

SYRIA



Promoting Entrepreneurship and Job Creation

In March 2003, the Aga Khan Development Network (AKDN) launched the activities of the Aga Khan Agency for Microfinance (AKAM) in Syria.

The programme draws on experience gathered from initiatives such as the Aga Khan Rural Support Programme in Pakistan and the Enterprise Support Programme in Tajikistan.

Microcredit enables communities to access funds to help them obtain a better quality of life and become self-reliant. Microcredit programmes and institutions have become increasingly important in achieving poverty reduction and small enterprise development. Although, initially, the impact of microcredit is not easily seen, the programme encourages individuals to build their incomes while simultaneously helping the community through job creation and greater economic autonomy.

AKAM began operations in the Provinces of Tartous, Lattakia, Hama and Aleppo with the expectation of expanding to other areas in Syria e.g. Damascus and Sweida. The goal is to break barriers to credit and provide access to those who otherwise would be unable to obtain loans. The microfinance programme is community-based and tailors its approach to the needs of individual communities.

A key objective of AKAM in Syria is to achieve sustainability, meaning, full cost recovery, to ensure the longevity of the programme and viability of its projects.

Along with financial provision, AKAM offers business advisory services. The programme provides intensive training courses to community members for preparing business plans and other services as needed. Building these skills complements the development of fiscally

sound businesses and small enterprises, ultimately fostering entrepreneurship and self-reliance.

AKAM contributes to the regeneration of the local economy by facilitating sustainable enterprise development. The Agency seeks to finance a variety of businesses, particularly those that have a beneficial impact on surrounding communities or spur job creation. AKAM also strives to enhance fiscal responsibility and business acumen amongst local entrepreneurs. In the long term, AKDN hopes that the activities of AKAM will help mitigate the impact of unemployment and will work with local producers to reach new markets inside and outside Syria.

AKAM reached self-sustainability in early 2004. Eventually, AKAM will reach additional areas within Syria, as well as serve as a model for the rest of the region.

AKAM uses a participatory approach with the community, working with local people in all facets of a project's activities.

Potential borrowers are allowed to submit applications for either individual or group loans and can request one of two types of loans:

agricultural (seasonal) or commercial (monthly installments). Within the last year, the programme has also provided mortgage finance and loans for health and educational purposes.

In Haffeh, a local village committee works with the loan committee of AKAM, reviewing applications and making recommendations. Loan officers visit the villages regularly and talk to people to determine and respond to their needs. Potential borrowers are guided through the application process and assisted in developing a viable business plan. There are also designated female credit officers who meet with local women.

The programme works in coordination with the Aga Khan Trust for Culture and aims to help and encourage owners of old homes preserve the historic fabric and texture of Syria's historic cities. Loans range from SYP 3,000 (US\$ 60) to SYP 150,000 (US\$ 3,000) and the period of repayment is between three and 24 months. If the borrower is consistent with repayments, he/she can renew the loan at the end of the period, for a lower service charge.

As of September 2005, AKAM had disbursed over 12,000 loans in Syria worth over SYP 650 million (US\$ 12 million) for retail and trade, agricultural purposes such as drip irrigation systems and animal husbandry, service and transport and the professions. Thus far, the loan repayment rate is 99 percent. Enterprises assisted include small farmers, shop owners and other retailers. While an impact assessment needs to be

carried out, in-house monitoring shows that many of the businesses have significantly increased their profits and borrowers express that they are now able to respond to changes in the market. To date, the loans disbursed by AKAM have led to the creation of many new jobs. Although AKAM's activities provide significant individual short-term benefits, it is in the long-term that the full scope of the programme's impact will be felt, especially on a community and regional level.

An Area Development Approach

The Aga Khan Agency for Microfinance is an important component of the integrated development approach of the Aga Khan Development Network and complements other development activities. In the District of Haffeh, AKAM collaborates with the Ministry of Health's Healthy Village Programme by providing loans to Village Development Committees.

AKAM is also working with the Government and various Ministries as well as other NGOs and groups, such as the International Center for Agricultural Research in the Dry Areas (ICARDA) and the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), to ensure that the organisations complement each other and do not duplicate efforts. Within AKDN, AKAM is working with various agencies, in particular the Rural Support Programme, enabling local farmers to improve their productivity and adopt new and more efficient agricultural practices. Projects of the Network are complementary in nature and designed to improve the lives of people by increasing opportunities and encouraging self reliance. Other AKDN Syria activities include interventions in health, culture, early childhood development, teacher training, nursing and tourism.

Photo:

AKAM has helped many small enterprises including this wedding dress shop in the Governorate of Hama.

Programme Development Partners

Healthy Villages Programme
Governorate of Aleppo
Governorate of Hama
Governorate of Tartous
Governorate of Damascus
Governorate of Sweida

For further information

Aga Khan Development Network-Syria
Abou Rumaneh, Rawda Square,
Abdul Kader Al Jazairi St., Building
No. 15 Damascus, Syria
Tel: +963 11 3343610/11
Fax: +963 11 3343613
E-mail: syriainfo@akdn.org
Website: www.akdn.org

The Aga Khan Development Network (AKDN) is a group of private development agencies working to empower communities and individuals, often in disadvantaged circumstances, to improve living conditions and opportunities, especially in Africa and Asia. Its agencies work in over 30 countries for the common good of all citizens, regardless of their gender, origin or religion. Its underlying impulse is the ethic of compassion for the vulnerable in society.

