Islamic Microfinance indispensable for poverty alleviation in Arab countries

Zubair Mughal speaks at “Iraq Microfinance Policy Forum” organized by UNDP in Erbil (Iraq)

United Nations Development Program (UNDP) in collaboration with USAID and CGAP jointly organized “Iraq Microfinance Policy Forum” on April 10 & 11, 2012 in Erbil-Iraq, for setting up Policy Goals for Microfinance in Iraq, which was participated by high Government functionaries from Iraq Government, including Advisors to Prime Minister, Central Bank in Iraq, USAID, ILO, UNOPS, CGAP, UNHABITAT representatives. Representatives from Yemen, Jordan, India, Italy, Poland, UAE, Syria and many other also participated in this Conference.

Muhammad Zubair Mughal Chief Executive Officer of AlHuda Centre of Islamic Banking and Economics (AlHuda-CIBE) presented his paper on “Microfinance Policy in Asia and the increasing trend of Islamic Microfinance” which was appreciated by many experts present at the Forum ... continued Page 2

Building on the constant achievements of AMB despite the critical situation of the country, Al Amal Microfinance Bank was able to win the MIX Silver Award on Social Performance 2011 for the third year respectively. Selecting AMB to receive this award is based on international standards for social performance that AMB meets since the bank is of social mission aims to offer financial and non-financial services targeting the extremely poor and the low/limited income households and the micro and small entrepreneurs particularly youth and women to improve their living conditions and reduce poverty.

It is worth mentioning that Al Amal Microfinance Bank is one of the most important pillars for the national economy based on its efficient role in the country’s development. The bank is also attracting international donor organizations given that it is growing fast and achieving wider outreach and being the best to serve the target groups though offering diversified financial services that meet the demand of the target groups. Though newly established, the bank has achieved a number of international and regional awards, of which is the Islamic Microfinance Challenges 2010 and the Global award “ Most Innovative Microfinance Product 2011”.

MIX is the Microfinance Information Exchange based in Washington DC dedicated to collect microfinance information and statistics across the world and open various competitions among MFIs.

Source: Al-Amal Bank

YMN conducted five Training courses in the First Quarter 2012

YMN implemented five training programs during the first quarter of 2012 in the following areas:

1 - Communication Skills.
2 - Problem-solving and decision-making.
3 - Operational planning skills.
4 - Effective management.
5 - An introductory training program on microfinance.

It’s noteworthy, that more than 103 participants from institutions and microfinance programs in the Republic of Yemen participated in these courses.

Spot Lights

- Is developing the existing products and designing new products to meet the target markets.
- Preparing its quality system in administrative transactions, and developing the accounting system for the program by installing the accounting system of Social Fund for Development (SFD).
- Trained 30 loan officers to join the microfinance market.
- 125 clients have been successfully trained in the WOBT program in cooperation with (The Small Micro Enterprise Promotion Service – SMEPS).

- Provides Technical Assistance to establish the first microfinance institution in Somalia.
- Announced the Branch and Employee of the Year Award 2011.
- Baroness Nicholson, AMAR Foundation chairman and a member of House of Lords in the UK, visiting Al Amal Bank.

- Implements the annual meeting for the managers of Branches at the General Administration Building during the period 3rd - 5th March 012.
- Based on the expansion plan, Al-Tadhamon opens a new branch in Al-Hasabah area beside Al-Habari roundabout.
Supported by RGP

The YMN implements its first Introductory Training Program to the staff of the Ministry of Industry and Trade

The YMN implemented an Introductory Training Program on MF in coordination with the Ministry of Industry and Trade. This program was supported by Responsive Governance Project (RGP) (A USAID funded project) and it is the first microfinance complete training package implemented by the network. The introductory program was for three days, held from 25th - 27th March 2012 and attended by 19 participants.

