

Islamic Solidarity Fund for Development (ISFD)

Microfinance Support Program (MFSP) for Poverty Reduction

Microfinance Support Program (MFSP)

Aims to improve livelihoods and the socio-economic conditions of poor civilians and to promote entrepreneurship through microfinance services.

The Challenges

- Limited access to financial services by poor civilians and an acute shortage of Sharia-compatible microfinance services in rural areas where large markets exist.
- Legal and regulatory barriers to microfinance institutions, particularly those offering sharia-compatible products.
- Difficulties facing the larger MFIs in meeting capital requirements and governance arrangements for the provision of full banking services.
- Inadequate financial and regulatory framework with registration of collateral, proper auditing and, accounting services, and land titles especially in (post) conflict areas.

Objectives

- To promote economically poor people's access to financial resources to create employment opportunities and improve their living conditions.
- To build the capacity of Microfinance Institutions (MFIs) and banks to serve larger number of marginalized people by delivering quality financial services.
- Promoting Sharia-compatible microfinance products and services.

Target groups

This program targets the following four groups of people:

1. Unemployed Youth
2. Women with Vocational Literacy
3. Women Heads of Households
4. Deprived Rural Families

MFSP Outcomes

- Extend lines of financing and equity capital to banks and MFIs.
- Establish guarantee funds to enhance the financing capacities of participating banks.
- Build up the capacity of MFIs, banks, NGOs and community-based Financial Institutions.
- Provide market-oriented training for microfinance borrowers to improve their technical capabilities and skills for small business development.

Figures and Facts

1. Albania

- US\$ 1 million is the ISFD contribution.
- 2,500 entrepreneurs benefited from the program.

2. Benin

- US\$ 25 million is the ISFD contribution.
- 256 startup businesses have been micro financed.
- 175,000 people of which 90% are women have benefited from microfinance loans.
- 11,000 Rural entrepreneurs have benefited.

3. Cote d'voire:

- US\$ 22.3 million is the ISFD contribution.
- 60,000 persons had access to Islamic microfinance.
- 20,000 Rural enterprises have been promoted.

4. Sudan

- US\$ 5.2 million is the ISFD contribution.
- 500,000 persons of which 51% are women had access to Islamic microfinance,.

5. Senegal

- US\$ 5 million is the ISFD contribution.
- 9000 small businesses have benefited from the program.

6. Kyrgyzstan

- US\$ 5 million is the ISFD contribution.
- 500 small businesses have benefited from Islamic microfinance.

7. Kazakhstan:

- US\$ 10 million is the ISFD contribution for Vocational Literacy.
- 1,017 Rural entrepreneurs have benefited.
- 400 persons had access to Islamic microfinance.

8. Tajikistan

- US\$ 10.3 million is the ISFD contribution.
- 925 small businesses have benefited from the program.