

# Giving Momentum to Islamic Microfinance

The enormous entrepreneurship potential of unbanked Muslims is underutilized.

Kyrgyzstan is Muslim majority (85% of population) rural country with half living below poverty level.

According research financial services penetration level in Kyrgyzstan is only 20%.

Main reason keeping emerging entrepreneurs away from financial institutions beside religious belief (usury) is lack of awareness about innovative Islamic principles of finance and its microfinance possibilities.

On top of that, lack of basic business skills among young entrepreneurs leads to high failure rate and restrains development.

## CATEGORY

Entrepreneurship and Youth Employment

## LOCATION

Kyrgyzstan

## WHAT IS THE CHALLENGE OR NEED YOUR PROJECT WILL ADDRESS AND WHAT INNOVATIVE METHODS WILL YOU EMPLOY?

### Describe the specific need or challenge that your team will address with this project

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### Briefly describe the specific solution or approach to address the need or challenge and explain why it is innovative

Our approach is to run Islamic microfinance awareness campaign, accompany it with entrepreneurial education to emerging entrepreneurs and supplement access to fair capital provided through Islamic microfinance.

In order to address the challenge in scale, the project will start with intensive training program for 20 local SME experts on Islamic principles of finance. They in turn as a messengers reach bottom of the pyramid in rural communities with year round practical seminars.

This approach is innovative because it provides Training, Mentoring and Access to Fair Funding in sustainable way.

### How will the project impact your community? What changes (in people, institutions, attitudes, practices) do you think you will see?

The project will increase financial literacy and business knowledge of emerging entrepreneurs, promote awareness about Islamic microfinance tools and practices and will open access to affordable capital for thousands of rural emerging entrepreneurs.

All this will boost up local entrepreneurship, provide opportunity to develop microbusinesses of thousands of rural emerging entrepreneurs, and thousands of new jobs openings next years.

The Project's **goal is 1,000 new jobs created** by emerging entrepreneurs (participants of the

## WEBSITES

<http://aiefid.kg/>

<https://www.facebook.com/aiefid>

<https://www.linkedin.com/pulse/giving-momentum-islamic-microfinance-atabek-djuma...>

<https://www.facebook.com/pages/Giving-Momentum-to-Islamic-Microfinance/662723083...>

## MEET THE TEAM

Project owner

[Atabek Djumagulov](#)

[Kyrgyzstan](#)

[Hubert Humphrey Fellowship Program](#)

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Project members

[Manage members](#)

[Tynchtyk Maldybaev](#)

[Kyrgyzstan](#)

[Muskie, Edmund S. Graduate Fellowship Program](#)

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[Kubatbek Muktar...](#)

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[Fulbright Visiting Scholar Program](#)

[\[remove from project\]](#)

[sytich Tshiban...](#)

[Congo, Democratic Republic of the](#)

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[Amara Doumbia](#)

[Mali](#)

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[Ashveena GAJEELEE](#)

[Mauritius](#)

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[Akhmed Baitassov](#)

[Kazakhstan](#)

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[Robert Munanura](#)

[Uganda](#)

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program) by July 2016.

All this will lead to poverty reduction, wealth creation, respectively decrease of social tension and positive transformation changes in local Muslim communities.

The project will also allow to strengthen the institutional capacity of the local Islamic microfinance sector, (which is also in emerging stage today), address policy issues, respond to the demand and develop new business models, microfinance products and thinking outside the box.

## WHO WILL BE INVOLVED?

### Beneficiaries: who are your target groups (or communities) and how many people will directly benefit from your project?

Target group is emerging entrepreneurs and Muslim poor, who are rejecting interest bearing micro financing due to religious beliefs (usury) and specifically young entrepreneurs who are lacking basic business education and skills.

4 000 entrepreneurs (= each of 20 experts will train 200 participants) will benefit directly first year by learning about Islamic microfinance opportunities. These entrepreneurs will get opportunity to grow their micro businesses and respectively incomes, create new jobs and serve as role models to young generation in communities.

