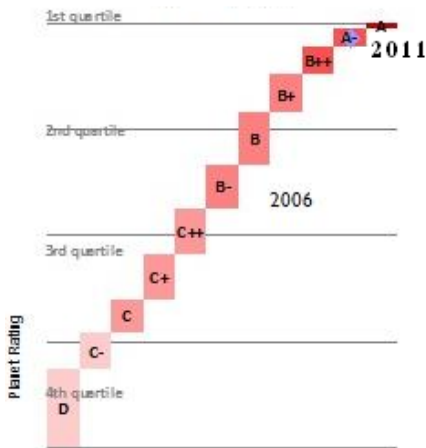




ESAF Voices from the Field

Palestinian MFI FATEN Achieves Top 5% Rating

FATEN'S Leap in Ratings



FATEN's rating rose five rating points since 2006, from B- to A-, according to the GIRAFE rating (measuring Governance, Information, Risk Management, Activities, Funding and Liquidity, Efficiency and Profitability).

The Expanded and Sustained Access to Financial Services (ESAF) program is a three-year \$36 million program, funded by USAID, and designed to build a more inclusive financial sector in the West Bank and Gaza, for Palestinian households and enterprises. The program is implemented by FHI 360 in partnership with The William Davidson Institute at the University of Michigan, ShoreBank International, CHF International, CARE and Save the Children. ESAF is an Associate Award under USAID's FIELD-Support Leader with Associates cooperative agreement, which is managed by FHI 360. <http://kdid.org/projects/field-support/esaf>

*On July 1, 2011, FHI acquired the programs, expertise, and assets of AED to form FHI 360. Find out more at www.fhi360.org



Over the last ten years, Palestinian MFIs have faced operational challenges amidst multiple conflicts. But in 2011, FATEN was ranked in the top 5th percentile of MFIs globally, in spite of the difficult environment. This achievement did not come easily.

In 2006, FATEN had undergone its first evaluation with Planet Rating. It scored a B- with an "uncertain trend." The score was a disappointment. The MFI needed to access commercial financing, and a strong rating was critical to success.

In 2011, FATEN underwent another rating and leapt in the rankings to A- placing FATEN alongside the top 5% of rated MFIs. What changed?

"What doesn't break you only makes you stronger."
- Anwar Jayousi,
FATEN's General Manager

The 2006 ranking gave FATEN a "C" on governance, recommending the MFI develop a market-oriented strategy, build the capacity of its staff, and create a separate HR department. With these recommendations in mind, FATEN began working with ShoreBank International (SBI) through the FHI 360-managed ESAF project, funded by USAID.

The technical assistance began with a gap analysis. During the course of the exercise, management and consultants determined that FATEN could and should be more commercially oriented, improving sustainability through increased operating and staff efficiencies. Demonstrating sustainability would be the first step to access commercial capital. SBI worked with FATEN to develop new business and strategic plans to achieve these goals. SBI also provided extensive board and upper management training and coaching to the operations department, and helped develop the HR function including creating an HR department.

SBI and the ESAF project helped FATEN bridge the gap, making their operations more commercially-oriented and attracting over \$4 million in financing, including over \$1 million from local banks. Over the course of the consultancy, the MFI's sustainability doubled from 72% to 158%, and borrowers per loan officer increased from 181 to 270. As of June 2011, its debt/equity ratio was 58%. Thanks to SBI and ESAF, the MFI is stronger and more sustainable, and is on its way to continued growth.