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## Code of Conduct Baseline Assessment Report



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**List of Acronyms**

AIBF	Afghanistan Institute of Banking and Finance
AMA	Afghanistan Microfinance Association
CSPI	Community Savings and Promotion Institute
COC	Code of Conduct
DFI	Development Financial Institution
FAIDA	Financial Access for Investing in the Development of Afghanistan
MFB	Microfinance Bank
MFI	Microfinance Institution
MISFA	Microfinance Investment Support Facility for Afghanistan
NBFI	Non -Banking Financial Institution
ODN	Oxus Development Network
TOR	Terms of Reference
SPM	Social Performance Management

## BACKGROUND

The Afghanistan Microfinance Association (AMA), established in 2005, is the national network of development finance institutions (DFIs) in Afghanistan consisting of microfinance institutions (MFIs), community-based savings promoting institutions (CSPIs), non-banking financial institutions (NBFIs) and microfinance banks (MFBs). AMA membership consists of 11 member organizations serving about 224,000 borrowers in 19 of Afghanistan's 34 provinces<sup>1</sup>. AMA's donors are the Microfinance Investment Support Facility for Afghanistan (MISFA) and the Financial Access for Investment in the Development of Afghanistan (FAIDA). An associate member is The Afghanistan Institute of Banking and Finance (AIBF).

AMA's broad goal is to promote a sustainable development finance sector in Afghanistan through sector coordination and networking, knowledge management, lobbying, and advocacy, and capacity building. The development finance sector in Afghanistan is not yet regulated. AMA, having established itself as an effective collaborative voice for the development finance sector, initiated the creation of a sector Code of Conduct (CoC) and obtained the agreement of its members in 2013.

Through After a series of 14 consultative workshops held with loan officers, branch managers, and clients across seven provinces<sup>2</sup>, culminating with a MFI CEOs, donors, and stakeholder workshop in Kabul, all AMA member organizations approved the preliminary code of conduct was approved in July 2014 by. The Code of Conduct was piloted for six months and finalized in December 2014 after incorporating feedback from member organizations.

The final CoC was unanimously approved at AMA's CEO coordination meeting in January 2015 by all AMA members, including AMA's board of directors. The members also agreed to change AMA's membership requirement to reflect adoption of the code by new members. Thereafter AMA disseminated a CoC booklet in the local language to member DFIs for distribution to branches. Individual member institutions assumed the responsibility of raising awareness on the code to their staff. AMA has not designated a focal point to conduct monitoring on the implementation due to resource constraints but is planning to hire a member services manager to assume this task in the future.

In accordance with The SEEP Network's<sup>3</sup> recommended guidelines for Effective Codes of Conduct, the purpose of this baseline assessment is to assess the degree to which the CoC has been implemented one year after its adoption by the sector; explore the challenges around application of the CoC; and suggest strengthening activities to members and broad based interventions by AMA and donors for improved compliance.



<sup>1</sup> As of December 2015

<sup>2</sup> Bamyán, Kabul, Balkh, Herat, Kunduz, Parwan and Nangarhar

<sup>3</sup> AMA has been a member of The SEEP Network since 2012

This report is organized to provide a description of the assessment methodology, brief overview of the sector, description and comparison of the selected MFIs for this assessment, followed by detailed findings of the assessment. The report also contains an observations section, primarily on compliance challenges and trends that surfaced during the review, and concludes with a set of recommendations to strengthen implementation and compliance of the CoC.

## APPROACH AND METHODOLOGY

The baseline assessment has three main objectives:

- a. Assess the degree of CoC awareness at all levels among employees and reveal the effectiveness of the awareness activities performed;
- b. Assess the degree of understanding and implementation of the various rules of the CoC at all levels among different management levels, including branch management level;
- c. Provide a set of recommendations and technical assistance to members to improve compliance with the code of conduct.

AMA selected OXUS Afghanistan and FINCA Afghanistan from its members for the assessment. The reason for choosing these two MFIs is that they are representative of the sector in terms of size, scope and outreach. They both are also subsidiaries of an international microfinance network with strong parent organizations that have professionalized operations over the last decade. The scope of the baseline assessment is to review sector's Code of Conduct in its entirety. The assessment follows a qualitative methodology and consists of structured and semi-structured interviews, focus groups, field observations, and document reviews.

