Microfinance In Sudan
Regulatory Framework and Vision
Microfinance Unit-Central Bank Of Sudan
November 2007
Introduction

Central banks usually limit their activities to monetary policy, the prudential regulation and supervision of licensed financial institutions, and not to promotional activities to encourage the development of the financial system, including microfinance
Central Bank of Sudan Role

• **CBOS** sees itself as an instrument for achieving the national government’s objective of poverty alleviation, through financial sector development

• **CBOS** is leading now developmental activities by virtue of its role as an apex body for its financial systems, which equips it to exercise leadership and provide coordination
Central Bank of Sudan Role cont..

• **CBOS** through its annual credit policy directed, commercial banks to allocate a certain proportion of their total lending portfolios to Microfinance (12%), great focus should be given to agriculture and disadvantaged groups in the community (Women) and to small and marginal farmers, rural artisans, and agricultural laborers.
Performance of Microfinance

30 commercial Banks are functioning now, 18 providing Microfinance services

• Average percentage of Microfinance portfolio is 3.2% of the total lending portfolio

• It is not indicative enough: i.e. Sudanese Savings & Development Bank (36%, Workers Bank 12%)
Provision of financial services to the poor requires active policy support

- A vision for Microfinance sector states a mandate for a self autonomous microfinance unit to play an active role in fostering economic growth and development of the microfinance sector in Sudan, issued 2006.
The MFU is supposed to play a significant role in:

• Promoting financial systems able to reach poor households on a sustainable basis.
• Developing promotional activities that include support for pilot projects using innovative approaches to microfinance,
• Research, collection and publication of data, advocacy, capacity building and training.
On Going activities

• Conduct research into rural financial markets, microfinance, and informal finance
• Collect and publish data on the microfinance activities of licensed banks & MFIs
• Collect data on nonbank MFIs, in collaboration with networks of MFIs and other institutions
On going activities

• Advocates for sustainable microfinance, by preparing and disseminating publications on microfinance best practice
• Conducting and participating in workshops, and similar activities
• Conduct and initiate training programs for officials from government agencies, banks, MFIs
Achievements

• Extending funds to 7 selected Banks for 33 Million SDG
• Capacity Building training program for 130 bank staff (Branch managers, loan officers)
• Equity capital for 20 Million SDG “Family Bank”
Key Factors for Success

- Political Will
- Economical stability
- Relaxed Rules
- Enthusiasm and Belief
- Ownership
Activities Ahead

• Establishes MF Network
• Establishes SMDF
• Establishes Self Regulatory Organization
• Strengthens MFIs Capacities
• Enhanced role of Banks in providing MF services/products
Thanks