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Climate Change Adaptation Facility



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CASE STUDY

USING A RURAL FINANCING MECHANISM – SANDUG – TO SCALE UP CLIMATE CHANGE ADAPTATION IN SUDAN

Eradicating poverty through improved agricultural production is among the primary development objectives in Sudan. Its diverse agro-ecological zones and abundant surface water offers the potential to produce a variety of crops and livestock. Yet, production has been consistently low, due to the use of traditional production systems and the impacts of climate change. Moreover, there are a limited number of locally appropriate financing mechanisms that help poor and vulnerable communities introduce adaptation and resilient measures. These challenges are addressed by the project “Building Resilience to the Adverse Impacts of Climate Change in the Agriculture and Water Sectors in Sudan” supported by the Government of Canada and the Global Environmental Facility.

Specifically, this project is working to strengthen locally appropriate financing mechanisms to scale up adaptation interventions in Sudan, building on a traditional practice known as ‘Sandug’.



A TRADITIONAL PRACTICE KNOWN AS ‘SANDUG’ IS HELPING TO STRENGTHEN LOCAL FINANCING MECHANISMS FOR INVESTING IN ADAPTATION ACTION IN RURAL AREAS OF SUDAN



A ‘Sandug’ traditionally consisted of a group of women who contributed an agreed upon amount of money or commodity to a group fund at regular periods of time, to be distributed to one member of the group on a rotating basis.



‘Sandugs’ are now being used as essential tools to scale up a variety of adaptation interventions introduced under the project across the different states of the country.

Approach

In 2011, a study was done on how to strengthen rural finance for climate change adaptation in North Kordofan state. The study recommended incorporating traditional knowledge into adaptation interventions, in particular the importance of strengthening ‘*Sandug*’ for small-scale, financing for resilience. A ‘*Sandug*’, which literally means a box for holding money, traditionally consisted of a group of 10 to 20 women who contributed an agreed upon amount of money or commodity to a group fund, at regular periods of time. The collected funds are then handed over to one member of the group on a rotating basis, until each one in the group has received the same service. This approach had been implemented in previous projects, however as the study also concluded, it was important that the ‘*Sandug*’ be initiated and managed by the community itself rather than administered by project as was the case in the past. As such, the project engaged the communities in a dialogue to determine how to maximize the benefits from the adaptation measures, and they agreed that the use of the ‘*Sandug*’ was valuable for this purpose. Following a series of initial sensitization campaigns, the project supported the establishment of Village Development Committees (VDCs) in each participating village. These VDCs were elected by the villagers and provided the overall managerial role of the *Sandug*, while in most cases women from the VDCs took the responsibility of the day to day running of the fund. This approach was used in all four agro ecological zones of Sudan engaged in the project.

Challenges

The most important challenge with undertaking this approach is for the community to get the initial capital to start up the ‘*Sandug*’. In this context, this challenge was addressed by using the revenues obtained from the newly introduced adaptation activities under the project interventions. Therefore, the use of ‘*Sandug*’ was successful when designed and implemented in an integrated way into other activities.

Achievements

‘*Sandugs*’ are now being used as essential tools to scale up a variety of adaptation interventions introduced under the project across the different states of the country. In North Kordofan, small farms were established in the participating villages, jointly managed by the VDCs and women groups (354 women in total). The women groups allocate part of their revenues to their own ‘*Sandug*’- which is managed by themselves separately from the village ‘*Sandug*’. This money is later used to procure agricultural inputs and provide interest free loans to the women. The VDCs established by the project are now officially registered as civil society organizations and linked to a local micro credit institution to expand the ‘*Sandug*’ activities to other areas, such as livestock (e.g. sheep fattening, increasing twinning and increasing goats’ milk production).

In the River Nile state, the project has supported water pumps to irrigate agricultural crops. Each pump serves 15 farmers, who pay back the cost of the pump in installments over three years. The money collected through these payments is saved in the village ‘*Sandug*’ and used to purchase additional pumps and to procure agricultural inputs. The project provided 96 pumps and the VDCs purchased additional 17 units from their own ‘*Sandug*’. The project also provided 1,685 butane gas units (cylinder and stove) to households who pay back the cost in installments, and the ‘*Sandug*’ procured an additional 520 units. As a result, all of the households in three villages have acquired butane gas units and shifted from biomass to butane gas energy.

In the state of Gedarif, the project initiated a ‘*Sandug*’ for the distribution of butane gas units on a revolving basis, in addition to providing ovens for bread production. Seven ovens were provided by the project to five women groups (with ten women each). The Women Committee, which is a sub-committee of the VDC, manages these activities and has their own ‘*Sandug*’. This ‘*Sandug*’ provides interest free loans to women, which is used to purchase production inputs, such as seeds, agricultural appliances, etc. This ‘*Sandug*’ also contributed approximately US\$ 760 out of US\$ 2,200 for the establishment of a Woman Development Centre (WDC) for the village. The WDC now houses literacy classes and training activities for women.



In the state of Gedarif, a Sandug provides interest free loans to women, which is used to purchase production inputs, such as seeds, agricultural appliances, etc. This ‘Sandug’ also contributed to the establishment of a Women Development Centre for the village.



In the River Nile state, the Sandug has supported the investments in water pumps to irrigate agricultural crops. Farmers pay back the costs of the pump in installments, which is then collected and saved in the village Sandug to purchase additional pumps and agricultural inputs.

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Lessons Learned

The experience of introducing and supporting 'Sandugs' through this project has demonstrated that **adaptation interventions can be maximized and strengthened by building on traditionally accepted methodologies**. Further, a prerequisite for an effective and dynamic 'Sandug' system (or other type of revolving fund) is the presence of a **harmonized community group** that has some previous experience in savings and management of funds. In addition, with the successful use of the 'Sandug,' it has been shown that the **empowerment of women** through training and provision of additional sources of income ensures their active participation in the adaptation initiatives. Finally, if the 'Sandug' system is linked to **micro finance institutions**, it can more effectively achieve sustainable livelihoods.

Figure 1: How Sandugs Operate