The research design phase consisted of desk review of relevant documents from AMA and the SEEP Network, CoC guidelines, review of CoC assessments in other countries (India, Pakistan, Ghana, Rwanda and Mexico), and interview notes with AMA staff.<sup>4</sup> Questionnaires were prepared based on AMA's seven CoC principles and customized for MFI operations' personnel, including operations managers, regional managers, branch managers, and loan officers. Separate questionnaires were prepared for MFI CEOs, human resources managers, clients, and MISFA and AMA board members. AMA interviewed a total of 92 people for the CoC assessment.<sup>5</sup> The findings from the assessment will be presented to AMA members and stakeholders to update the members on the status of the implementation of the CoC, raise awareness on the challenges and achievements thus far, and to provide a set of recommendations to strengthen the implementation of the sector's CoC.

Person	Method	Number
CEO	Interview	2
Operations Manager	Interview	1
Regional Manager	Interview	1
Branch Manager	Interview	4
Credit Staff	Focus Group	39
Human Resources Manager	Interview	2
Clients	Focus Group	35
Guarantor	Interview	3
MISFA	Interview	1
AMA	Interview	3
FAIDA	Interview	1
<b>Total</b>		<b>92</b>

<sup>4</sup> See Annex 2 or list of MFI documents reviewed and Annex 4 for bibliography

<sup>5</sup> See Annex 1 for list of people interviewed

## DEVELOPMENT FINANCE SECTOR

AMA's mission is to build an inclusive, sustainable, and responsible development finance sector in Afghanistan. It has brought together the majority of organizations providing savings and credit services to the poor and vulnerable. AMA's membership is made up of five microfinance institutions, one microfinance bank, one financial institution focused solely on SME lending, and four community based savings promotions institutions. AIBF is an associate member.

The sector also experienced a crisis period between 2008-2012, mainly due to client over-indebtedness, low staff capacity, inadequate internal controls, and governance oversight. Adopting a code of conduct as a sector through the platform of AMA is a strong indication of the sector's maturity and is more impactful than codes adopted by MFIs individually. As a result all the members have collectively agreed to the following principles when adopting the CoC:

- Promote and strengthen the development finance sector in Afghanistan by providing products and services that respond to the needs of the low-income population
- Promote cooperation and coordination in the development finance sector to achieve higher operating standards and avoid unethical competition

Sector Snapshot<sup>6</sup>

	Microfinance Sector	CSPI Sector	Total
<b>Total Provinces</b>	14	7	19
<b>Total Branches</b>	109	38	150
<b>Total Employees</b>	2,271	223	2,494
<b>Total Loan Officers</b>	1,112	136	1,248
<b>Total Active Borrowers</b>	148,675	76,323	224,998
<b>Total Active Savers</b>	183,273	158,817	342,090
<b>Total Clients</b>	316,539	159,495	476,034
<b>Total Portfolio Outstanding</b>	\$120,440,595 USD	\$10,475,883	\$130,916,478
<b>Total Savings Amount</b>	\$21,534,508 USD	\$6,288,133	\$27,822,641
<b>% Of Female Borrowers</b>	30%	34%	34%
<b>% Of Female Savers</b>	17%	62%	38%
<b>Portfolio at Risk</b>	3.3%	N/R	

## SELECTED MFIS FOR ASSESSMENT

The two MFIs chosen by AMA for the evaluation of this assessment, OXUS Afghanistan and FINCA Afghanistan, have both been active microfinance institutions almost since the sector's inception. Both MFIs were set up with funding from MISFA and continue to remain funding partners, operate at a national scope, and are similar in size and branch outreach. While FINCA Afghanistan has almost twice the number

<sup>6</sup> Figures taken from MicroView Report Dec 31, 2015

of borrowers in comparison to OXUS, both MFIs are relatively similar in the number of staff they employ. Additionally, both MFIs belong to an international network of financial development organizations with strong governance oversight and commitment to international client protection principles.

