

Session III: Introduction to IMPACT and Overview of IDBG Islamic Microfinance Operations Toolkit

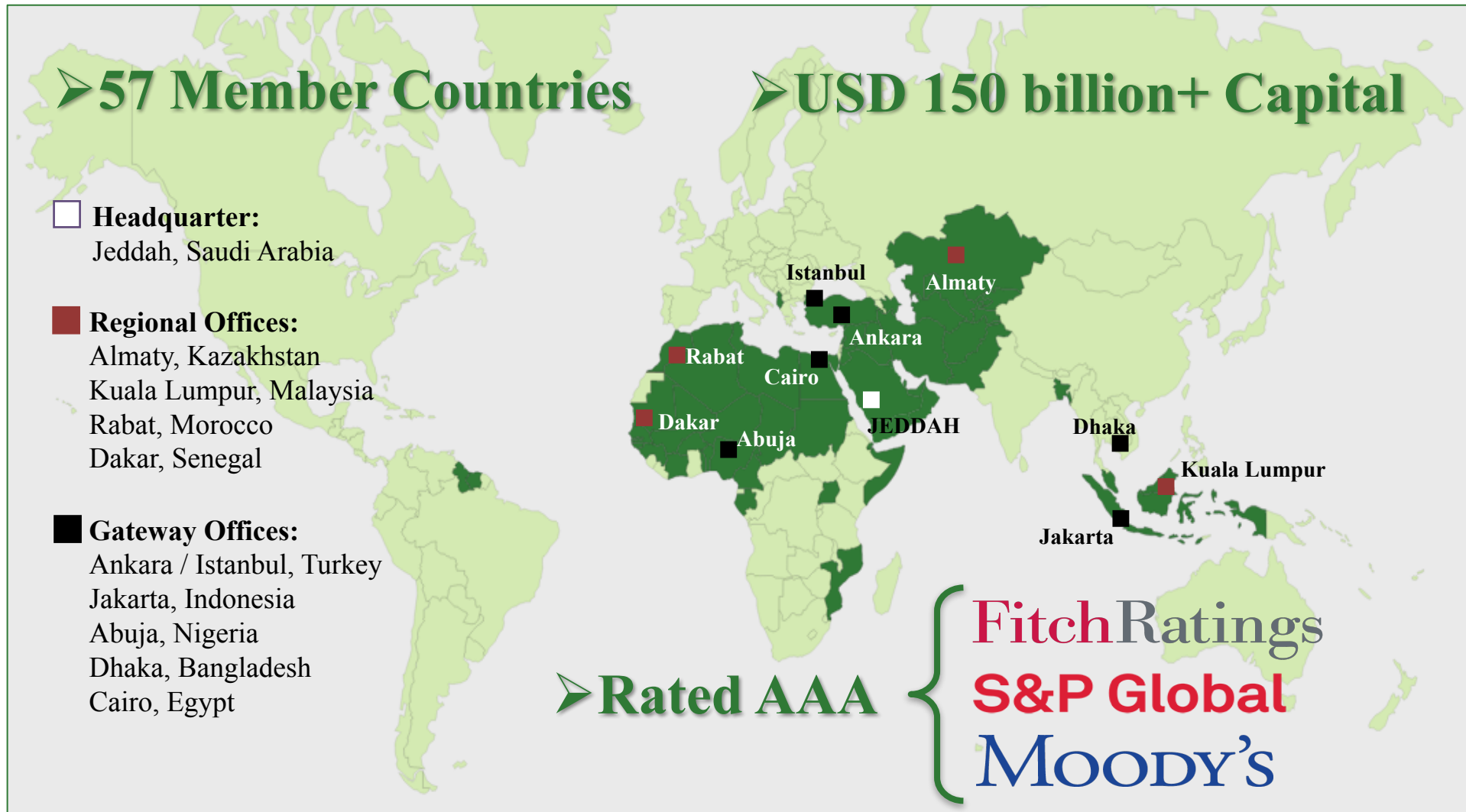


Mehmet Fehmi Eken
Islamic Finance Specialist
Islamic Research and Training Institute
Islamic Development Bank

Proprietary & Confidential



Islamic Development Bank Group – Global Perspective



Islamic Development Bank Group – Milestones

Lead the Development of a Dynamic and Comprehensive Islamic Financial Services Industry



Encourage Intra-trade among Organization of Islamic Cooperation (OIC) Member Countries



itfc
International
Islamic Trade
Finance Corporation



1994

Provide Shari'ah-compliant Export Credit Insurance and Insurance Facilities



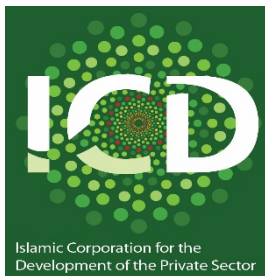
1981

2008

Improve the Income of the Poor by Creating Jobs and Promote the Development of Human Capital

1999

2005



Promote Private Sector Development by Providing a Wide Range of Shari'ah-compliant Financial Products and Services



Islamic Solidarity Fund for Development
The Poverty Reduction Arm of the Islamic Development Bank Group



Agenda

1 Why IsDB is going into Islamic Microfinance?

2 IsDB's value proposition on Islamic Microfinance

3 Overview of the IMPACT Program



1

Why IsDB is going into Islamic Microfinance?



The Leadership Support



The role of Islamic banks and financial institutions should not be restricted to finance big infrastructure projects, but should also be extended to supporting the private sector and particularly the MSMEs, through innovative modes of financing like the **Islamic Microfinance**.

From Keynote Speech by **Dr. Bandar M. H. Hajjar**, President, Islamic Development Bank (IsDB) Group at 42nd Annual Meeting of Islamic Development Bank (IsDB) Group in Jeddah, KSA.

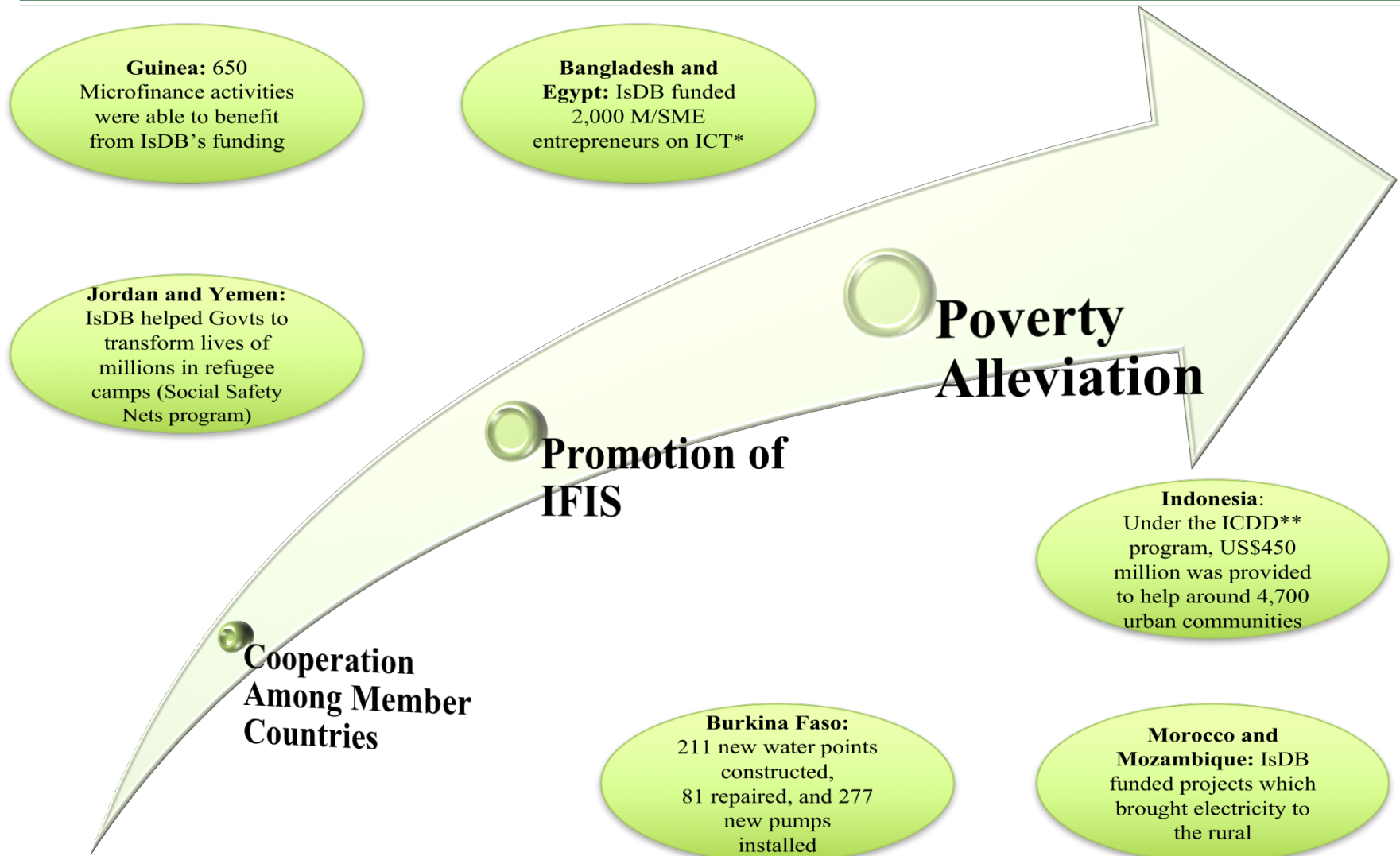
The Leadership Support



IsDB in collaboration with other partners is developing the enabling environment for **Islamic Microfinance**, establishing microfinance institutions and financing projects, which have Islamic microfinance as a component for agriculture and rural development.

From Keynote Speech by **Dr. Ahmad Mohamed Ali**, Former President, IsDB Group at Indonesia International Conference on Islamic Finance 2014, in Surabaya, Indonesia

IsDB Group Philosophy



Main Priority Areas

**Intra-industry
Trade among
Member Countries**



**Human
Development**



**Agricultural Development
and Food Security**



**Private Sector
Development**



**Infrastructure
Development**



**Research and
Development**

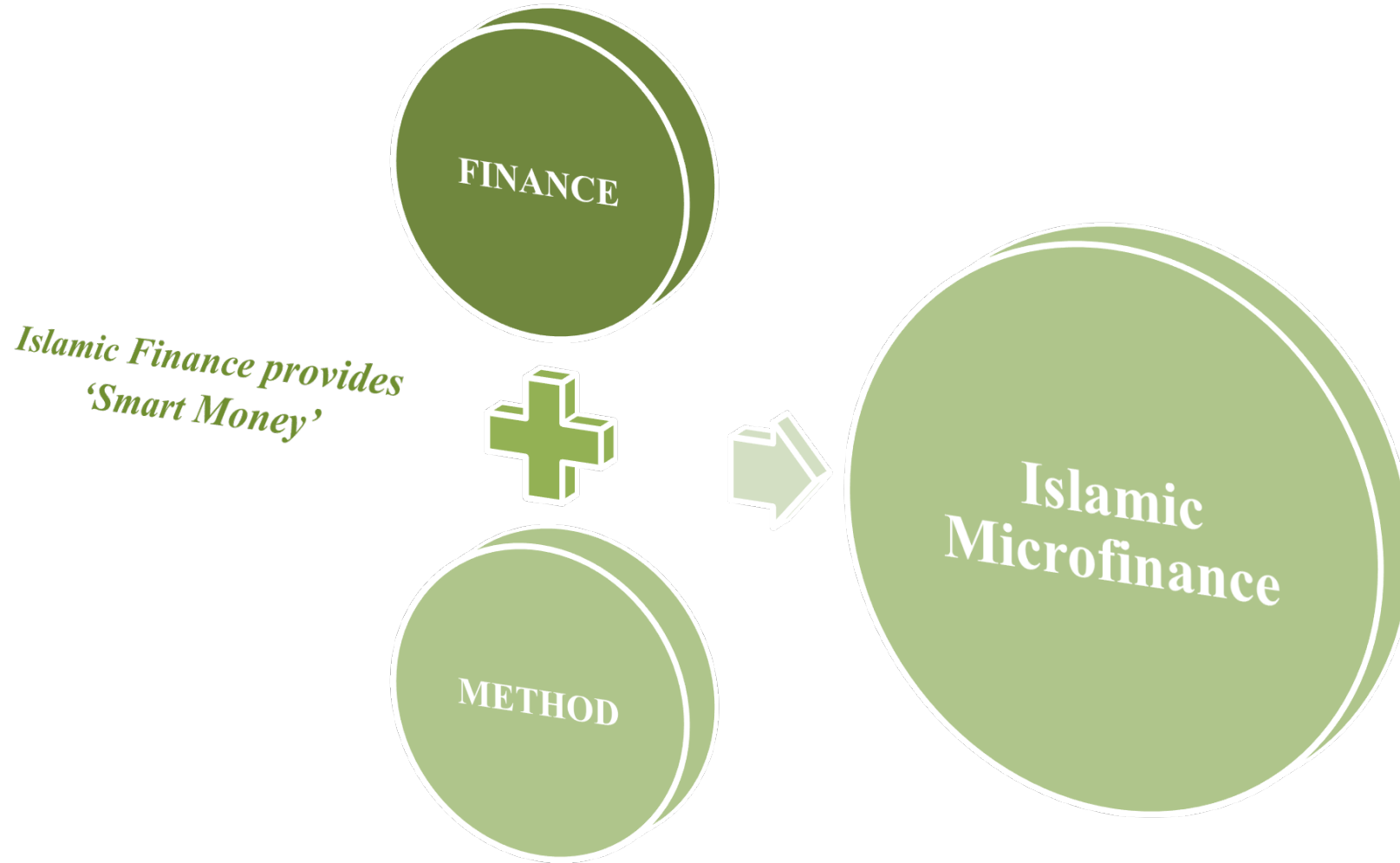


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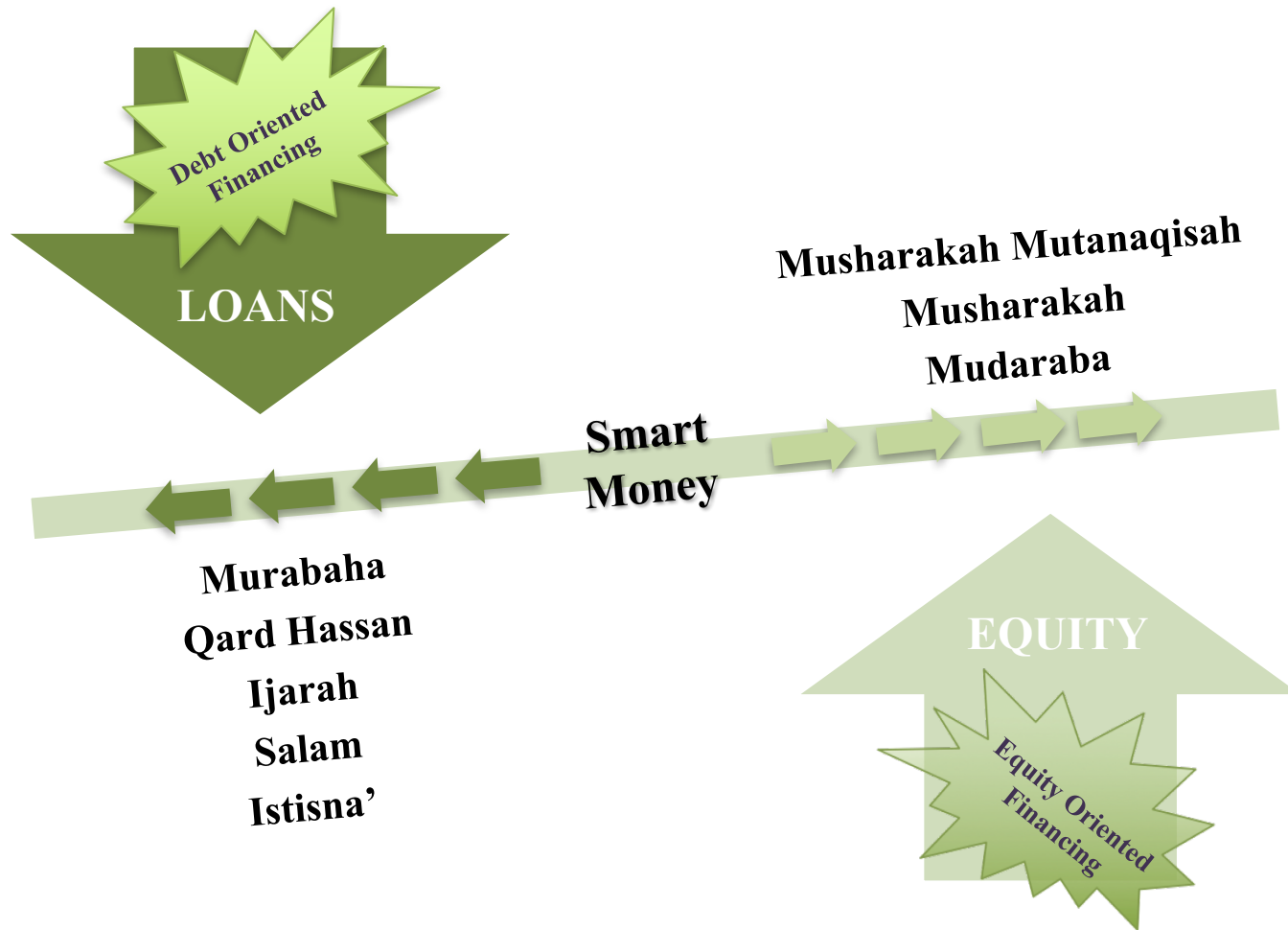
IsDB's Value Proposition on Islamic Microfinance



