

## Microfinance Summit 2013

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1. More than a decade ago, I was having dinner with old friends and batch mates. Topics rife in such meals are usually old memories, sports, doldrums of professional lives, and politics. No one knew that this dinner will provide over 300,000 people the opportunity to become entrepreneurs in a period of a decade; no one knew that this is going to change the lives of poor - from dependent. I worked for PRSP from 1998 to 2003, and learnt the principles of participatory development and microfinance. How these small loans can bring about a big change. Allah (SWT) provided life to the intangible feeling of brotherhood during that discussion – Akhuwat was born and began providing interest free loans to individuals in 2001. In 2003, we registered Akhuwat as a Society.
2. Akhuwat has given a unique model to the microfinance industry as result of these experiences, we see microfinance as one of the most effective tool to help poor come out of poverty. This approach does not only lead to financially stronger families but also generates economic activity. The main objective remains helping the poor and to reduce poverty, to connect the more fortunate with the less fortunate – which has been the cornerstone of Akhuwat's vision.
3. The feature which adds more exclusivity in the cause is the role Akhuwat assigns to the worship places in its operations. For Muslims, the Mosque occupies a central place in the social, political, and economic activities of the community. Mosque is first and foremost a place for remembering and worshipping the Almighty.
4. The Government of Punjab launched the Chief Minister's Self-Employment Scheme (CMSES) under which a fund of over Rs. 2 billion was created and its implementation outsourced. In the words of the Chief Minister Shahbaz Sharif it is a significant step towards making Pakistan a country as it was envisioned by Quaid-e-Azam and Allama Iqbal. The Akhuwat Model is an experiment which is defining new rules and giving birth to new philosophies. The Akhuwat Model is a successful experiment which has been able to garner support and trust from State.
5. The recent support provided by the Government of Gilgit Baltistan to Akhuwat, helped the organization to establish three offices in the province. Recently, a cumulative disbursement of approximately 300 loans worth Rs. 5 Million was made. The Akhuwat family is extremely excited to enter into an area where mountains are high and Indus in young – recognition of the federal and provincial governments of our approach is a testament that interest free microfinance is the way forward. It's the only catalyst of eliminating poverty truly and every passing day is proving the point; going strength to more strength every day.
6. 90% of our loan portfolio is directed towards enterprise development. A significant portion of it goes towards helping and mentoring budding entrepreneurs who are unemployed or belong to the lower income groups. One of the cornerstones of our partnership with the Government of Punjab was to facilitate the unemployed and diploma holders coming out of government run vocational training centers.

7. Through, Akhuwat Educational Assistance Program, a long term interest free loan program. Akhuwat helps deserving students from extremely poor family backgrounds with good high school educational records. This program is meant to alleviate some of the financial burden off of their shoulders so as to allow them to whole-heartedly attain the education they require and deserve.
8. Through this program, many young adults have made positive steps to better their individual lives and break the cycle of inequality they have been accustomed to. Thus not only improving their own lives and those of their families but spreading the true essence of Akhuwat in all their modalities. Students seeking help through this program are studying in LUMS, King Edward Medical University, University of Engineering and Technology, GCU and FAST.
9. Additionally, we do that by protecting our clients. Firstly, by providing loans on interest free basis and providing easy installments. Secondly, by not using tools such as threats and intimidation to recover loans in case they are not able to pay on time. Instead, we counsel and mentor them in order to operate their business model at optimum level and provide them more time to settle their loans. Thirdly, in case of accident, short term or permanent disability or death, Akhuwat's Takaful pays the pending payments i.e. charged one time 1% of the total amount loaned. In case of death of a borrower, Akhuwat also provides financial support to the grieving family for funeral and burial procedures.

We do not leave them alone in their times of transformation and in their times of grief. Perhaps, that is a reason why we are able to maintain the recovery percentage and are able to achieve an OSS rate of 119%.

## **Concluding paragraphs**

Akhuwat, represents the best in society: the willingness and enthusiasm of individuals to help others; the moral obligation that comes with religion to help others but not the prejudices; avoidance of any strong-arm tactics; and helping others not just financially but by transforming their mindsets.

Akhuwat has effectually used the principles of Islam such as compassion, social justice and Brotherhood in the field of Micro Finance. The trail of compassion is heavily imprinted and found in the operations of Akhuwat. The massive increases in funding and trust every year is an existing example of Akhuwat's focused approach towards donors. From 10,000 rupees, we have reached to a mammoth size of 5 billion; aiming to grow three times in the current fiscal year through the support and recognition of state. Moreover, by not levying interest, providing easy installments, an even easier eligibility criteria and building capacities of the borrowers through counseling are few of the immeasurable examples which unveils empathy in each and every action of Akhuwat.

The journey of Akhuwat is a testament of the ability of volunteerism and self-reliance to transform the lives of thousands. It is a story that seeks to inspire and rekindle the faith in the strength of communities and populations to contribute to efforts at poverty alleviation. But most importantly it

serves as a reminder of the spirit and objectives which initiated the birth of the microfinance movement.

Akhuwat is not just an organization; it is a way of life, a perspective, a collective understanding on how to empower people. Our work does not limit itself to microfinance because our vision isn't limited to economics, our work does not commence at 9 and end at 5 but is a continual and perpetual process in a constant state of evolution, learning how best to serve those in need. Akhuwat adapts to its surroundings and sooner than later we find that the surroundings have started to mirror the values we hold so dear to us; keeping us in check with the reality at ground. It is a counter- capitalist movement in a capitalist culture and the momentum we have gained over the past decade serves as a reminder to us that we are on the right path, the path to alleviation and inevitably, equality. Akhuwat embeds itself so deeply in the lives of the people it comes in contact with that it is beyond anyone to distinguish where Akhuwat stops and real life begins.

In the end, I would like to thank all the organizers, for not just holding the Microfinance Summit 2013, but for their relentless efforts to bring Pakistan on the threshold of success and peace; for putting the efforts and for striving to take the poverty struck people out of the clutches of misery and exploitation. Mere words will never be able to express the gratitude truthfully, ever. But, the tears of happiness and joy in the face of those we serve; certainly proves that this sector has brought a positive impact into their lives – that this sector is going through the right stages of evolution.

The Summit is a change maker, and is going to go down in the history as the event which changed the face of microfinance in the country; revolutionized the way we work.

Thank you.