#### MFI Comparison

FEATURE	OXUS	FINCA
<b>Loan Products</b>	<ul style="list-style-type: none"> <li>• Individual Business Loan</li> <li>• Group Loan</li> <li>• Social Loan</li> <li>• Salary Loan</li> <li>• Gold Loan</li> <li>• Staff Loan</li> <li>• Agriculture Murabeha</li> <li>• SME</li> </ul>	<ul style="list-style-type: none"> <li>• Business Murabeha Agreement</li> <li>• Women Murabeha Agreement</li> <li>• Small Enterprise Loan</li> <li>• SME</li> <li>• Emergency Credit Line</li> <li>• Agriculture and Livestock</li> </ul>
<b>Established</b>	2005	2004
<b>Provinces</b>	10	11
<b>Branches</b>	15	19
<b>Employees</b>	349	356
<b>Loan Officers</b>	168	196
<b>Borrowers</b>	18,046	34,034
<b>Savers</b>	-	-
<b>Portfolio Outstanding</b>	\$10,471,171	\$15,469,991
<b>Average Loan Amount</b>	\$558 <sup>7</sup>	\$756
<b>Client retention rate</b>	N/A	25% <sup>8</sup>
<b>Percentage of female clients</b>	31%	31%
<b>Sustainability</b>	100%	124%

#### OXUS Afghanistan

OXUS Afghanistan is part of the OXUS Development Network (ODN), a global network of microfinance institutions created by ACTED, an international NGO operating in 25 countries. ODN is headquartered in France and its Central Asian MFIs are present in Afghanistan, Kyrgyzstan, and Tajikistan. OXUS Afghanistan began its operations in January 2005 and it currently has a portfolio of more than \$10 million with an outreach of about 18,000 borrowers managed through 15 branches in 10 provinces. OXUS provides individual small business loans, SME loans, group and a sharia compliant loan product.

In 2012 the ODN adopted the universal Social Performance Management (SPM) framework within the OXUS network of MFIs, however, OXUS Afghanistan has not yet fully implemented the framework and is working on a database to track key indicators. ODN has hired a dedicated SPM manager to align operational and human resource policies and procedures to comply with SPM goals across the network's MFIs. OXUS considers implementation of SPM essential to keeping its focus on the double bottom line and

<sup>7</sup> 38,000 AFN

<sup>8</sup> Self reported client retention rate for FINCA was 40% prior to the insecurity in Kunduz province in late 2015.

responsibly growing the institution by focusing on the clients, treating employees respectfully, and identifying problems easily. OXUS also considers its SPM strategy essential to increasing its credibility, fundraising efforts, differentiating itself from the competition in their respective markets, and to promote OXUS to its various stakeholders as a socially responsible organization. ODN has translated the organization's vision and mission into a set of social goals that are designed to be incorporated into its MFIs' operations. OXUS Afghanistan has an SPM committee at its board of directors' level that receives updates on a quarterly basis.

#### OXUS SPM Framework

<b>Vision: To improve the sustainable livelihoods of our customers and to be the microfinance organization of reference where we work.</b>	
<b>Mission: OXUS is a transparent and responsible enterprise engaged in providing financial services to the working poor and the under-banked worldwide. OXUS is dedicated to build teams of recognized professionals, create and provide the most efficient microfinance services and improve the sustainable livelihoods of its customers.</b>	
<b>OXUS Social Goals</b>	
1. Client Identity	<ul style="list-style-type: none"> <li>Maintain working clients as significant part of portfolio</li> </ul>
2. Client Oriented Products	<ul style="list-style-type: none"> <li>Promote responsible finance</li> <li>Competitive and transparent products</li> <li>Improve client satisfaction</li> </ul>
3. Client Business	<ul style="list-style-type: none"> <li>Improve client business</li> </ul>
4. Client Livelihood	<ul style="list-style-type: none"> <li>Improve client livelihood</li> </ul>
5. OXUS Human Resources	<ul style="list-style-type: none"> <li>Promote professionalism and fairness</li> </ul>
6. OXUS Internal Transparency	<ul style="list-style-type: none"> <li>Promote good governance</li> <li>Promote internal transparency</li> </ul>
7. OXUS reference	<ul style="list-style-type: none"> <li>Endorse regular social evaluations</li> <li>Follow trends and be an innovating MFI</li> </ul>

#### FINCA Afghanistan

FINCA Afghanistan is part of FINCA International, an international organization headquartered in Washington DC, that operates microfinance institutions across 23 countries in Africa, Eurasia, the Middle East, South Asia, and Latin America. Established in 2003 FINCA Afghanistan was the first microfinance organization to offer Shariah-compliant loan products targeting clients who are women, returning refugees and ethnic minorities. FINCA Afghanistan began operations in 2004 and currently has a portfolio of more than \$15 million with an outreach of about 34,000 borrowers managed through 19 branches in 11 provinces.

