



AMFA

Azerbaijan Micro Finance Association: 2007 Strategic Plan and 3 Year Vision

Jhale Hajiyeva

Azerbaijan Micro-finance Association (AMFA)

Executive Director

40, Jafar Jabbarli Street

Caspian Business Center

5th floor

Baku, Azerbaijan

AZ1065

Tel/Fax: (+994 12) 437 16 45

E-mail: jhaleh@amfa.az

www.amfa.az



AMFA 2007 Strategic Plan

Written by: Jhale Hajiyeva, Executive Director, AMFA

Purpose of this Document:

The purpose of this document is to provide an overview of AMFA's strategic plan for 2007 and an overview of the AMFA's strategic vision for 2008 and 2009. The microfinance market is dynamic and constantly changing, and the strategic plan has been developed with this in mind.

Overview:

The microfinance industry within Azerbaijan is growing by leaps and bounds, and this is characterized by the large influx of capital from foreign investors into the Azerbaijani market place. The role of AMFA is to support its members in understanding this environment, and bringing structure to the overall microfinance industry.

When developing the strategic plan, AMFA carefully considered the following as guiding principles. These principles are inherent in the strategic framework that was developed by AMFA and its international strategic consultant.

- **Flexibility:** Plan is dynamic to meet the changing microfinance environment.
- **Sustainability:** Focused on a strategy of revenue-generation and AMFA self-sustainability over the next few years.
- Plan is **Realistic and actionable** to ensure follow-through.
- Plan **fully integrated** the focus group feedback and one-on-one interviews from members and board of directors.
- Ensured any **AMFA workgroups** conducted by the organization were considered.



AMFA's Mission:

“**To strengthen** the capacity of micro-finance institutions and **to promote** effective collective action in advancing the interests of the micro-finance community.”

Capacity of MFIs means empowering and enabling MFIs to respond to the market trends, supporting them in institutional building and expanding their knowledge base and skills.

Effective Collective Action means following best practice in microfinance (CGAP) like fraud prevention, collective decision making (subsidized product development) and a unified voice in the market place.

AMFA Vision:

To promote and lead the **best practices & sustainability** of our members, and **to support our broad membership** within the **dynamic** microfinance industry

AMFA's Strategy:

To establish AMFA as a self-sustaining organization, through its 3 strategic pillars strategy. The basis of AMFA's strategic pillars is closely tied to growing its unrestricted revenues, through innovative products and services and strategic partnerships.

AMFA's 3 Strategic Pillars

In efforts to focus AMFA's business strategy and operations, AMFA has developed 3 strategic pillars that are the foundation of its membership and its strategic plan for the next 3 years. These strategic pillars are also the basis of AMFA's operating budget and day-to-day operations.

- **Innovative Products and Services**
 - Develop leading edge, demand-driven products and services for our membership
 - Focus on revenue generating products and services that promotes AMFA's sustainability.
- **Continuing Education**
 - Ensure members have access to international MF expertise.
 - Develop in house training using local talent.
 - Continuously upgrade and enhance the skill set of our member base.
- **Industry Expertise**
 - Be recognized as the “industry experts” of the MFI by governments, MFIs, and the financial community.
 - Offer leading edge market research and benchmarking studies that demonstrate AMFA's expertise.



AMFA’s Membership:

