



AMA takes over responsibility from FAIDA

In April 2015, Afghanistan Microfinance Association (AMA) took over the responsibility of organizing Women Access to Finance and Islamic Finance Workshops from the USAID's Project of Financial Access for Investing in the Development of Afghanistan (FAIDA). FAIDA had initiated these workshops in 2013.

The objectives of the workshops are:

- Building capacity of women entrepreneurs in the areas of business plan development, marketing, Islamic finance, and insurance;
- Enhancing women entrepreneurs' knowledge, understanding and awareness of development finance; and

- Facilitating women entrepreneurs' access to financial products to grow businesses and engage in the local economy.

In order to ensure a smooth transition of Women Access to Finance and Islamic Finance workshops, FAIDA conducted a two-day Training of Trainers (TOT) session for relevant AMA head office staff and Regional Coordinators during April 11-12, 2015 at the AMA headquarters in Kabul. Following the TOT, AMA ran a first workshop in Kabul on April 14 and 15, 2015 in which 55 women entrepreneurs participated and benefitted from the workshop.

On successful completion of the first workshop, four more workshops were

conducted in Balkh, Jawzjan, Baghlan and Herat provinces between May and June 2015 in which an additional 225 women entrepreneurs participated. USAID's FAIDA project provided financial support to AMA in implementing this program.

Out of 280 women participants in five workshops, AMA has so far facilitated loans for a total amount of AFN 2,745,000 (USD 45,300) to 39 women entrepreneurs from different Microfinance Institutions (MFIs).



DFIs and Banks collaboration

In line with its five-year strategic plan, AMA approached commercial banks to explore and potentially diversify DFI's debt funding pool. This is expected to open new financing venues for DFIs and help them generate a borrowing track record from a variety of commercial sources.

AMA queried Afghanistan Commercial Bank (ACB) regarding investment options in the development finance sector. Having experience in microfinance, ACB's Chief Executive Officer, Mr. Yousuf Hayat, accepted AMA's invitation to participate in its

CEOs Coordination Meeting.

Mr. Hayat participated in the CEOs Coordination Meeting on May 18, 2015 and subsequently announced his Bank's interest in investing in DFIs. He said that ACB is planning to provide a total loan of USD 5.8 million to DFIs in the next three years. The minimum loan available for a DFI is USD 100,000 and the maximum is USD 1.8 million.

Mr. Hayat further stated that ACB is committed to waiving service fees for salary accounts of AMA member organizations as well as wire transfer fees. He announced that Karwan

University which is owned by ACB is considering a 50 percent discount to employees of Microfinance Institutions (MFIs) who plan to study there.

MFIs representatives participating in the meeting thanked ACB for its willingness to collaborate with DFIs and expressed appreciation for AMA's efforts to build this relationship. This is the first time that a Commercial Bank in Afghanistan is promising support and avail loans for MFIs. AMA will continue its efforts to connect DFIs with other commercial banks in Afghanistan.

AMA and AIBF partnership

AMA and Afghanistan Institute of Banking & Finance (AIBF) signed a Memorandum of Understanding (MoU) on July 01, 2015 thereby entering a two-year partnership to provide demand-driven training opportunities to DFIs in selected regions of the country: East, Northeast, North and West.



In the past, AIBF offered training courses and workshops only in Kabul but with this partnership it will expand the areas in which capacity building services of DFI staff and resulting benefits will become available thus saving time and resources, as well as the need to travel to Kabul.

Training courses will be offered in the mentioned regions based on Training Needs Assessment (TNA).

The signing ceremony of the MoU was attended by representatives from AMA's Board of Directors, MISFA, and USAID's FAIDA project, AMA and AIBF staff.

In expressing their appreciation, the participants called this partnership a significant step forward toward improving performance levels of DFI employees across the country and promised to take full advantage of the opportunities presented by this newly available service.