FINCA as a network has adopted client protection principles that prevent client over-indebtedness and fair and ethical treatment of borrowers which has been translated to a CoC for its subsidiary organizations. FINCA is a founding member of the Smart Campaign. It is also a member of MicroFinance Transparency and the Social Performance Task Force's Universal Standards<sup>9</sup>.

<sup>9</sup> All three are global efforts to advocate for client protection principles internationally in the microfinance sector



**FINCA SPM Framework**

<b>Vision: FINCA's vision is to build a global network of sustainable and scalable social enterprises that improve lives worldwide.</b>	
<b>Mission: FINCA's mission is to alleviate poverty through lasting solutions that help people build assets, create jobs and raise their standard of living.</b>	
<b>FINCA Code of Conduct</b>	
<b>Business Practices</b>	<b>Employee Relations</b>
<b>Transparency and Disclosure</b>	<b>Client Protection Principles</b>
<b>Fundraising</b>	<b>Communities, Gifts</b>
<b>Record Keeping and Financial Integrity</b>	<b>Conflicts of Interest</b>
<b>Anti Money Laundering and KYC</b>	<b>Outside Statements Activities</b>
<b>Political Activity</b>	<b>Inquires of Exceptions Under the Code</b>
<b>Protection of Proprietary Information</b>	<b>Compliance</b>
<b>Protection of Company Assets</b>	<b>Responsibility of Management</b>

**ASSESSMENT FINDINGS****OXUS Afghanistan**

The senior management of OXUS Afghanistan is fully aware of the CoC process and has participated in AMA's CoC workshops in 2014. Copies of the CoC from AMA were distributed to senior management at the internal steering committee level. However, awareness about AMA's sector-wide CoC has not trickled down to staff at field and operations level. Oxus has not conducted staff awareness trainings or announcements on the CoC yet, however, an internal CoC is presented to new staff during the onboarding period. A review of that document revealed that while the topic of client protection is addressed, it is not as detailed or comprehensive on client protection as the sector CoC and refresher trainings on the code is not provided. The human resources and credit policy manual have incorporated sections of the sector CoC as well as the internal social goals developed by ODN. At branch level, staff are not aware of a sector CoC or the internal SPM initiative, or social goals, while in practice it is integrated as a concept to some extent.

OXUS is focusing on the launch of an SPM database with indicators on the social goals as mandated by ODN. The seven components of the indicators that will be tracked by OXUS in the future are:

- 1) Define and monitor social goals
- 2) Ensure board management and employee commitment to social goal
- 3) Design products service delivery models and channels that meets client needs and preferences
- 4) Treat clients responsibly
- 5) Treat employees responsibly
- 6) Balance financial and social performance
- 7) Green – environmental

A self-assessment on the above components was conducted and presented to the board. Training and implementation timeline for the SPM framework is not yet known. OXUS's board is currently deliberating with the SPM framework and management reports regularly to the board on the progress of the SPM implementation.

OXUS management states that client feedback has been positive since the implementation of the code in the credit policy and stated that it is cognizant of the reputational risk to the MFI if they are not held accountable to the rights of the clients. As a result OXUS has instituted a Disciplinary Committee made up of senior management to address issues related to instances of COC violations and other organizational policies. The majority of OXUS' clients are referrals and, overall, it has received positive feedback from clients due to the fair and respectful treatment by its staff and the quick processing of loans.

### **FINCA Afghanistan**

FINCA Afghanistan has demonstrated its commitment to client protection principles at senior management and board of directors level by being involved in the creation of the AMA-led sector-wide CoC workshops in 2014 and implementing a CoC prepared by FINCA International, incorporating sections of AMA's CoC, such as protection of client information, client protection principles, and conflict of interest, within the internally prepared CoC. The current CoC document encompasses a broad range of topics as outlined in the above table but is not as detailed on the principles of client protection as the sector CoC. Training is provided to staff at induction on the principles of the CoC but FINCA Afghanistan management acknowledges that refresher trainings are needed more regularly, which has not been done to date.