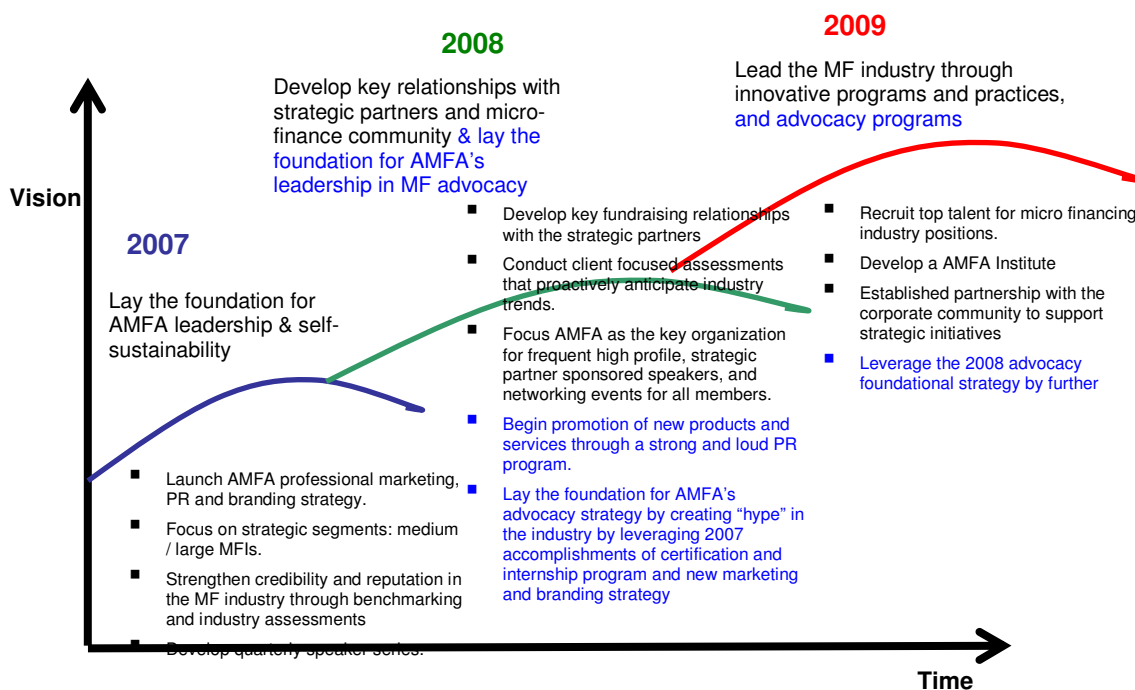
Currently, our membership exists of

- 5 small micro finance institutions (MFIs), defined at less than 600 AZN, which is 1 Credit Union and 4 MFIs.
- 4 medium MFIs, defined as between 600 – 1 AZN, and
- 10 large MFIs, defined as >1 AZN, which is comprised of 3 banks and 7 MFIs.

While the membership base is broad, our strategy is to serve our member base by focusing on the areas where AMFA can offer strategic value rather than administrative services.

AMFA’s membership is continuously growing; however, the 2007 strategic plan is focused on serving its current membership rather than actively growing its base.

AMFA’s 3 Year Strategic Vision:



Why Has AMFA Developed A 3 year Strategic Plan?

AMFA has successfully established itself as an Association since 2004. We feel AMFA has now entered the growth phase of its development, and that 2007 is a strategic year for us to lay the foundation for taking a leadership role in the micro finance industry. As a result, AMFA has set key priorities for 2007, which are:



- Developing a brand strategy and marketing strategy to develop a professional look and feel and investing in the brand.
- Focusing on developing its member's technical expertise in the micro finance industry.
- Focus on self-sustainability, through revenue generating services
- Concentrating on building the key relationships with large and medium size MFIs.
- Leverage support within the MF industry to support their new strategic initiatives.
- Grow its resource base to launch these new strategic initiatives.

AMFA's Target Market:

Because of the large and medium MFIs make up the majority (73%) of its membership base, AMFA's services are primarily focused on these two market segments. This is a significant shift from AMFA's current strategy which was to serve all the needs of its members. However, the 2007 strategic plan was a turning point for AMFA in that it realized that having a laser focus on in moving forward its 3 strategic pillars us with a roadmap to becoming a leader in the industry.

There are three reasons why AMFA has decided to strategically focus on these two groups:

- These segments have the funds and resources to support and pay for revenue generating strategic initiatives, therefore promoting *AMFA's self-sustainability* vision.
- These segments are in a position to promote and set the standard for *best practices* within the microfinance industry.
- AMFA can also *add the most value* to these segments through its 3 strategic pillars.

AMFA's Strategic Pillar Focus for 2007

To serve our strategic target market, we will be efficiently and effectively shifting our product and service offering mix in 2007.