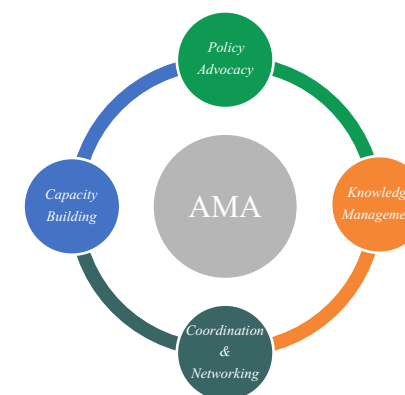
This initiative sets another milestone toward the implementation of the AMA five-year Strategic and Sustainability Plan.

AMA develops its five-year Strategic and Sustainability Plan (SSP)

Having completed four years of successful operations after its revitalization in 2011 with the support of USAID'S FAIDA project, AMA decided to develop a comprehensive five-year Strategic and Sustainability Plan (SSP) to ensure effective and systematic delivery of demand-driven services to its members.

ACCESS-ASSIST, a firm based in India was hired to help AMA develop the plan. USAID's FAIDA project, provided financial support to AMA for developing the SSP. The SSP was

developed based on inputs received from AMA management, Board of Directors, members, donors and stakeholders covering the period of June 2015 to June 2020.



As per the SSP, the strategic priorities for AMA in the next five years are as follows:

- Expanding policy advocacy efforts to include a broader set of high-level stakeholders in order to increase recognition and visibility (Ministers, Parliament Members, Governors, Banks, and International Investors).
- Coordinating and contributing to MISFA's initiatives toward policy development, and access to financial services (National

Financial Inclusion Policy etc.).

- Strengthening members' capacity, with an emphasis on Community-based Saving Promoting Institutions (CSPIs), and facilitating funding linkages with potential donors.
- Promoting client protection, ethical & responsible practices, and social

performance management among members.

- Collaborating with MISFA in promoting diversification of financial products and services.
- Strengthening the internal institutional and financial capacities of AMA.

In the next five years, AMA will focus on the four core areas of Policy & Advocacy, Knowledge Management, Member Coordination & Networking, and Capacity Development. The SSP is a dynamic document to be reviewed each year, based on which AMA will develop its annual activity plan.

AMA 2nd Client Success Story Competition

The second AMA Client Success Story Contest was held during AMA's Annual General Assembly meeting on June 4, 2015 in Kabul. A jury of seven AMA member organizations nominated 21 success stories from the pool of microfinance clients.

Three top winners were selected based on their success stories from Foundation for International Community Assistance (FINCA) Afghanistan, Mutahid Development Finance Institution (DFI) and The First Microfinance Bank (FMFB) to receive cash prizes and certificates, alongside their respective loan officers who were also awarded gifts.

In attendance to deliver the awards were the Operations Director of Microfinance Investment Support Facility for Afghanistan (MISFA), the Vice Chair of AMA, the Executive Directors of Afghanistan Institute of Banking and Finance (AIBF) and Afghanistan Banks Association (ABA), the Banking Capacity Deputy Team Leader of USAID's FAIDA project and the Country Director of Hand in Hand Afghanistan. The winning clients and their respective Loan Officers thanked AMA for organizing the event which they said motivates them and their peers to do even better in the future.

The number of participating organizations went up to seven this year from five last year while the number of success stories submitted increased to 21 from 15 last year signaling the growing interest of AMA members in this initiative.

The objective of this event is to recognize the creativity and hard work of those clients who effectively utilize the loans in successful income-generating activities that improve the livelihood of their immediate family and create job opportunities in their communities, as well as to motivate attendant loan officers to have a direct stake in their clients' success.



DFIs expansion

In the first half of the year 2015, Development Finance Institutions expanded their operations to reach out more people in urban and rural areas and serve them through financial services.

Hand in Hand Afghanistan

Hand in Hand Afghanistan expanded its operation to three districts of Sar-e-Pul province (Sancharak, Gosfandi and Balkhab) and two districts of Balkh province (Shortepa and Keshendeh).

Jointly funded by the Department For International Development (DFID) and Hand in Hand International, the Project "Reducing Poverty and Gender Inequality in Sar-e-Pul Province of Afghanistan by Improving Household Income and Financial Resilience for

Rural Women through Enterprise and Job Creation" was launched in April 2015. The Project aims to mobilize 9,500 rural beneficiaries to raise their incomes by creating and enhancing micro-enterprises and jobs, and to demonstrate improved financial resilience by increasing household savings and promoting women's participation in society.