During the launch of the program the Deputy Assistant to the Minister of Industry and Trade (MoIT) Mr. Abdollilah Shaiban stated that the MoIT will launch a specialized unit in Microfinance in the Ministry head office and that the trainees will be the asset for this unit. “The participant should take the utmost benefit of the program on both levels, the theoretical and field visits so that they can acquire enough knowledge about the microfinance sector” He added.

During the launch of the program Mrs. Rashida Alhamdani, the Head of Policy Department at the RGP, presented the most important area of work for the RGP and its core goals. “Microfinance Sector is very essential for development” She added.

From his side the YMN managing Director Mr. Sharar Almulaki stated that it is very important for the participants to benefit from this program especially from the field visits to be arranged to the microfinance institutions.

“This program is the first program organized by the Yemen Network with the Ministry of Industry and Trade and this is considered to be a big move for the microfinance sector as a whole since the government represented by the Ministry will be involved in the microfinance industry” Mr. Sharar added.

Mr. Sharar Mahyub resigned from YMN

Mr. Sharar Mahyub the Managing Director has submitted his resignation from the Yemen Microfinance Network. This resignation came because of his willingness to reside in Britain with his family.

It is worth mentioning that Mr. Sharar has worked on establishing the Network and worked hard for the development of the Network towards its vision and objectives.

Although the Network is so sad that Mr. Sharar left it, the Network wishes him and his family happiness and success in his new job in Islamic Relief Organization.

Appointment of Ms. Najah Al-Mujahid as the acting Managing Director for YMN

The Board of Directors of the Yemen Microfinance Network appointed Ms. Najah Abdul-Jabbar Al-Mujahid, as Acting Managing Director for YMN. Ms. Najah worked since the establishment of the network as the Training Executive and has management experience gained from previous employment and her work in the YMN. The Board wishes her and the team all the best.

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Zubair Mughal presented a detailed analysis of poverty in 52 Asian countries with their techniques and strategies in Poverty alleviation, legal and regulatory reforms, Minimum Investable Funds limits, Interest rates and other improvements efforts in Microfinance sectors. While declaring the Poverty analysis of these countries, In spite of having Oil and other minerals these countries are having 22.9% in Iraq, 18% in Iran, 34.8% in Yemen, 13.3% in Jordan, 12.5% in UAE, 28% in Lebanon and 11.9% people in Syria are living below the poverty line. Even more worrying point is that 96% of the population in these countries are Muslims and the cause being that they avoid the conventional system of Microfinance as it is based on Riba (the Interest).

So the only solution to alleviate poverty in these countries is to adopt for Islamic Microfinance system. These countries can only brought to development by adopting the Islamic Microfinance following the Islamic Shariah. Yemen Iraq and Syria have already undertaken a start and this will create room for more Islamic Microfinance Institutions to be setup in these countries.

He further emphasized the need for Islamic Microfinance through the research and surveys conducted by IFC, CGAP, USAID, Frankfurt School and FINCA wherein it is proved that the Muslim population in these countries prefer Shariah compliant ways instead of Conventional System of Microfinance as it is based on Riba (the Interest). So the only solution to alleviate poverty in these countries is to adopt for Islamic Microfinance system. These countries can only brought to development by adopting the Islamic Microfinance following the Islamic Shariah. Yemen Iraq and Syria have already undertaken a start and this will create room for more Islamic Microfinance Institutions to be setup in these countries.

Mr. Sharar added that Islamic Banking and Finance has taken a healthy growth in these Arab Countries, which shows opportunity for Islamic Microfinance to be successful. AlHuda-CIBE has setup an Islamic Microfinance Helpdesk in order to strengthen Islamic Microfinance globally. This help desk is providing state-of-the Art services in Technical, Shariah guidelines Trainings to many institutions of the world.

At the end of the conference, a roadmap on Microfinance policy in Iraq was declared so that effective efforts are made towards poverty alleviation in this war torn country.

For further details about AlHudas Islamic Microfinance help desk, please do visit: