

Welcome to AMFA's Monthly Newsletter

Azərbaycan Mikromaliyyə Assosiasiyası



Azerbaijan Micro-finance Association

We greet you and are pleased to present you the thirty third issue of AMFA Monthly Newsletter to improve our communication effectiveness. We hope you will find this Newsletter informative and relevant. You may also use this Newsletter to distribute information about upcoming events or important announcements within your organization. We look forward to receiving your valuable feedback as we continue to improve our communication rules. Thank you.

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AMFA News:

1. Insurance of Agri-culture loans: Developing Mechanism
2. Islamic Microfinance Challenge 2010
3. MFC Conference, Kazakhstan, Astana

Member and Partners News:

1. Members corner: VF Azercredit, Accessbank, Parabank
2. Micro-finance Reporting Standarts Initiative
3. The Smart Campaign: Customer Protection on the focus

Insurance of Agri-culture loans: Developing Mechanism

On March 18, Azerbaijan Micro-finance Association hosted the first Media and Advocacy Campaign. The aim of this initiative was to promote agriculture credit insurance mechanism in Azerbaijan. Representatives of various information agencies and TV channels were among the media participants.

During this initiative AMFA Advocacy Manager, Aykhan Nasibli, and head of the research team, Dr. Vagif Rustamov, made presentations on project activities and research findings about different agriculture credit insurance mechanisms, respectively.

The Media Campaign was opened by Aykhan Nasibli, AMFA Advocacy Manager. He has highlighted the importance of agriculture credit insurance as a positive impact for various stakeholders in the post financial crisis period: initiating export oriented targets, stimulating credits allocated to agriculture, enhancing living standards of rural people, establishing sustainable farming policy and creating a new market for insurance companies. Mr. Nasibli also presented results of the survey conducted among the members-Banks and Non Banking Institutions allocating credits to farmers. According to the key findings of the survey, most of the members:

- ◆ in the upcoming 2-3 years increase the share of agriculture on their portfolio from 20-40% to above based on market demand and potential resources is planned;
- ◆ consider the seasonal impact on agricultural crop
- ◆ or increasing effectiveness on agriculture consider importance of cooperation among the products, insurance of credits, establishment of local cooperatives and correct forecasting.

Head of the research team, Dr. Rustamov Vagif, presented methodology and international experience on agriculture credit insurance mechanism based on European and Asian case studies. He also emphasized the models and schemes of the agriculture credit insurance mechanism and interaction among the micro-finance institutions, farmers and insurance companies for initiating a structure with higher efficiency to the involved parties.

Final structure of the alternative mechanisms will be presented during the mid July, 2010, at the upcoming Media and Advocacy campaign.

Islamic Microfinance Challenge 2010

We are excited to announce **Islamic Microfinance Challenge 2010: *Innovating Sustainable, Scalable, and Market-Driven Models***. The contest is a joint initiative by [CGAP](#), [Deutsche Bank](#), [Islamic Development Bank](#), and [Grameen Jameel](#) to promote the innovative design of *Shariah*-compliant products for the microfinance industry.

Original Islamic microfinance business proposals are sought for which are sustainable, scalable, and *Shariah*-compliant. Finalists of this competition will be awarded with grant funds as well as need-based technical support to launch a pilot project of their proposed business idea.

To learn more about the competition and apply to this two stage process, visit <http://www.cgap.org/islamicmfchallenge>. The deadline for submitting the Phase I Application is **May 3rd, 2010**.

MFC Conference, Kazakhstan, Astana: May 26-28

We would like to cordially invite you to Astana, Kazakhstan's *New Futuristic Capital* which will host the 2010 MFC Annual Conference, May 26-28th, titled **Post-Crisis Microfinance: What is the Responsible Way Forward?**. For three days, over 500 representatives of microfinance institutions, policy makers, investors, donors and experts will join one of the biggest microfinance events globally. The conference will be co-organized in partnership with the *Government of Kazakhstan*, Association of Microfinance Organizations of Kazakhstan (AMFOK), KazMikroFinance, Bai Tushum and Partners, BlueOrchard Finance S.A. and ResponsAbility Social Investments AG. If you want to register, please follow the link <http://www.mfc.org.pl/conference2010/>

Micro-finance Reporting Standards Initiative

The SEEP Network is leading an industry-wide initiative called the [Microfinance Reporting Standards Initiative](#). There is an upcoming international stakeholder 60 day public comment period in April and May, allowing for the first update to the Microfinance Reporting Standards in five years.