A project titled "Sustainable Livelihood Program," funded by Hand

in Hand International, started in Shortepa and Keshendeh districts of Balkh province last January 2015. The two-year project aims to mobilize 3,000 members into Self-help and Common Interest Groups. On achieving the members' mobilization target, skills training opportunities will be offered to enhance members' capacity as well as to motivate them to start their own enterprises.

Islamic Investment & Finance Cooperatives (IIFC) Group

The Islamic Investment & Finance Cooperatives (IIFC) Group opened a service outlet in Hairatan city of Balkh province in February 2015. Hairatan is located on the border of Afghanistan and Uzbekistan and it is home to hundreds of importing and exporting businesses.

IIFC Group's decision to open IIFC outlets regionally is driven by its expansion strategy of broadening IIFCs current outreach in Afghanistan.

An outlet that IIFC Group had previously opened in Yakawlang district of Bamiyan has shown tremendous success in serving the local community by providing them Islamic-



compliant financial services right at their doorstep.

The Hairatan outlet is currently offering employee/salary loans for Government

employees, NGOs and companies. Its membership numbers 347 of which 241 are active borrowers with a portfolio of AFN 7.1 million in outstanding loans.

FINCA Afghanistan

For the first time since its inception, FINCA Afghanistan became operationally sustainable in 2014 reaching a milestone that enabled it to expand its operations, increase its outreach, and serve a larger number of customers.

FINCA Afghanistan opened four new branches in Northern and Northeastern Afghanistan where it already had a footprint. These four branches include two full branches in Takhar and

Samangan provinces and two market offices in Kishm district of Badakhshan province and Sar-e-Pul province.

The Sar-e-Pul market office and the Samangan branch opened on March 15, 2015 while the Kishm market office and the Takhar branch were established on March 18, 2015.

As a result of this expansion, 34 jobs were created. As of June 2015, the number of active borrowers at these four branches and market offices is

1,204 with AFN 62,758,041 portfolio outstanding.

To ensure operational flow, FINCA's original area of operations which was based in Mazar-e-Sharif City of Balkh province was split into two regions: the North continues to be based in Mazar-e-Sharif, while the new Northeast region is based in Kunduz City of Kunduz province.

New products

In the first half of the year 2015, based on the market demand, two of the Microfinance Institutions (MFIs) developed and offered new products to the market. Agriculture and Livestock, Social/Livelihood Improvement Loan, and Gold Back Loan are the products offered by these two MFIs.

OXUS Afghanistan

Social/Livelihood Improvement: OXUS Afghanistan launched a new, unique product, "Social Loan" for its clients in all the provinces where OXUS Afghanistan has operations.

Launched in January 2015, this multipurpose loan is for individuals with regular income who can provide

the required collateral. The loan can be used for education, healthcare, the purchase of car and home equipment, wedding expenses, house construction/renovation, and other social purposes.

A social loan size ranges from AFN 10,000 to 40,000 with loan repayment

Gold Back: In July 2015, OXUS Afghanistan launched the product Gold Back Loan. It is customary among Afghan women to build savings through ongoing purchases and storing jewelry at home. In order to meet social and consumption needs, however, they are sometimes forced to sell the gold on the market at a loss. In response to this

issue, OXUS Afghanistan devised the "Gold Back" or "Gold Collateral" Product.

The gold can be handed over to OXUS Afghanistan as collateral for a loan and is returned to the client after the loan is repaid, thus no other guarantee or collateral is required to receive loan.

terms of 6-24 months. As of July 15, 2015, loans in the amount of AFN 70 million have been disbursed to approximately 2,000 clients through this product.

The response is encouraging and OXUS Afghanistan continues to offer this product.

This product is being currently piloted in Kabul and will be offered later on through all branches of OXUS Afghanistan. As of July 15, 2015, one client received a loan of AFN 200,000. The loan size of this product ranges from AFN 10,000 to 2,000,000 with a repayment term of 6 to 24 months.

FINCA Afghanistan

While FINCA Afghanistan will continue to serve both male and female borrowers in urban areas, in March 2015 it launched Agriculture and Livestock loan products, and expanded its operations to rural areas where it aims to serve potential borrowers in the Agriculture and Livestock sectors.

These lending products have been launched successfully based on full scale research designed to identify and meet the needs of the customers.

The purpose of these products is to

assist clients in different areas including purchasing seeds, fertilizer, medicines, animals, animal feed, breeding, fattening and housing to covering labor costs, land improvement, water irrigation improvement and crops collection.

FINCA Afghanistan's Agriculture and Livestock products are offered through nine branches in eight provinces of Parwan, Baghlan, Kunduz, Takhar, Badakhshan, Samangan, Sar-e-Pul, and Jawzjan.

The target clients for these products are farmers and individuals engaged in agriculture, animal husbandry, and trade in the rural areas. Loan amounts range between AFN 20,000 and AFN 200,000 with a 6 to 24 months repayment period.

As of June 2015, the number of active borrowers of Agriculture and Livestock products is 653 with a portfolio of AFN 43,478,406 in outstanding loans.

Events

International

Afghanistan - India Renewable Energy Summit

Type: Event

Event Location: New Delhi, India

Event Date: 6-7 August 2015

East African Regional Conference Summit

Type: Event

Event Location: Nairobi, Kenya

Date: 17 - 19 August 2015

2015 SEEP Network Annual Conference

Type: Event

Event Location: Virginia, United States

Date: 28 September - 01 October 2015

Global Youth Economic Opportunities Summit

Type: Event

Event Location: Washington, DC, United States

Date: 27 - 31 July 2015

Risk Management for Microfinance Practitioners and Regulators

Type: Training

Event Location: Nairobi, Kenya

Event Date: 26-30 October 2015

National

AIBF Courses/Trainings - till December 2014

- Financial Accounting
- Internal Audit and Control
- New Product Development
- Marketing for Financial Services
- Certificate in Islamic Banking
- Organization Behavior
- Microfinance Risk Management
- Microfinance Branch Management
- Loan Portfolio Management
- IFRC Level 1
- Customer Relationship Management

Exclusive interview with Mr. Bahram Barzin

Mr. Bahram Barzin is the Managing Director of the MISFA. Mr. Barzin has more than sixteen years of experience in leading and managing development and humanitarian projects and was also a university lecturer. Since joining MISFA in 2010, in addition to his current position, he has worked in different capacities such as Director of Monitoring and Supervision and Director of Operations.

Q1: How do you see the current performance of the development finance sector?

The development finance sector has become an integral part of Afghanistan's long-term social and economic reconstruction. By ensuring that a greater number of Afghans, particularly the poorest, most vulnerable, know that they can access finance to open or expand micro enterprises, the sector has helped generate income and employment. Over the past decade, MISFA as the apex organization for microfinance institutions has supported development finance through its support to MFIs and banks.

Q2: How do you see the future of development finance sector in Afghanistan?

The development finance sector in Afghanistan is already contributing significantly to poverty reduction and



economic growth at the community level. I envision this sector to continue being an engine for job and income generation at scale, leading to private sector development and economic growth.

Q3: What are some of the key challenges in the sector and how MISFA contributes to address those challenges?

Weak capacity of the judicial system and legal framework, shortage of strong leadership and capacities across all levels at MFIs, low market penetration of MFIs, few and limited types of loan products offered by MFIs, conservative interpretation of Islamic laws prohibiting entrepreneurs of certain regions from accessing MFI services, and the overall insecurity and instability in the country are among the

challenges the development finance sector face in Afghanistan.

MISFA has been implementing a number of initiatives to address these challenges. To increase program awareness and get support from local and regional actors, a public information and communication campaign has been going on since almost four years to broadcast radio dramas and spots, disseminate brochures and briefing notes, conduct legal awareness and program awareness meetings at the provincial and regional levels, and support AMA to provide coordination and networking services at all levels. MISFA also works with the Central Bank and Ministry of Finance on various initiatives to support the development finance sector. We work with AIBF to provide trainings aimed at building the capacity of the microfinance employees. We further provide grants earmarked for certain capacity building activities for our partner MFIs to enable them provide sound financial services to their clients. On product development, our support includes grants to partners to do market assessment and design and pilot new products meeting various needs of their clients. Developing agriculture and Sharia-compliant products are examples of our new product development initiatives. We also

encourage our partners to plan for a responsible growth, increasing access to financial services for the poor and underserved Small & Medium Enterprises (SMEs).

Q4: What are MISFA's future plans for strengthening the development finance sector in Afghanistan?

Now, more than ever, the development finance sector is in a position to reach the underserved Afghans in rural areas, which comprise the majority of the population. MISFA will continue its financial and technical support to MFIs to responsibly expand outreach in the coming years. Under a new MISFA project, a considerable amount of funding is available to support MISFA partners in strengthening their internal systems; providing capacity development to their staff; and engaging in partnerships and product development and innovations. MISFA will also be scaling up its Targeting the Ultra-Poor project to reach a greater number of the poorest and transform them into microfinance clients. These initiatives are all part of fulfilling MISFA's mandate of financial inclusion.

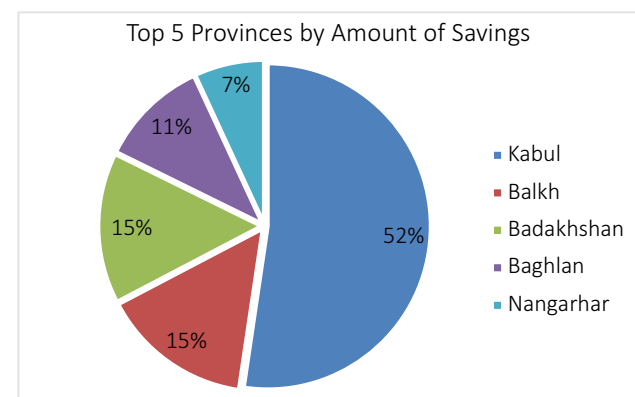
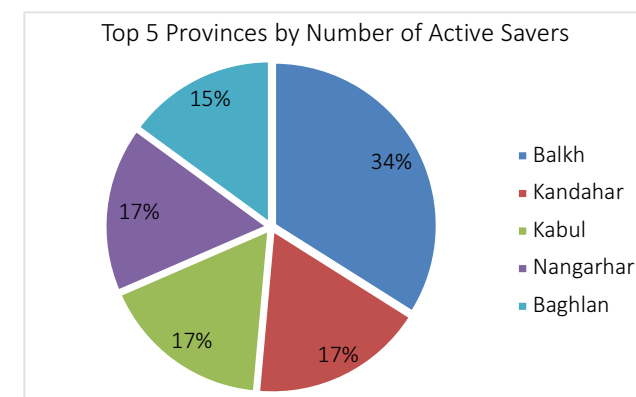
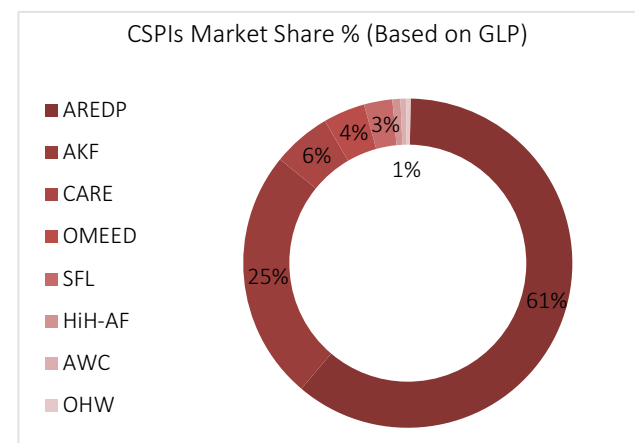
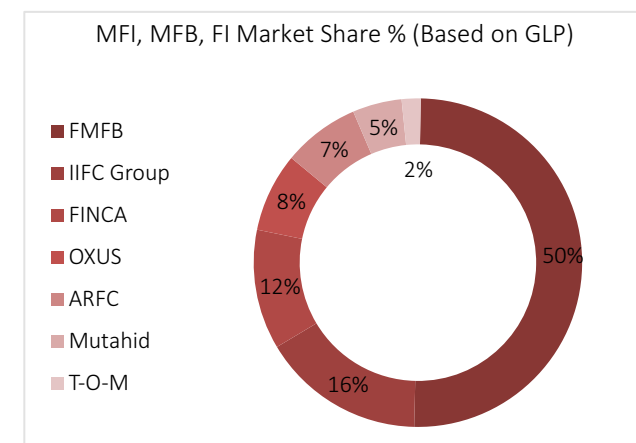
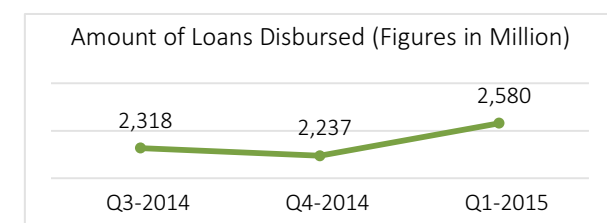
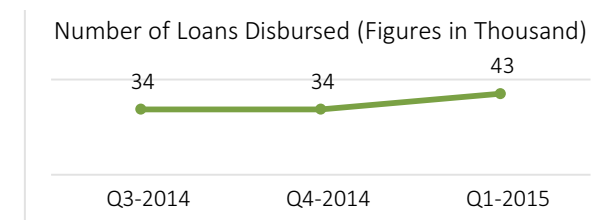
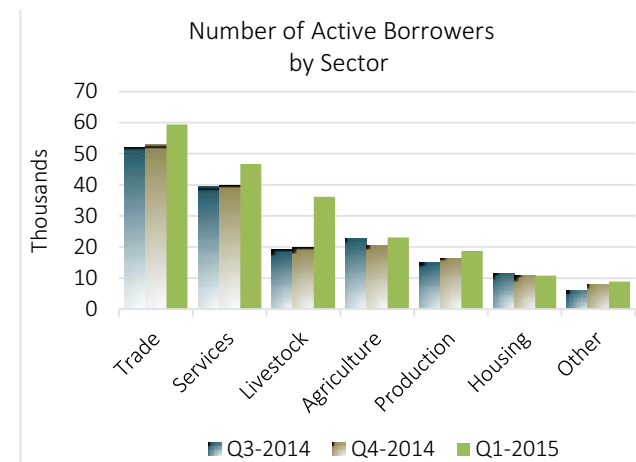
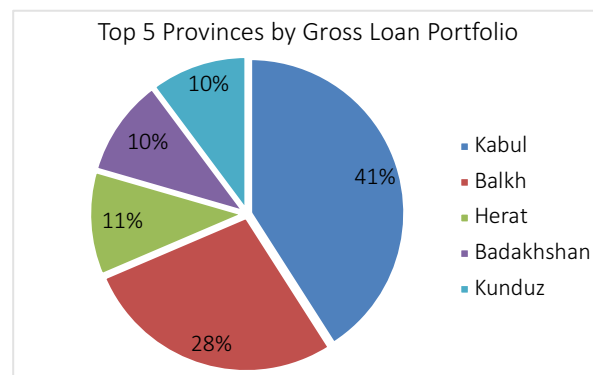
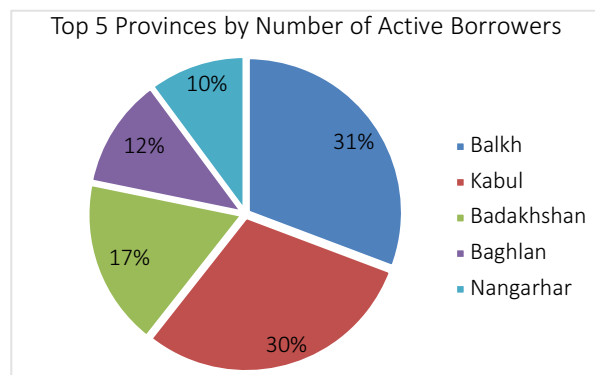
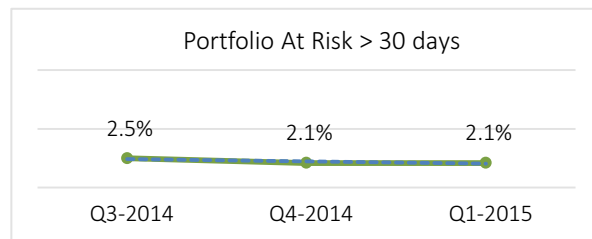
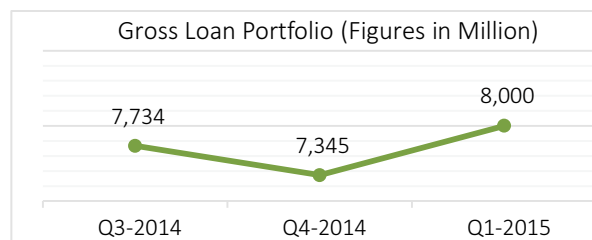
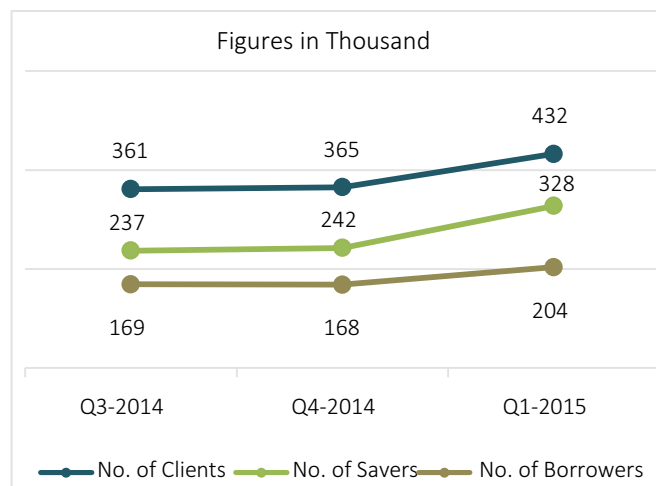
Q5: How do you see AMA's role in the promotion of development finance sector in Afghanistan?

There is a good scope for AMA to play a vital role in the promotion of the sector through effective coordination and networking and public awareness activities. AMA has contributed to a more formalized, more cohesive development finance sector by expanding its membership to go beyond microfinance institutions and include other types of DFIs, such as CSPIs and SME lenders. Lack of coordination between the stakeholders could adversely affect the delivery of financial services on the ground.

Q6: Considering the current political and security situation in Afghanistan, what do you recommend to DFIs to focus on?

DFIs need to reassess their expansion plans considering the recent developments in the political and security situation in Afghanistan. The change in geopolitics seems to have created roadblocks in DFIs' current areas of operations but if you look at it from a different angle, it opens new windows of opportunities enabling DFIs to enter into regions which were not easy to operate in the past. The demand for access to financial services is always there and DFIs need to take responsible steps to penetrate new markets.

Afghanistan Development Finance Sector Analysis: Jan-Jun 2015



Microfinance client success story



Thirty six year old Abdul Ahad has been selling fresh and frozen poultry-meat since 2008. As a young man, Ahad knew he wanted to be independent and to contribute to his family and community through a business of his own.

He started off with a small shop selling eggs, chicks, hens, and roosters and within a short time, thanks to financial support from The First Microfinance Bank (FMFB), he managed to expand his business and open more shops.

He started out in 2008 with a loan from the bank in the amount of AFN 75,000 that he used to buy meat from Mazar-e-Sharif and sell it in Sheberghan City of Jawzjan province. Gradually his working capital increased and he was able to open three more shops - in Andkhoy and Darzab on the border of Jawzjan and Sar-e-Pul provinces.

As his income grew over time, Ahad decided to set up his own poultry farm. This required capital and more savings.

Through continuous hard work, he managed to set up his own poultry farm. His monthly income has more than tripled going from AFN 40,000 to AFN 150,000. He has been able to repay loan installments every month, buy new chickens and set money aside for his family. Through business revenues, he was able to purchase land, shops, and several cars.