FINCA Afghanistan asserts that customer experience and integrity as an institution is one of the top priorities for the organization as is giving equal, merit-based opportunity to all employment candidates without prejudice. A hotline and a complaint box for clients are placed in every branch. All complaints are directed to the CEO who reports to the board on the issues faced by borrowers. FINCA Afghanistan is planning to establish a two-person call center if funding is provided to better serve clients. The Human Resource Committee, Disciplinary Committee, and the Compliance Manager are involved in the termination of an employee who may have been accused of misconduct. FINCA Afghanistan monitors the implementation of the CoC through the human resource department's performance appraisal process and through the internal audit and compliance department which checks the complaint boxes and channels issues to senior management.

The findings of the sector CoC assessment are organized into three categories: a) follows code b) partially follows code c) does not follow code. The table below demonstrates the rating methodology. Each of the code of conduct principles have been assessed based on the findings of the interview questionnaires and document review using the outlined measures for the findings.

<b>Follows Code</b>	<b>Partially Follows Code</b>	<b>Does not Follow Code</b>
100% - 80%	79% - 50%	Less than 50%
4 out of 7	3 out of 7	0

Of the seven components of the CoC, the results indicate that the MFIs assessed have implemented the majority of the codes under the principles of transparency, recruitment, privacy, and governance. Further strengthening initiatives are needed to fully comply with the principles of listening to clients, client education, and client protection. The table below demonstrates in detail compliance with each code.

**TABLE OF FINDINGS**

1. Transparency	MFI 1	MFI 2	Description of Findings
1. The DFI should clearly disclose all terms, conditions, and eligibility criteria for their different products to the clients prior to subscribing to savings, loans, and insurance products e.g in case of loan prior to loan application.	Follows Code	Follows Code	The field staff of both MFIs disclose all terms, conditions, eligibility criteria, costs and fees prior to completing the loan application in simple language though pictures are not used.
2. The DFI should clearly disclose all costs – the admin fee/service fee, penalties and any other charges/fees for their products to the clients prior to loan application and loan disbursement.	Follows Code	Follows Code	All the forms are in local language and the terms and all client obligations are written on the loan application, however, it does not convey client rights such as privacy, client protection or complaint procedure.
3. The DFI should clearly explain the loan procedure (from loan application submission to loan repayment) for different products to the clients.	Follows Code	Follows Code	Client financial records are kept properly and receipts are provided upon the repayment of the loan installments. All SME loans classified above AFN 250,000 is checked against the DAB credit registry.
4. The DFIs must communicate with clients in simple local language. Where needed, DFIs should use pictures to communicate with the clients.	Partially Follows	Partially Follows	
5. All forms and documentations must be in local language. Where the client is illiterate, the contents of each form are to be explained prior to filling the form and taking signature and/or thumb impression of the client.	Follows Code	Follows Code	The MFIs conduct due diligence to obtain a set of complete documents and accurate information from the clients to determine repayment eligibility, however it is stated that 50%-80% of documents are misrepresented by clients in order to obtain a higher loan amount or to meet the eligibility criteria.
6. The DFI must follow the applied policies and procedures as disclosed with the clients in the beginning. Any changes to the policies and procedures must be communicated with the clients, and only then should be implemented. Changes should not be applied retroactively or applied to a client's current loan in progress, unless beneficial to the client.	Follows Code	Follows Code	Neither MFI collects savings.
7. Before accepting any deposit, DFIs should inform each client about all policies related to savings including but not limited to limitations on withdrawals, fees, penalties, and minimum balance requirements.	N/A	N/A	
8. If savings may be frozen or used as collateral, the DFI has an obligation to inform the client, using clear, simple language, of this prior to accepting the savings.	N/A	N/A	
9. The DFI must share accurate updated data for the credit registry and with other DFIs as needed.	Follows Code	Follows Code	