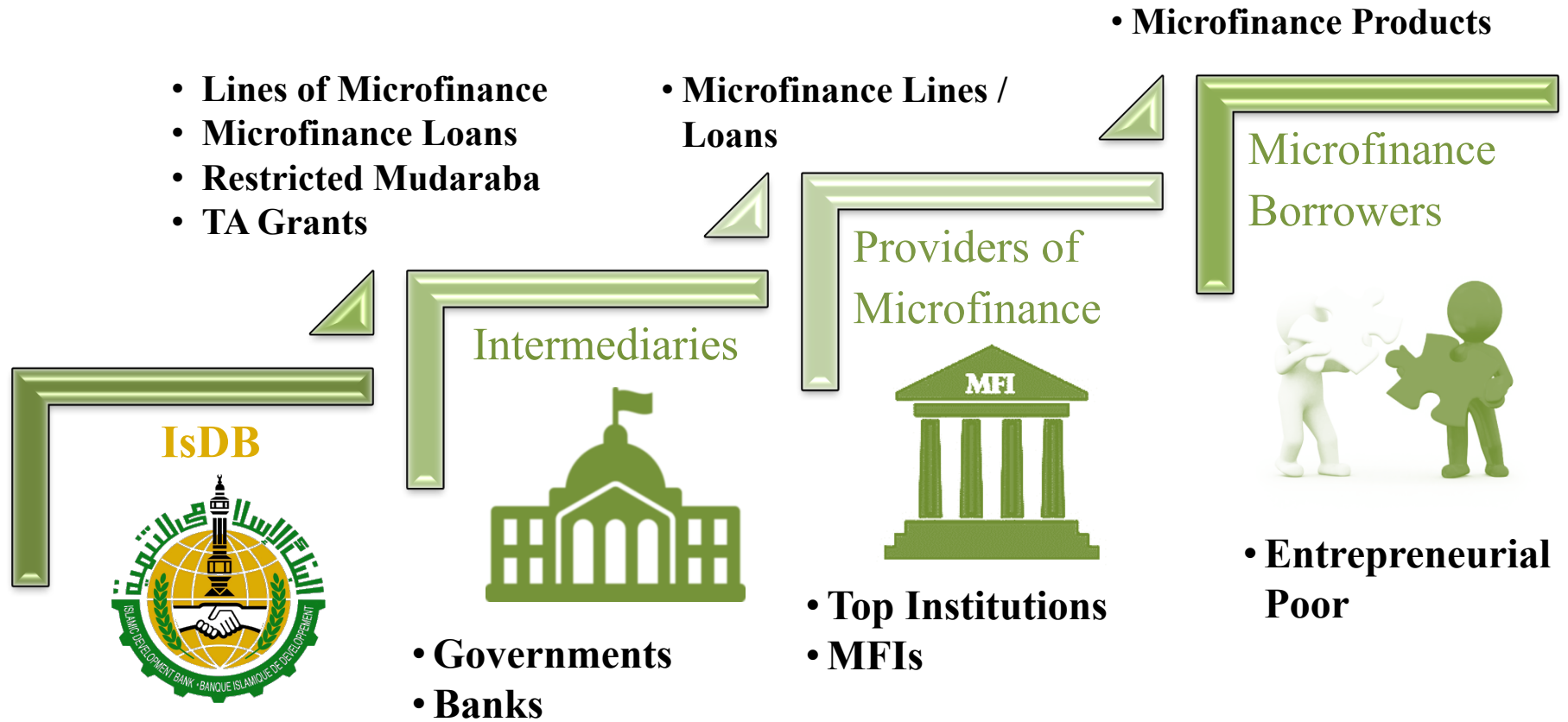
Economic Empowerment with Islamic Microfinance



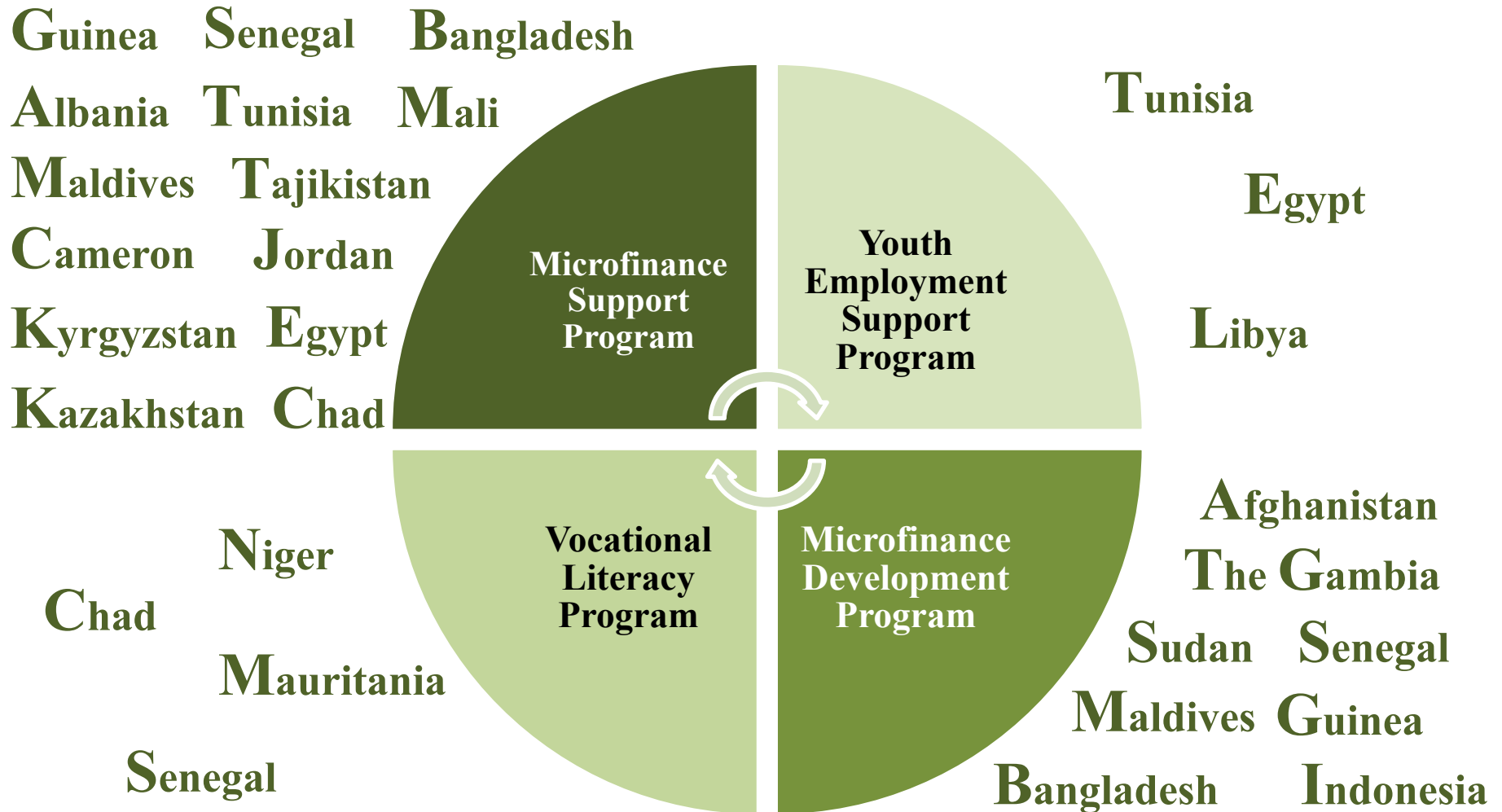
How IsDB helps MFIs to provide 'Smart' Money?