~ 4 000 families of the entrepreneurs will improve standards of their lives.

20 newly trained local experts become key persons on issue of Islamic principles of finance, strengthening the sector and dozens of microcredit companies will benefit.

~1 million people will be affected through public awareness campaign drawing attention to Islamic microfinance issue and Muslim entrepreneurship.

### Local partners

1. **Agency for Development of Islamic Economics** – The main organization. It will select and nominate 20 experts, providing necessary consulting, infrastructure and facilities;
2. **Association of Islamic Economy Finance and Industry Development** - main partner organization. It will provide legal support and Sharia (Islamic law) Council's expertise for microfinance products issued;
3. **National Bank of Kyrgyz Republic** – stakeholder as regulatory body of local microfinance sector. Last years it intensively promotes Islamic microfinance with friendly legislation framework;
4. **Association of Microfinance Institutions** - membership based partnership. Information and data support.
5. **Credit Information Bureau** – membership based partnership.
6. **Chamber of Commerce and Industry** - membership based partnership, institutional support;
7. Several local Microcredit Companies as **Kenai Finance LLC** (main microfinance partner), **Companion Invest LLC**, **Ak-Nur Capital LLC** – will be providing human and financial resources (a microfinance products) according Islamic principles of finance;
8. **Ministry of Economy of Kyrgyzstan** – Stakeholder and public service organization will provide an institutional support and network, data on local eco-environment;
9. **Kyrgyz Academy of Law, Department of Islamic Law** - existing partnership. Will provide academic support and network;
10. **Local government authorities** – committed providing facilities, technical and informational support as a public service bodies;
11. **National TV Broadcasting Agency** – It is anticipated to build partnership and create series of TV broadcast on the Islamic microfinance issue and project initiative on TV and radio under public service cover

### Alumni team

1. **Atabek Djumagulov** (Project Coordinator) will lead the project. Organizing effective educational campaign. Site visits. Ongoing monitoring, evaluating and

[Program](#)  
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[Sofiane Sid Ahm...](#)  
[Algeria](#)  
[Professional Exchanges \(TPPs\) - American Council of Young Political Leaders \(ACYPL\)](#)  
[\[remove from project\]](#)

[Fatima Talib](#)  
[Pakistan](#)  
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[Isikeli Vocedua](#)  
[Fiji](#)  
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ensuring project will reach the target.

2. **Orozbek Kenjetaev** (Microfinance products supply). Interacting with partner organizations with special focus to effective communication with microfinance sector partners.
3. **Almaz Kasymbekov** (Public relations) Interacting with partner organizations with special focus to government bodies and local public media.
4. **Akhmed Baitassov** - Social Media coverage, video, photography.
5. **Abdulmunm Daboub** - Advising and consulting on legal issues.
6. **Other team members** : Analytical review, evaluation, measuring, editing etc.

**Proposed Project Dates:** July 01, 2015 - July 01, 2016

## HOW AND WHEN WILL YOU IMPLEMENT YOUR PROJECT?

### Implementing Plan and Timeline

#### Phase 1: Preparation

**May/July-August 2015:** Contacting and inviting high caliber industry professionals from international organizations like IDB (Islamic Development bank), ADB (Asian Development Bank), USAID, IFC, HSBC, Accion Microfinance, CGAP, ACDI/VOCA and local practitioners, academia and experts to conduct trainings, panel speaking on Islamic principles of finance for local experts. Developing a curriculum. Prepare promo materials, and social media presence. Building a list of trainers and panel speakers.

**July-August 2015:** Contacting local government authorities and prepare and launching awareness campaign.

**July-August 2015:** Select and short list 20-30 local experts with small business support knowledge and finance background.

#### Phase 2: Training for Trainers

**September 2015:** Intensive training session for 20 local experts on issue of Islamic principles of finance and business models. Introducing standard curriculum, which will be implemented during trainings of local emerging entrepreneurs.