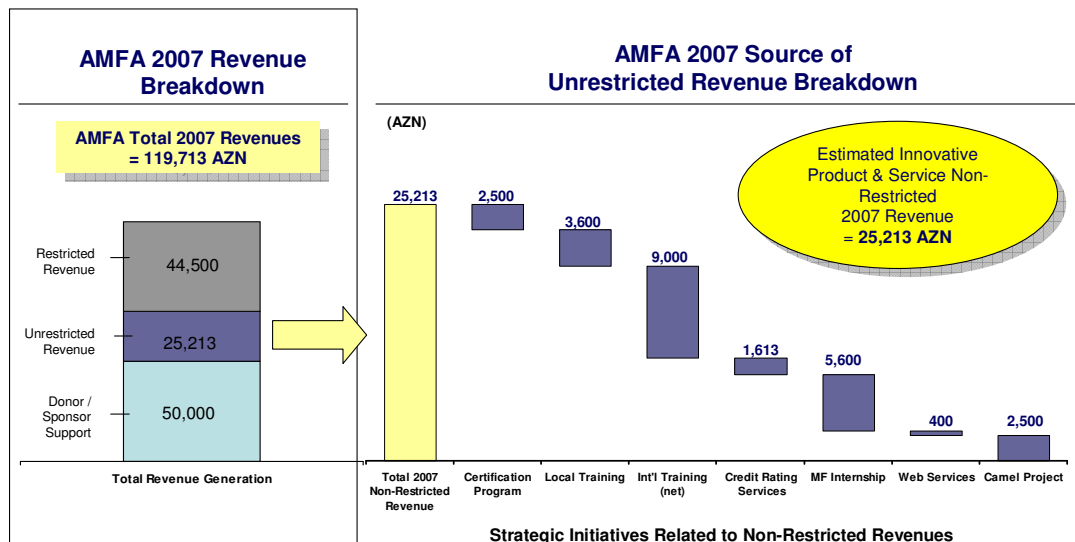
Strategic Pillar	Current Product Mix (AMFA Time/Resources Spent)	2007 Product Mix (to be in line with 3 Strategic Pillars) (AMFA Time/Resources Spent)	How It Aligns With Segment Needs
Innovative Products and Services	31%	40%	<ul style="list-style-type: none"> • 2007 Focus is on Developing Revenue Generating Services so AMFA can continue to reinvest in it's growth
Continuing Education	16%	20%	<ul style="list-style-type: none"> • Med/Large MFIs are demanding more innovative education services, over and above any research services currently offered.
Industry	53%	40%	<ul style="list-style-type: none"> • Currently AMFA is over indexed in this category.



- Donor/Sponsor Partner Support 50,000 AZN
(to cover cost of internship/certification programs)



The strategic initiatives are estimated to generate approximately 119,713 AZN.



Financial Sustainability Forecast

As AMFA moves forward in building the foundation of self-sustainability and executing on its 3 strategic pillar strategy, it has developed key growth rates that it is targeting over the next 4 years.

Restricted Revenue:

- It is anticipated that current donor revenue, from ACDI/VOCA, and other donors will remain relatively flat over the next few years. This is reflected in the 2% growth assumption that we have used.

Unrestricted Revenue:

- This revenue stream will solely be generated by the innovative products and services that AMFA plans to develop over the next few years. This includes the AMFA Internship Program and the AMFA Certification Program. Our targets are to grow our products and services by 4% each year.