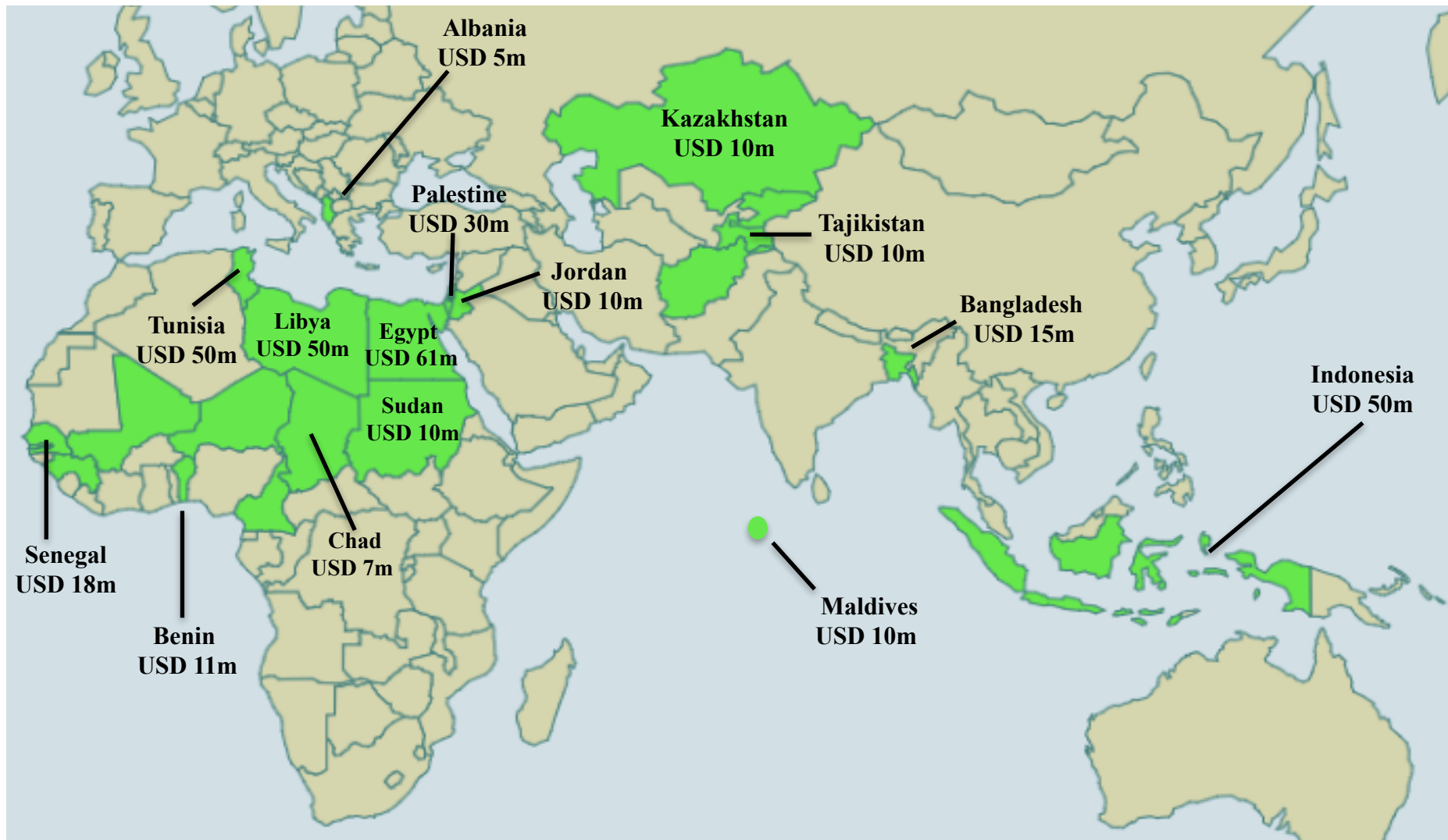
How IsDB supports MFIs?