10. The DFI should consult the credit registry, where possible, before granting loans.	Follows Code	Follows Code	
11. The DFI should maintain proper financial records of its clients and provide proper receipts against every transaction with the clients.	Follows Code	Follows Code	
12. The DFI should have policies and procedures to protect client information and property documents and disclose those policies to clients.	Follows Code	Follows Code	
13. The DFI should disclose to clients how their information will be used.	Follows Code	Follows Code	
14. The DFI should make sure to communicate the followings to the clients: <ul style="list-style-type: none"> <li>• The client must disclose his/her business background, profit and loss statements, properties and assets to the DFI, as required.</li> <li>• The client must demonstrate repayment ability.</li> <li>• The client should provide valid collateral and accurate information about the guarantor as per the requirement of the DFI.</li> <li>• The client must disclose his/her debts and other sources of income, as required.</li> <li>• The client should not sign any loan contract or accept any loan without ensuring that he or she fully understands the costs, terms, and conditions.</li> <li>• The client must provide certified and valid documents as per the requirement of the DFI.</li> </ul>	Follows Code	Follows Code	
<b>2. Recruitment</b>	<b>MFI 1</b>	<b>MFI 2</b>	<b>Description of Findings</b>
1. The DFI should have a Human Resources manual, with specific ToR terms of reference (ToR) or Job Description for each position and a recruitment committee of at least three members.	Follows Code	Follows Code	The HR departments of both MFIs have an HR policy manual, TORs and a recruitment committee.
2. The DFI should ensure that selected candidate's qualification and experience matches with the requirements of the job.	Follows Code	Follows Code	The HR manual states that employees are hired based on merit and not discriminated against based on race or political affiliations.
3. The DFI should provide free and fair recruitment practice and to ensure there will be no restriction on hiring of staff from other DFIs. In case of already employed If the individual is already employed by another DFI by another DFI, recruitment of this staff	Follows Code	Partially Follows Code	The mechanism to ensure candidates are hired based on merit is a recruitment committee involved in the hiring process and/or a comparative form.

should be done after receiving a reference check from the previous employer.			Neither MFIs were have a policy in place that prevents hiring candidates from other MFIs in the sector.
4. The DFI should provide reference check and relieving letter within 30 days to the outgoing employee in case he/she has given proper notice.	Follows Code	Follows Code	An internship program is instituted at both MFIs 2014.
5. When hiring employees from other DFIs or other organization through open market competition, the DFI should conduct a reference check with his/her previous employer, and also receive a relieving letter from previous employer.	Follows Code	Partially Follows Code	At OXUS a spot check of nine employee files confirms that employees sign Related Party Transaction Declaration forms, have minimum 12 <sup>th</sup> grade education certificates, and reference checks with the previous MFI and against the AMA referral database is are conducted. However, criminal background checks are conducted for security staff only.
6. The DFI should check reference of the employee against AMA's Staff Referral Database prior to recruitment.	Follows Code	Follows Code	
7. The DFIs must hire employees based on qualification, experience, abilities and age as required by the job and not based on relations, race and political affiliation.	Follows Code	Follows Code	Outgoing employees are provided a work certificate within one month of leaving the organization. If they have a pending case that involves misconduct the MFI cannot respond to a reference check due to employee privacy rights until the case reaches resolution.
8. The DFI should have a Related Party Transaction Declaration for all employees.	Follows Code	Follows Code	
9. The DFI should conduct criminal background check the criminal background of the employee with relevant government authorities.	Partially Follows Code	Follows Code	At FINCA <sup>10</sup> a spot check of eight employee files revealed that employment reference checks, verification against the AMA Referral Database and criminal background checks are carried out, however FINCA does not check reference of candidates hired from another MFI.
10. The DFI shouldn't permit employees to express political party affiliations in the work place.	Follows Code	Follows Code	
11. The DFI should give priority to employ Afghan citizens to the extent possible.	Follows Code	Follows Code	
12. The DFIs should screen prospective employees to ensure that they have a positive perception towards microfinance program and are committed to do what is necessary to achieve the institution's social mission.	Partially Follows Code	Follows Code	
13. The DFI should require a minimum level of education of 12 <sup>th</sup> grade certification for all employees except support staff.	Follows Code	Follows Code	
14. DFIs should offer internship programs for newly graduates to bring in more professionals into the sector.	Follows Code	Follows Code	

<sup>10</sup> FINCA's HR Manager is newly hired and could not provide details and historical information