#### Phase 3: Reaching out bottom of the pyramid

**October 2015 – June 2016:** Campaign implementation: Practical seminars and workshops reaching ~4 000 emerging entrepreneurs cross-country. One expert will be conducting practical seminars for 200 emerging entrepreneurs during the year (groups of 10-15 entrepreneurs every two-week).

**November 2015 – June 2016:** Monitoring and evaluating reports of local experts. Site visits. Coordination with partner organizations.

**November 2015 – June 2016:** Monitoring and evaluating application processes for Islamic Microfinance products, and its accordance to Sharia rule's..

**June 2016:** Year-end results evaluating and building analytical review.

#### Phase 4: Self sustainable mode

**July 2016 – July 2020:** Continue providing basic business education and information on Islamic principles of finance, by implementing self sustainable approach (microfinance companies will share the cost, and practical seminars will be provided with small fee for participants to cover handout materials). Continue supplementing education with Microfinance products and services.

### Communication Plan

Initially promotion of the project will start with awareness campaign on TV / Radio broadcast, articles in local newspapers. Local government offices will be actively contacted in parallel as they are considered as one of the main channels to reach the potential beneficiaries and create friendly environment for our 20 trainers and experts .

#### Promotion to beneficiaries:

The 20 trainers will be principal messengers very well aware about local eco environment, since they will be locally chosen cross-country. So after the intensive training session they will reach their local and near communities. After the seminar most successful participants will

obtain "Entrepreneur Ambassador" title in order to pass entrepreneurship knowledge and mentor at least one fellow entrepreneur.

The trainers will be equipped with necessary promo materials, informative brochures, networking support of all partner organizations. In parallel project promotion will be supported through announcements on national TV/Radio broadcast and newspapers.

Active collaboration with local government authorities will be also main channel to inform local environment and entrepreneurs about possibilities since ultimate goal of this campaign - job creation and poverty reduction, is common to all.

After the first series of practical seminars it is expected that participants will spread the word in their communities and awareness will increase significantly through word of mouth.

#### Promotion to public:

Awareness campaign will include announcements on local meetings, articles in newspapers, national TV / Radio broadcast and active use social media: Facebook, LinkedIn, YouTube with series of short informational clips.

#### **Evaluation**

Key indicator of Project's success will be number of new jobs created on enterprise thanks to our Project. **Our target is creation of 1 000 new sustainable jobs during 1 year.** (we anticipate that at least 25% of 4,000 emerging entrepreneurs will grow to the level to hire on their microbusinesses).

Local experts after each practical seminar will make surveys and collect data on original situation on enterprise and microbusiness. Then participants of the program - emerging entrepreneurs and focus groups, will be contacted periodically to get update on situation dynamics on their enterprise. During site visits, meetings and interviews the information will be also updated.

Another important indicator will be geographical area covered by our Project practical seminars and Islamic microfinance products. The more rural is better and special emphasize will be done to vulnerable communities.

Types and amount of Islamic microfinance products and Business models newly launched will be also Project's impact measurement. Since it will show progress in the industry, triggered by our Project.

#### **Sustainability**

Newly trained local experts on Islamic principles of finance will continue updating and upgrading their knowledge and skills each year and expanding topics and area covered by practical seminars to rural Muslim communities.

In order to make the Project sustainable in future, local microcredit companies will share the Project cost. Next years after the initiative will be prominent, seminar expenses will be covered through matching system when local microcredit companies will participate through paying loan origination fees. Additionally small fee will be set for seminar participants to cover seminar's handout materials. In this way the project will become self-supportive for years to come.

It is anticipated that the Project will spin significantly, attracting more stakeholders and partners willing to promote this win-win approach. Emerging entrepreneurs and microfinance sector, local communities and governments all of them will be benefitting from the Islamic microfinance project development.

## **TOTAL FUNDING REQUESTED**

\$25,000.00

## **PROPOSAL DOCUMENT:**

[Download budget](#)