IsDB's Islamic Microfinance Operations



IsDB's Flagship Islamic Microfinance Operations

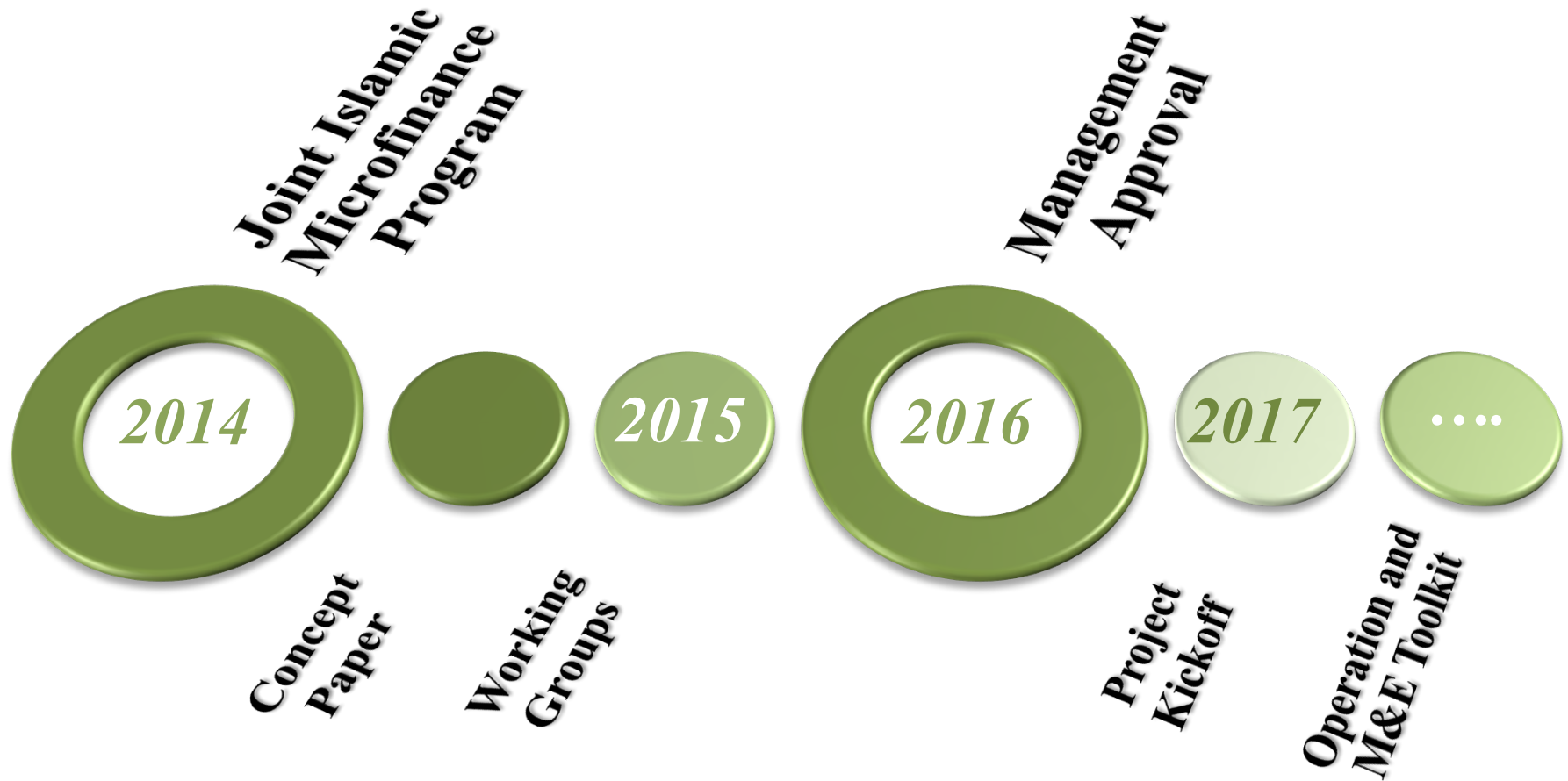


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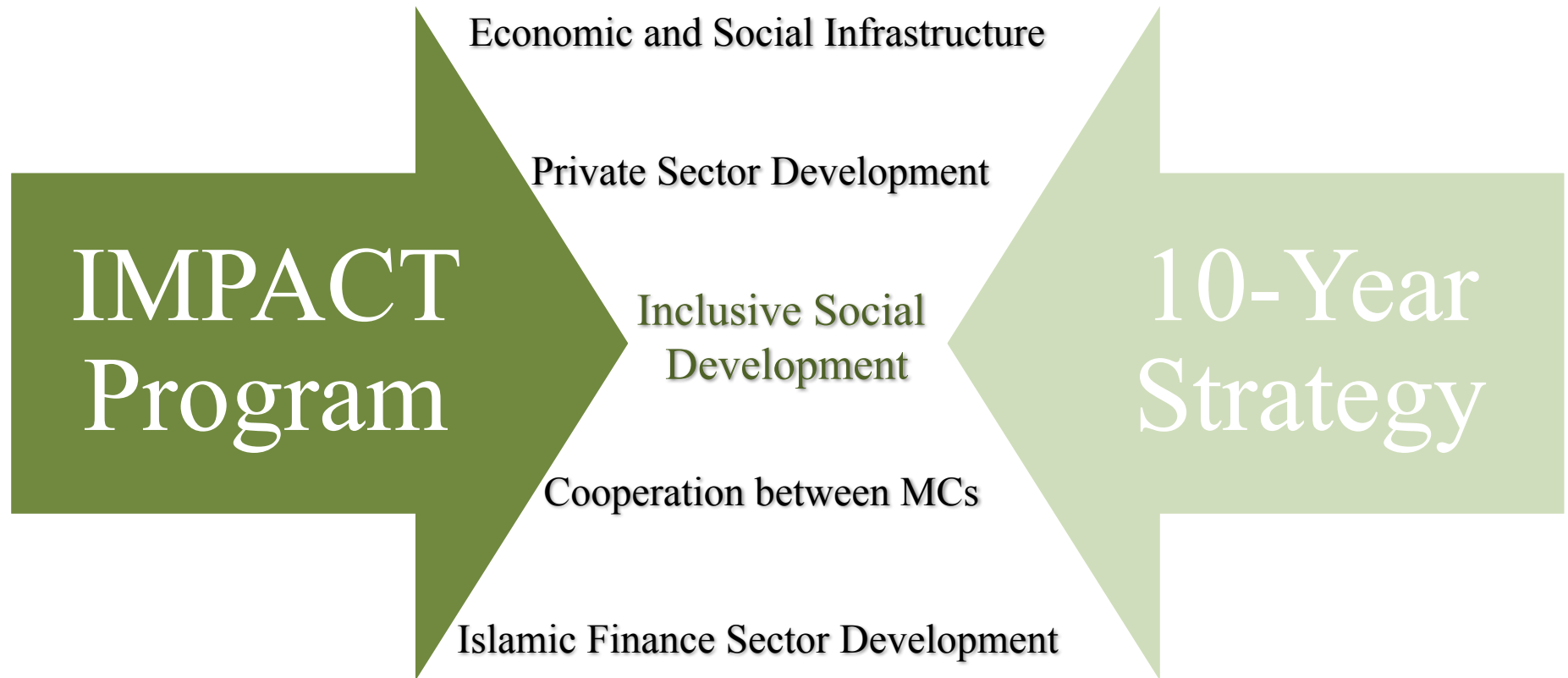
Overview of the IMPACT Program



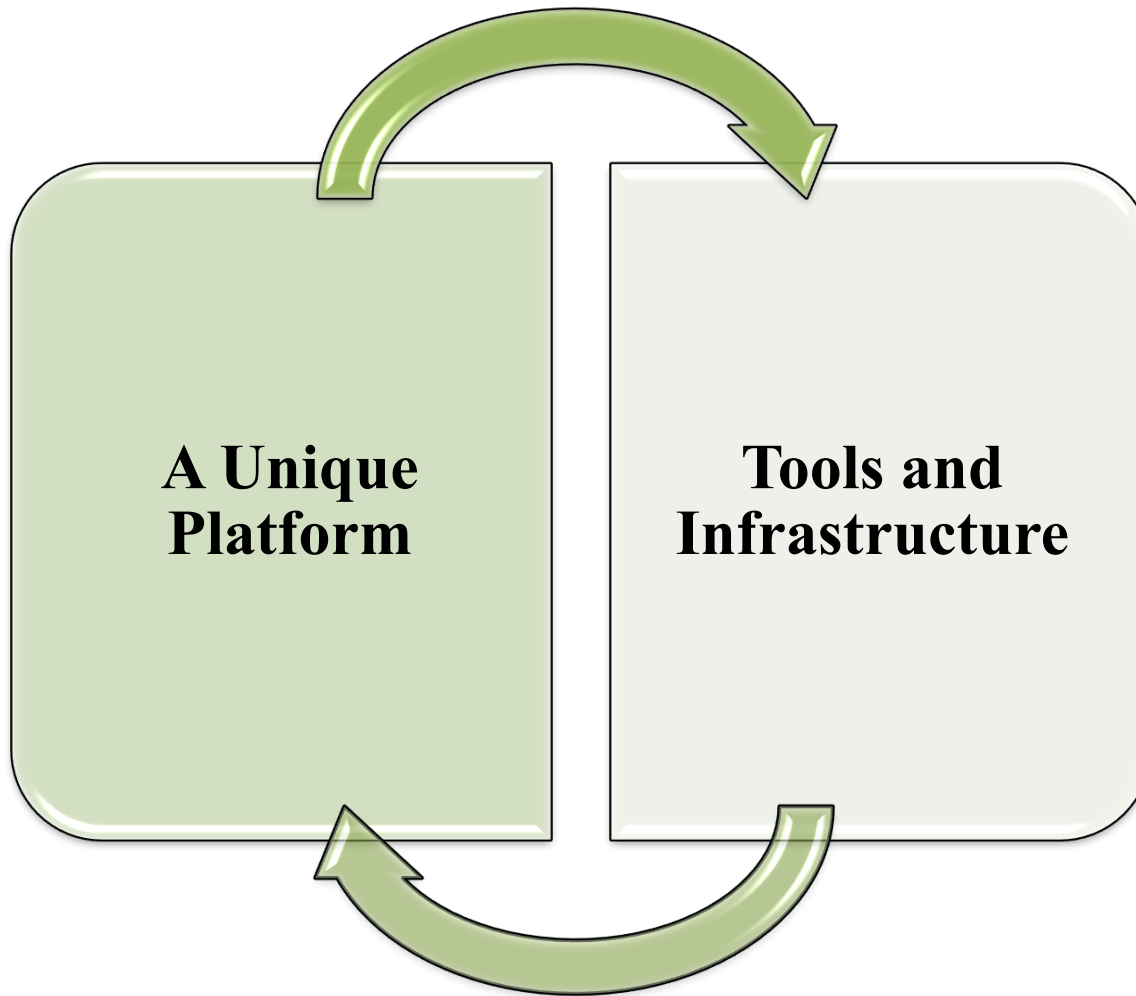
Background of the IMPACT Program



IMPACT Program & IDBG 10-Year Strategy

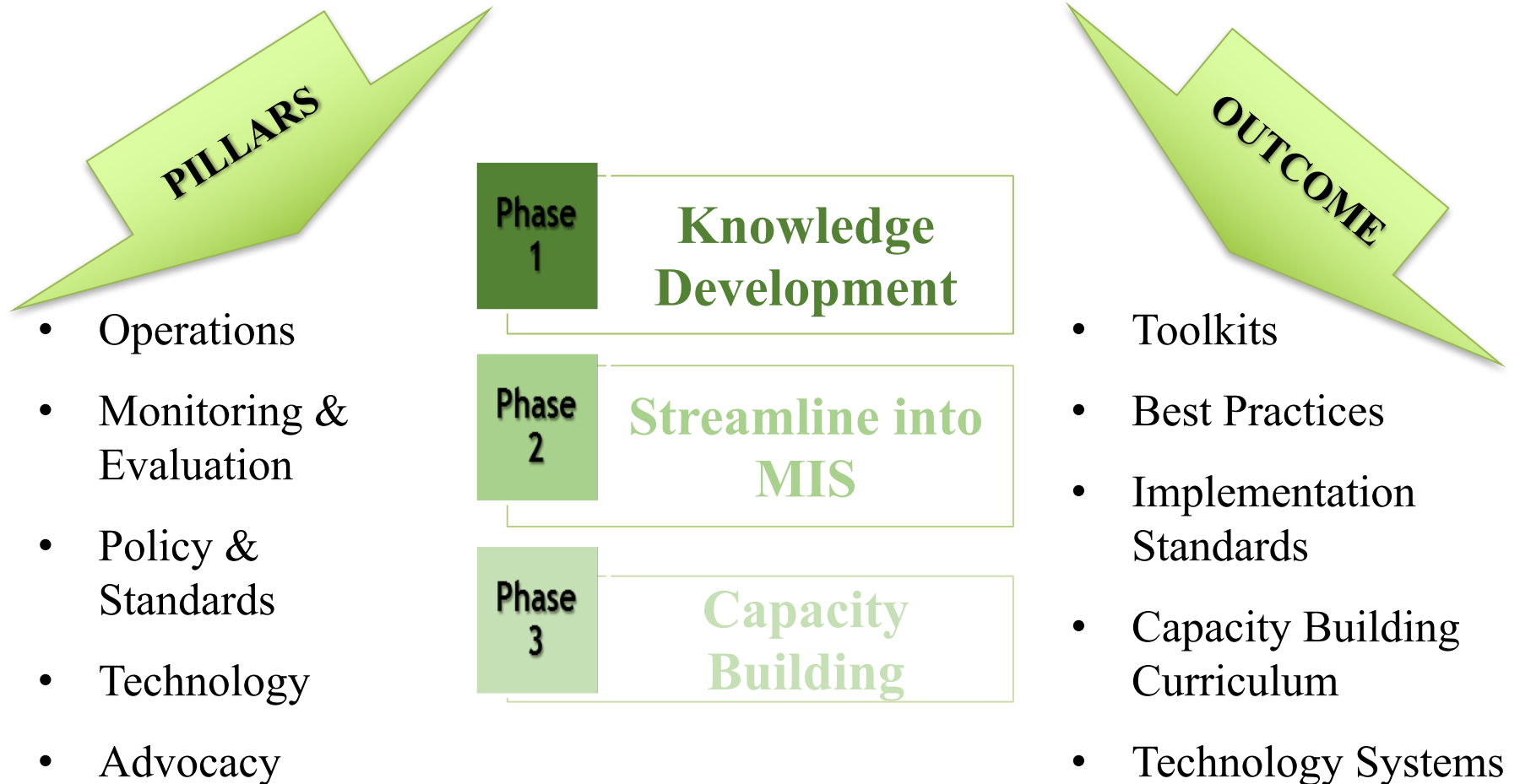


The Goal of the IMPACT Program



- Toolkits
- Best Practices
- Implementation Standards
- Capacity Building Curriculum
- Technology Systems

Description of the IMPACT Program



Operations Toolkit for Microfinance Institutions

Objective

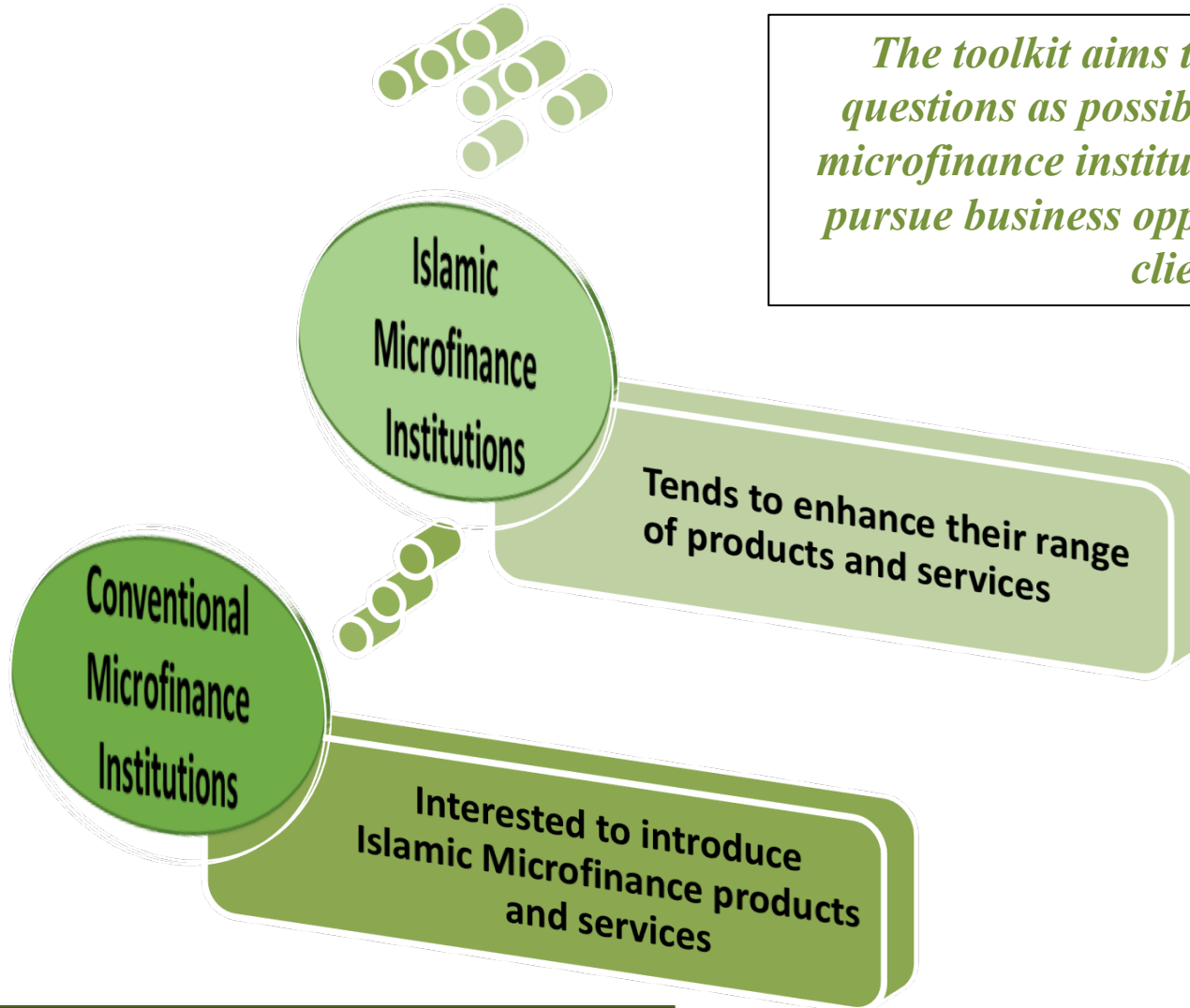
- Consolidate and Develop Best Practices
- Introduce Shari'ah Compliance
- Product Development

Output

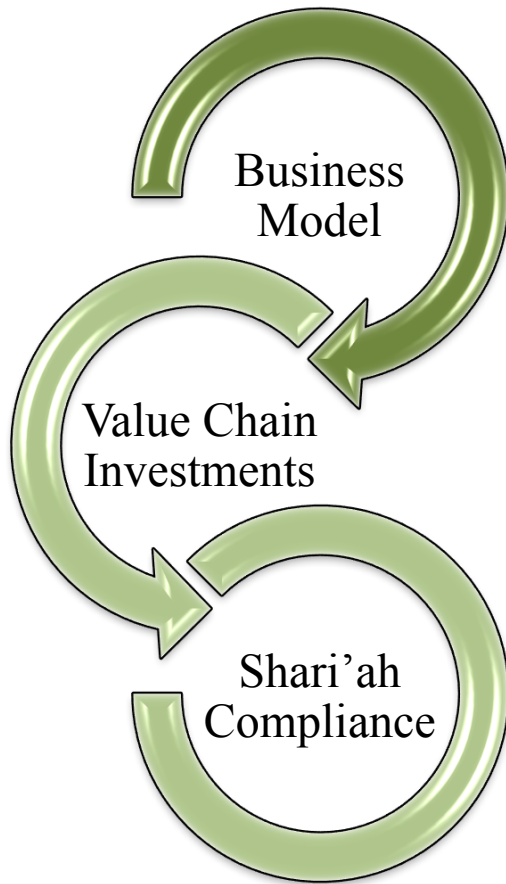
- Deliver an Inclusive Operational Toolkit

Target Users of the Operations Toolkit

The toolkit aims to answer as many questions as possible relating to how a microfinance institution can identify and pursue business opportunities with their clients.



