

Best Practices Report for the Islamic Republic of Pakistan **Akhuwat - Microfinance**

Introduction /Background

Established in 2001, Akhuwat has a virtue-based approach to poverty alleviation and has designed its various social and economic development activities as an expression of solidarity with marginalized and disadvantaged groups of people. The concept of Akhuwat incubated with a first interest-free loan of PKR 10,000 extended to a widow who wanted to earn a decent living with integrity, It has until now provided life changing micro-loans to more than 950,000 families around Pakistan with a 99.9 % loan recovery rate.

The Akhuwat Model:

Akhuwat has successfully established a model that fully reinforces the assumption that client sustainability is as important as organizational sustainability. The organization's mission is to alleviate poverty by empowering socially and economically marginalized segments of society through interest-free micro-finance and in the process harnessing their entrepreneurial potential and enhancing their capacity through economic and social guidance. Akhuwat envisions a poverty free society built on the principles of compassion, egalite fralernite.

This initiative led to the establishment of first interest-free micro-finance organization in the country which sooner gained credibility. Gradually people offered more donations to Akhuwat to create a "Credit Pool" which was used to extend more loans to individuals on the basis of social collateral. This marked the beginning of a new chapter in micro-finance that looks beyond profitability and works exclusively for alleviating poverty from society through the development of a mutual support system.

All Akhuwat transactions take place at the local mosque or church where loans are processed, distributed and collected. Having a mosque or church as a disbursement centre provides an avenue for transparency, community participation and awareness, and also creates a sense of good-will amongst people. Most importantly, this cuts organizational costs and creates a sense of accountability. Volunteerism and converting today's borrowers into donors are other cardinal principles of the Akhuwat model.

Akhuwat offers diversified loan products to meet the needs of its clients. These include: Family Enterprise Loans, Liberation Loans, Education Loans, Marriage Loans, Emergency Loans, Silver Loans, and Housing Loans etc.

Source of Funding — DEMONSTRATES A FINE EXAMPLE OF PUBLIC PRIVATE PARTNERSHIPS

Besides seeking support from individuals and corporate philanthropy, Akhuwat is the largest example of public private partnership in Pakistan. It is collaboration with Federal and Provincial Governments and implementing the following interest free loan programmes sponsored by Government;

1. Chief Minister's Self-Employment Scheme (CMSES)-Punjab
2. Chief Minister's Self Employment Scheme- Gilgit - Baltistan
3. Prime Minister's Interest Free Loan Scheme through Pakistan Poverty Alleviation Fund
4. Interest Free Loan Programme through FATA Secretariat

Achievements:

Akhuwat is offering services in all the four provinces (Baluchistan, Khyber Pakhtunkhwa, Punjab, Sindh), Gilgit Baltistan, FATA and AJK. Within a short span of time, Akhuwat has successfully opened 356 branches all over Pakistan with over 400,000 active beneficiary families. The following are some progress indicators till July 2015;

PROGRESS INDICATOR	TOTAL
Total Benefiting Families	950,000
Amount Disbursed as Loan	PKR 16,750,000,000
Percentage Recovery	99.90%
Active Loans	412,954
Outstanding Loan Portfolio	PKR 4,772,000,000
Number of Branches	356
Number of Cities and Towns	250

Thirty five percent loans are utilized by women

Way Forward:

"We believe in immediate redressal of poverty through microfinance and ultimate through education" said Dr. Amjad Saqib, Chairman & Founder of Akhuwat. After establishing the largest "Interest Free Microfinance" programme and serving nearly one million families, Akhuwat has now embarked on some new programmes like Akhuwat Clothes Bank, Akhuwat Transgender Rehabilitation Programme and Akhuwat Diabetic Treatment Centres.

Akhuwat has started a centre of higher education, Akhuwat University, a unique venture that holds a promise to transform individual fortunes and have a significant bearing in socioeconomic development. Akhuwat University will be a "No Fee University" for the poor, needy and bright students of Pakistan.

Contact Person

Dr. Muhammad Amjad Saqib
Executive Director & Founder

Website: www.akhuwat.org.pk
Email: amjadsaqib1@gmail.com
Telephone: 0092-42-35122743
0092-42-35112146-47