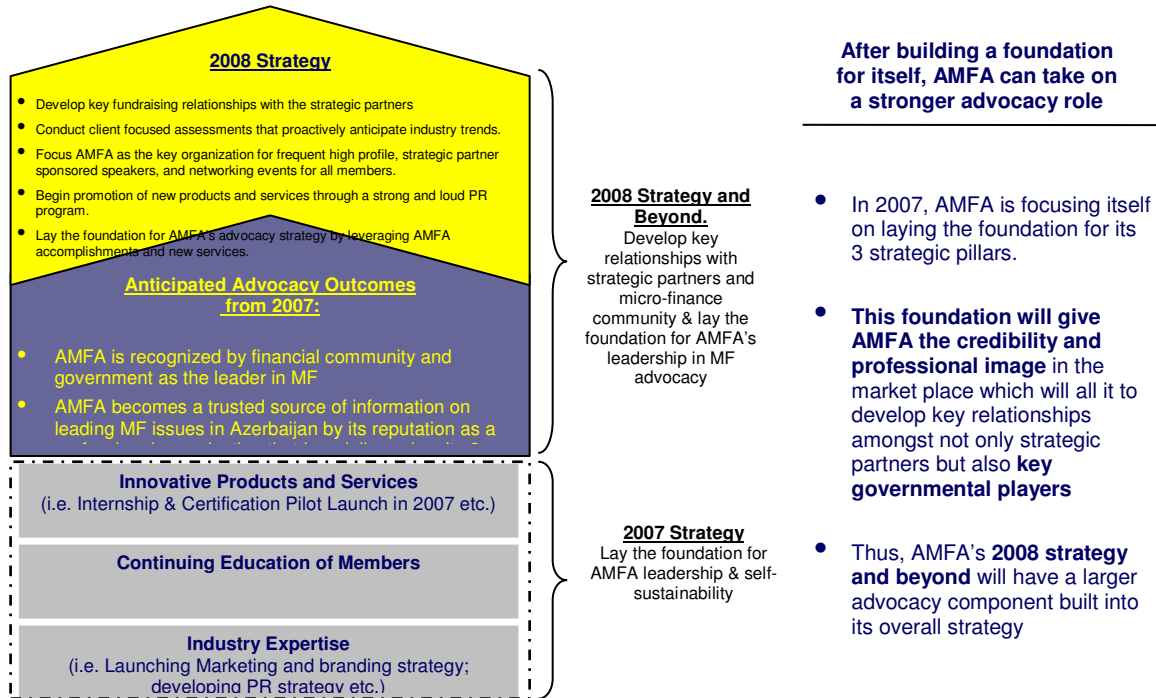
Strategic Partner / Donor Support

- AMFA believes that there are opportunities to develop strategic partnerships with outside agencies and corporations. AMFA is searching for partnerships with these groups to support AMFA's ongoing strategic initiatives. We have attached an ambitious 10% growth strategy to this revenue stream.



- As part of the overall strategy, AMFA is hoping to gain sponsorship to help launch the AMFA Internship Program and AMFA's Certification Program. The estimated cost to develop these programs is *25,000 AZN per program*.

Advocacy is fundamental to AMFA's 2008 strategy and beyond





Working With Our Strategic Partners

AMFA is excited about the 2007 strategic initiatives and welcomes any opportunities to work with strategic partners. *AMFA considers a strategic partner an agency or corporation that has a social mission to improve the microfinance industry and where its overall mission aligns with AMFA's overall mission statement.* We are looking for partners that can provide financial support to AMFA so that we can realize our outlined strategic initiatives.

We believe that working together with our strategic partners should be a “win-win” situation. Therefore we have outlined a few strategic partner mission statements, and how it aligns with AMFA's overall strategy.



AMFA is searching for strategic partner funding to realize these strategic initiatives. We welcome any opportunities to work with you.

Strategic Partners Mission	How It Fits With AMFA's Strategic Initiatives
Promote innovative products/services development	Certification Programme Internship Programme CAMEL Analysis Branding & Marketing Strategy
Sustainable technical service provision	Building in-house Local Expertise (TOT)
Strengthening learning opportunities at sector level	International Industry events Translation of MF best Practice Materials
Advance accelerated development, growth, empowerment and social development	Impact & Social Impact assessments Benchmarking studies
Strengthen & help the financial sectors	Enhance financial intermediation and transition to market economy

Page 19

Our Executive Director would welcome the opportunity to sit down with each interested party to discuss the benefits and opportunities in working with AMFA. Please see below for her contact information.

Jhale Hajiyeva
 Azerbaijan Micro-finance Association (AMFA)
 Executive Director
 40, Jafar Jabbarli Street
 Caspian Business Center, 5th floor
 Baku, Azerbaijan
 AZ1065
 Tel/Fax: (+994 12) 437 16 45
 E-mail: jhaleh@amfa.az



ACDI/VOCA Strategic Consultant:
 Jennifer T. Lee
 jennifer_lee@sympatico.ca