Purpose and Use of the Operations Toolkit

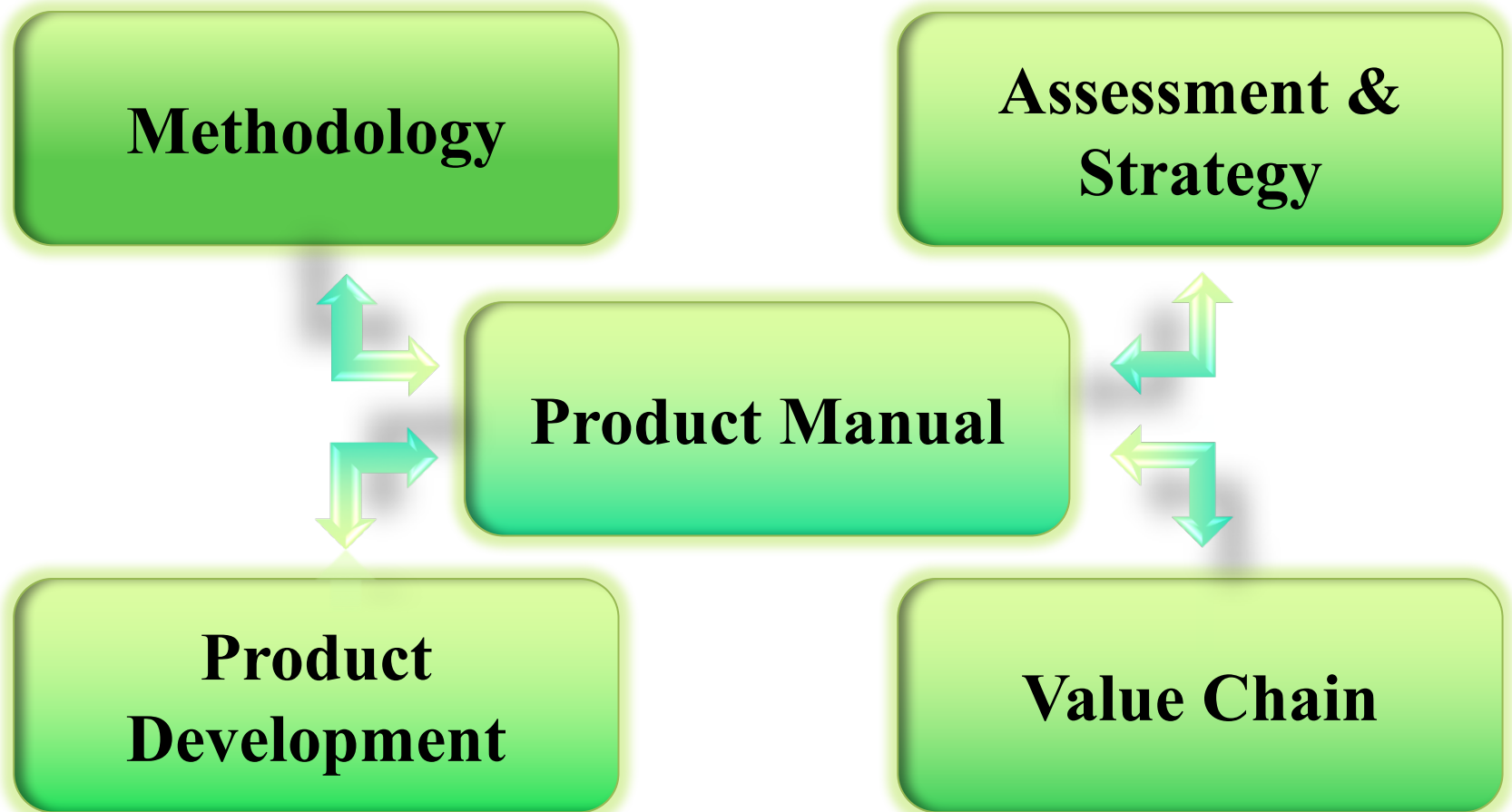


Toolkit

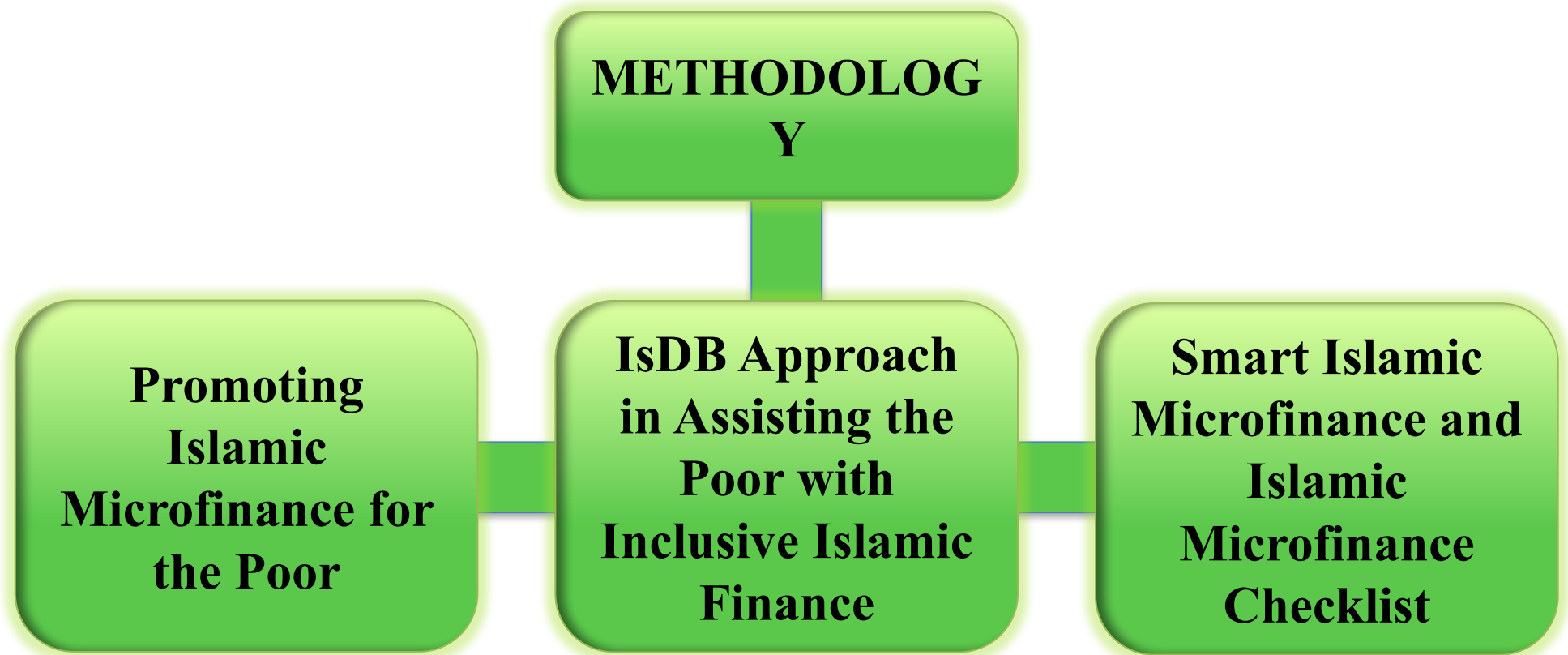
- is not to replace the available toolkits
- does not intend to replace the SOPs
- helps to develop new business opportunities for investments
- proposes modifications of existing processes
- develops MFIs capacity with the value chain through practical approaches

The toolkit plans to help Microfinance Institutions to improve their efficiency and productivity, including by providing a common Shari'ah Governance Framework.

