

United Nations Development Programme (UNDP) Project on Sustainable Microfinance Development in Nigeria.

1. Past Initiatives.

The United Nations Development Programme microfinance related activities in Nigeria focus on fostering various initiatives and collaborations among stakeholders, particularly the Federal Government of Nigeria, the Central Bank of Nigeria and other development partners to deliver efficient support services.

In year 2000-2002, the UNDP in collaboration with the Federal Government enunciated the Microstart Nigeria Project (MNP) designed to contribute to poverty reduction in Nigeria through improved access to appropriate financial services by micro clients. The Development Finance Department of the Central Bank of Nigeria (CBN) served in the Advisory Board of the Microstart Nigeria Project. Eight (8) micro-finance institutions (MFIs) in Nigeria namely: (a) Lift Above Poverty Organisation (LAPO), Benin City; (b) Development Exchange Commission (DEC), Bauchi; (c) Justice Development and Peace Commission (JDPC), Ijebu Ode; (d) Outreach Foundation, Lagos; (e) Self Reliance Economic Advancement Programme, Ilorin; (f) Nalt-United Self Help Organisation (NUSHO), Nsukka; (g) Peace Development Centre, Uyo; and (h) Save and Produce, Jos were trained to deliver services in a profitable and sustainable manner within the period of the project. Three of the institutions are now breakthrough MFIs, namely, LAPO, Benin; DEC, Bauchi and JDPC, Ijebu-Ode while two are moving towards sustainability.

2. The UNDP's Current Project

In the period 2004 -2007, the UNDP/Nigeria Country Programme (CP) has planned a series of projects and programmes for further strengthening the Nigerian Government effort in promoting development. One of the key components is the microfinance project tagged "Support to Development of a Sustainable Microfinance Sector". This project seeks to enhance the implementation of the National Microfinance Policy and Regulatory Guidelines. The project has three sub-components namely, institutional, intermediary and policy level developments sub-components.

The institutional development sub-component involve training in strategic planning, financial management and financial support (micro-credit grant), for about eight MFIs including the three breakthrough MFIs (Lift Above Poverty (LAPO), Benin City, Development Exchange Commission (DEC), Bauchi and Justice Development and Peace Commission (JDPC), Ijebu-Ode that performed very well in the Microstart Project. These MFIs are expected to expand their operations across state/regional boundaries. **The sub component would be expected to cost a total of \$1.45million that is (45.2%) of the total project cost**

The Intermediary Component would assist the three breakthrough MFIs in Nigeria to assume the role of "Local Technical Service Providers" (LTSPs) for other MFIs using Association for Social Advancement (ASA), Bangladesh methodology. Also, the capacity of Community Development Foundation (CDF), the only MFI in Nigeria providing refinancing facilities to community development organisations and other retail MFIs would be built to serve as LTSP and teaching alternative methodology to smaller MFIs. The Community Development Microfinance Roundtable (CDMR), a forum for sharing ideas on microfinance issues would be enabled to perform its functions of bringing the institutions together for technical exchange on regular basis. **The total cost of the sub-component estimated at \$0.53million which is (16.5%) of the entire total project cost.**

The Policy Component is aimed at improving and strengthening the policy environment through capacity building of CBN staffers, particularly helping the Development Finance Department of the Bank to set up the Microfinance Support Unit which was provided for in the policy document and to serve as secretariat for National Microfinance Policy Consultative Committee (NMFPC). Institutional strengthening of community banks in some selected states will also be funded under this component. **The total estimated cost of this sub-component was put at \$1.23million representing (38.3%) of the approved project cost.**

The project will be supported by the Federal Government of Nigeria to the tune of \$60,000.00. The CBN has been nominated by the UNDP as the implementing agency through the Micro Finance Support Unit of the Development Finance Department, provided for in the microfinance policy. The National Planning Commission would be the Executing Agency and would monitor the project implementation. The project is to be governed by an Advisory Board that provides the policy direction.