive understanding of the project management cycle and managing for results;
- Knowledge of programme framework.

MANAGERIAL/BEHAVIORAL

- **Leadership**

  Focuses on impact and results for client;

  Takes initiative and calculated risks;

Builds trust in interactions with others;

Leads team creatively and effectively, and resolves conflicts;

Displays positive attitude;

Takes decisions.

- **Managing Relationships**

Builds strong client relationships;

Builds strong relationships with partners;

Communicates clearly and convincingly.

- **Task Management**

Provides quality outputs in a timely manner;

Analyzes problems carefully and logically, leading to fact-based and practical; recommendations.

- **Managing Complexity**

Manages projects effectively;

Supports development of clear Unit strategy;

Develops innovative solutions

- **Building and Sharing Knowledge**

  Shares knowledge and experience with colleagues;

  Actively builds deep knowledge in Inclusive Finance area;

  Makes valuable practice contributions in Inclusive Finance.

  Promotes knowledge management in the Unit/Office

- **Learning and People Development**

  Provides constructive coaching and feedback

  Promotes learning environment in Unit/Office

VI. Recruitment Qualifications

Education:	Masters degree in economics, finance, business or public administration or related field.
Experience:	A minimum of15 years experience in Microfinance (in progressively more responsible positions in microfinance and with experience working with the stakeholders including Central Banks, Governments and Donors on sector based-approach, policy and regulation; Experiences with similar assignments in developing countries, preferably in Africa; Proven ability to manage diverse and complex tasks; Excellent drafting and presentation skills.
Language Requirements:	Fluency in both written and spoken French and English

VII. Signatures- Post Description Certification		
Incumbent *(if applicable)*		
Name	Signature	Date
Supervisor		
Regional Technical Manager		
Name / Title	Signature	Date
Chief Division/Section		
Christian do Rosario, Advisor, Operations Unit, UNCDF		
Name / Title	Signature	Date