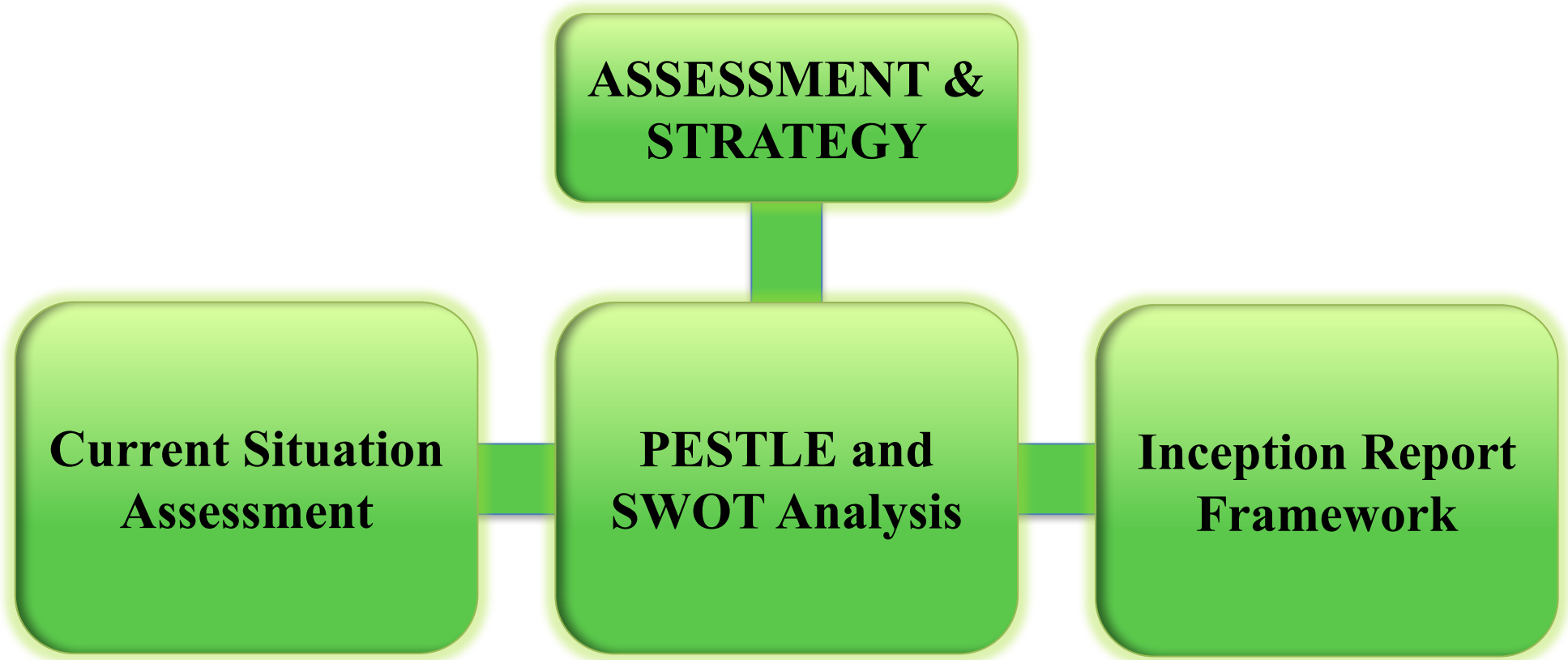
Content of the Operations Toolkit



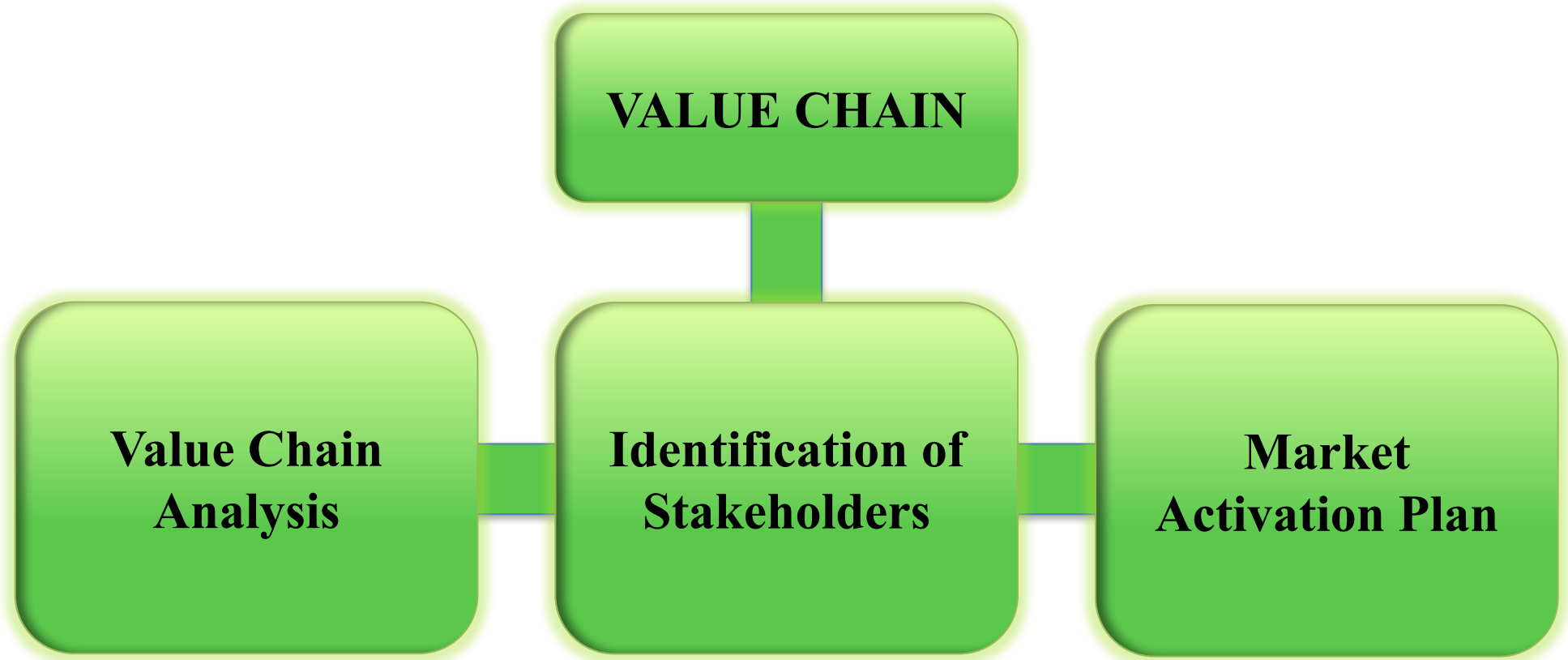
Content of the Operations Toolkit – I



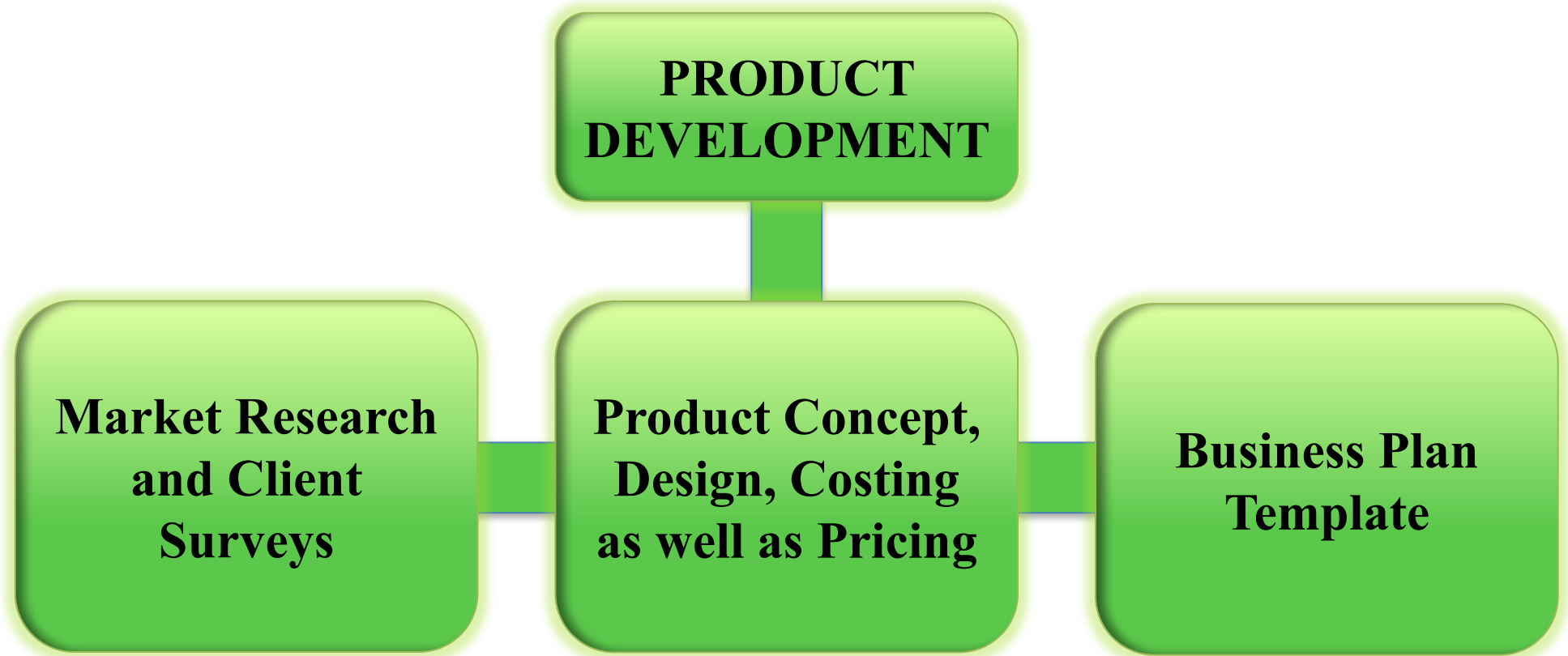
Content of the Operations Toolkit – II



Content of the Operations Toolkit – III



Content of the Operations Toolkit – IV



Content of the Operations Toolkit – V

**PRODUCT
MANUAL**

**Product Manuals
for the Various
Products**

**Shari'ah
Compliance
Checklist**

**Accounts
Management
Guidelines**

Partners and the Way Forward



**Amanah Ikhtiar
Malaysia**

Best Islamic Microfinance
Institution Award 2013, 2014 and
2015 by Global Islamic Finance
Award (GIFA)



**Islami Bank
Bangladesh Limited**

Largest Islamic Microfinance
Institution in the world and the Best
Rated Bank Award for CAMELS
rating 2012



Palestine International Award for
Excellence and Creativity 2011 and
Arab Creativity Award 2015



EFICA Award winner and CGAP
Islamic Microfinance Challenge
Runner-up

DEEP

Deprived Families Economic Empowerment Programme

IRADA
Islamic Microfinance



إرادة
التمويل الأصغر الإسلامي





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Together We Build a Better Future

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