This innovative initiative increases availability and access to reliable financial information for a broad range of users and industry stakeholders. For example, microfinance managers will have access to better information to improve their decision-making to grow MFIs, and investors will gain increased visibility into the financial health of their portfolio investments. Financial reporting standards are important for MFIs, associations, MIS vendors, raters, donors, and all stakeholders.

A dedicated volunteer steering committee has been working for more than a year with numerous industry partners, including SEEP Network members SANABEL and the Mix, as well as CGAP and USAID. Nearly 200 people world-wide have contributed to date in English, Spanish, French, and Arabic on the update for the [Framework and FRAME tool](#).

The Smart Campaign: Customer Protection on the focus

The Smart Campaign, the global effort was spearheaded by microfinance leaders from around the world who believe that protecting clients is the core obligation of microfinance.

At the last MFC Annual Membership Meeting in Belgrade, Serbia (May 25th, 2009) the members authorized MFC to endorse the 6 Customer Protection Principles promoted by The Smart Campaign.

6 customer protection principles are recognized, 4/36 summarized by a statement ***Do not harm and treat your clients with respect and dignity***, as a fundamental standard for microfinance industry. Currently, over 700 microfinance institutions, networks and associations, investors and donors have already committed to ensuring good client protection practices by endorsing The Campaign.

Besides, new website was launched - www.smartcampaign.org, the new, international, online headquarters of **The Smart Campaign**. The website provides Smart Campaign participants - particularly microfinance institutions, networks, and associations - with the tools and resources they need to fully implement the Client Protection Principles throughout their operations.

Members corner

VF AzerCredit. Recently VF AzerCredit got “BB” Social Comprehensive rating by Microfinanza Rating. It should be mentioned that, it's first time in Azerbaijan that got this social rating. Pioneering in this, VF AzerCredit has proved its commitment to the social responsibility being socially oriented organization.

Accessbank. AccessBank exceeded 1 billion USD in total loan disbursements. Since the beginning of the bank's activity in 2002, it has disbursed 300,000 loans to more than 175,000 customers. Over 90% of this amount was disbursed to businesses and AccessBank is playing a leading role in the development of the Azerbaijan economy and the creation of new employment opportunities. This is especially the case in the regions of Azerbaijan and in the agriculture - one-third of all business loans now being disbursed by AccessBank are for financing the agricultural sector

Parabank. Parabank is increasing Micro and SME operations. Currently, Parabank strives to develop its Microfinance operations actively and in this respect it will mainly focus on opening new branches in rural parts of our country. For last months it has opened new branches in Barda, Shirvan and in new trade center Lokbatan and plans to open branches in Sheki, Lenkoran.

In terms of funding Parabank is now mainly funded by its term deposits attracted from individuals and it is now having active negotiation with number of Micro and SME oriented investors in order to increase its lending activities.

Recently an article was published by Mix staff about Parabank in the “Social performance blog” and in 2009 Parabank received a silver category for reporting on Social indicators to the Mix supported by CGAP and its partners Michael & Susan Dell Foundation and Ford Foundation. These facts could be considered as the confirmation of the social activities of Parabank.

Upcoming events:

[Global Microfinance Investment Congress](http://www.MicrofinanceCongress.com) May 24-26, New York, NY, to register for the event please go to: www.MicrofinanceCongress.com.

Sanabel's 7th Annual Conference, June 1st – 3rd, 2010 Damascus, Syria, “Responsible Growth: Learning from Global Trends and Regional Experiences”