“I believe that hard work and having access to finance are the major drivers for setting up a profitable business. With my own capability, enthusiasm and a bank loan, I quickly became one of the most progressive poultry dealers,” said Ahad.

Part of the money goes to the children's education. Three of his five children



study at private schools, whereas they used to attend public schools. Moreover, he has generated employment for ten people who help him with sales and delivery. As importantly, he has been a source of inspiration for the youth in his local community. Looking at his success, many unemployed, educated youth have been motivated to take up such initiatives.

Today, Ahad is the proud owner of a thriving poultry business and microcredit has helped him earn a healthy income which allowed him to significantly improve his and his family's standard of living. To date, he has borrowed AFN 1.3 million from FMFB and he is looking to continue this profitable relationship with the bank.

Meet our member!



FINCA Afghanistan commenced its operation in 2004 as a joint stock company limited by shares and obtained its license through the Afghanistan Investment Support Agency (AISA).

Products and Services

FINCA Afghanistan provides both conventional and Islamic financing and has been the pioneer of Islamic

FINCA Afghanistan is headquartered in Kabul and operates through 17 branches and 3 market offices in 11 provinces mostly in the North, West, and North Eastern parts of Afghanistan.

Financing in the sector. FINCA Afghanistan's products are comprised of both individual and group lending

As of July 2015 FINCA Afghanistan has a portfolio of US\$ 16,787,738 million with 33,663 active borrowers.

which helps provide an expanded outreach to our perspective clients and their communities.

Islamic Financing	Conventional Financing
<ul style="list-style-type: none"> * Business Murabah Agreement(BMA) * Target clients; Businessmen/women * Loan Size; from AFN 10,000 to 350,000 * Women Murabah Agreement (WMG) * Target clients; Businessmen/women * Loan size; from 5,000 to 55,000 	<ul style="list-style-type: none"> * Small Enterprise Loan (ESL) * Target clients; Businessmen/women * Loan size from AFN 20,000 to 250,000 * Small and Medium Enterprise (SME) * Target clients; Businessmen/women * Loan size form AFN 251,000 to 1,000,000 * Emergency Credit Line (ECL) * Target clients; Businessmen/women * Loan size from 25,000 to 100,000 * Agriculture and Livestock * Target clients; Farmers and livestock holders * Loan size from 20,000 to 200,000

Loan processes and procedures are flexible and customized to meet clients' requirements, bringing convenient credit facilities to our customers. We take pride in providing the fastest turnaround time in providing access to finance.

Head Office Add: 40 meter street, between Traffic and Baraki squares, family court sub street, house # 14, Kabul-Afghanistan.
 Phone: +93 791 154080 | E-mail: rahimdad.dehpoor@fincaaf.af | Website: www.finca.af



Harvesting dreams

Being Afghanistan's largest agriculture lender with a network of 38 branches across 14 provinces, **The First Microfinance Bank (FMFB)** remains committed to the needs of the agriculture sector. Working closely with small landholders, our agricultural lending staff has helped customers adapt to a changing marketplace by offering innovative solutions to unique demands. Seasonal borrowing for crop production are normally structured with maturity dates to coincide with planned commodity sales.

Our 'agriculture experts' are always here to provide small farmers with the prompt, quality service that they deserve because we want them to "harvest" more than their crops. They harvest months of hardwork, early morning and late nights - ultimately their dreams.

Other Services:

- ✓ Small Business Loans
- ✓ SME Loans
- ✓ Housing Loans
- ✓ Deposits
- ✓ Bulk Payroll Services
- ✓ Remittances & Money Transfers

+93-7900 10 10 5
info@fmfb.com.af



The First MicroFinanceBank
اولین بانک قرضه های کوچک

Microfinance clients





“Repairing the World”

AISA LICENSE NUMBER: I-11017

Tel: +93 (0) 729 203 700

Afghanistan Microfinance Association

House #547, Street 3, Taimani Project, District 4, Kabul-Afghanistan
info@ama.org.af | www.ama.org.af | www.microview.info