3. Privacy	MFI 1	MFI 2	Description of Findings
1. The clients' personal information such as phone numbers, photographs, sources of income, assets, property documents, loan amount and business details, should not be disclosed to any others such as family members, relatives, business competitors, neighbors and other DFIs without prior consent of the client or unless required by law.	Follows Code	Follows Code	Both MFIs do not disclose personal client information to anyone but as a policy it was not documented in the operations manual of OXUS. It was observed at FINCA Loan Officers reassure clients that their files are secure and pictures will not be shared with anyone.
2. The DFI should obtain permission of clients to share their information with any third party and take reasonable care to oblige third parties to protect client privacy and use client information only for authorized uses.	Follows Code	Follows Code	All persons interviewed stated that security measures such as location of safe room, cash transfer timing and security plan is not disclosed to visitors or clients.
3. Access to employees' and clients' confidential information within the DFI should be kept restricted to only authorized officials.	Follows Code	Follows Code	SME clients are informed about their credit data being shared with DAB credit registry and FINCA takes signed permission from SME clients.
4. DFIs shouldn't take information from the client in front of his/her customers.	Follows Code	Follows Code	Access to client information is restricted at both MFIs. MIS/Operation Officers and Branch Managers are the only staff members authorized to provide client files and are responsible for overall maintenance. At OXUS Employees are required to sign a logbook prior to receiving a file and an electronic lock secures the file room. At FINCA the file room has a regular lock and there is no log requirement to obtain a client file.
5. The DFIs' sensitive security issues such as safe rooms, cash transfer and security plan shouldn't be disclosed.	Follows Code	Follows Code	
6. Any interaction with clients with regards to the loan should be during reasonable business hours or as per client's convenient time, in a place convenient to both the client and the DFI.	Follows Code	Follows Code	
7. If providing group loans, the DFI should train group leaders to safeguard group member information, particularly savings account balances, amounts and dates of loan disbursement, and information on repayment problems.	Partially Follows Code	Partially Follows Code	Branch staff cannot set an appointment with the borrower prior to the onsite business evaluation and at time there are customers present when they are there; however they make an effort not to inconvenience the borrower if they are busy with a shopper.  Both MFIs provide group loans but members are individually responsible for their loan obligations and in some cases did not know their group leaders.
4. Listening to Clients	MFI 1	MFI 2	Description of Findings
1. Complaint redress mechanism should be established at DFIs to receive complaints and suggestions through:	Follows Code	Follows Code	Senior management of both MFIs affirmed their commitment to complaint redress mechanism and a process to

<ul style="list-style-type: none"> <li>i. Customer Care section (dedicated phone number and email ID).</li> <li>ii. Complaint/Suggestion boxes in all offices. These boxes should be clearly visible, accessible and offer discretion to those who wish to share suggestions. These boxes should be checked by the appointed person on regular basis.</li> <li>iii. Visiting clients in the field.</li> <li>iv. Meeting DFI officials in the branch.</li> </ul>			<p>address complaints through designated committees exists.</p> <p>A client suggestion/complaint box is located in every branch with a dedicated complaint phone number visible in the branches visited along with a sign that states the customer service policy. However it was found that clients and staff were oblivious to the signs. At FINCA a complaint phone number is written at the bottom of every transaction receipt provided to the client.</p>
<p>2. Clients and staff should be informed about the established redress mechanism at each DFI.</p>	Partially Follows Code	Partially Follows Code	
<p>3. All complaints or suggestions received should be forwarded to the designated committee to review.</p>	Follows Code	Follows Code	
<p>4. All complaints received verbally should be documented and forwarded to the designated committee to review.</p>	Partially Follows Code	Partially Follows Code	<p>The client complaint process and procedure is not included in the credit policy of either MFI nor in the loan application form which is indicative of why staff at branch level have minimal information about the procedure.</p>
<p>5. DFI should address the received complaints or suggestions within one month depending on the nature of complaint.</p>	Follows Code	Follows Code	<p>The branch manager usually addresses verbal client complaints without a formal procedure for informing the responsible departments.</p> <p>At the client level, of the 19 that were interviewed at OXUS only two were aware of the complaint mechanism and no one knew of the phone number existence and of the 16 FINCA clients interviewed only three had noticed the compliant box.</p>
<p><b>5. Client's Education</b></p>	<p><b>MFI 1</b></p>	<p><b>MFI 2</b></p>	<p><b>Description of Findings</b></p>
<p>1. Clients should be educated on organization identity, mission, and overall purpose of the microfinance program.</p>	Partially Follows Code	Partially Follows Code	
<p>2. Client should be educated on products and its terms and conditions, loan sizes, utilization requirements, interest rate, fees, penalties, and motivations.</p>	Partially Follows Code	Partially Follows Code	
<p>3. Clients should be educated on different products eligibility criteria, collateral, guarantee, required documents and access rights to DFI staff.</p>	Follows Code	Follows Code	<p>Client education in regard to loan terms and conditions are explained to the client during the loan appraisal process. Their responsibility, usage, fees and consequences for non-payment is thoroughly explained and also detailed in the loan contract. Most clients interviewed, however, only understood the total amount of payment and not the calculation of the applied interest rate.</p>
<p>4. Clients should be educated on their duties and responsibilities.</p>	Follows Code	Follows Code	<p>Clients are not informed about their rights as a borrower either verbally or on the loan agreement.</p>

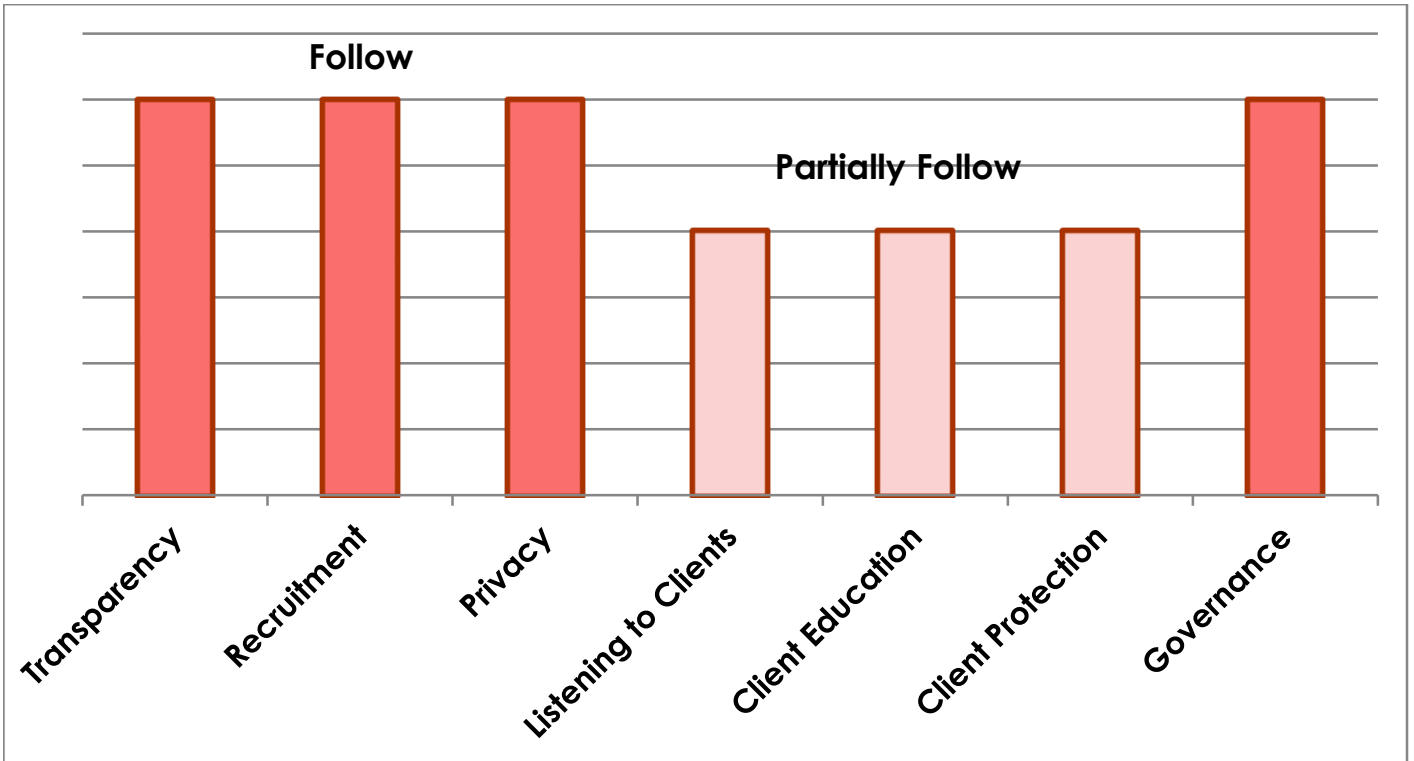
5. Clients should be educated on their rights and the responsibilities of the DFI to them.	Partially Follows Code	Partially Follows Code	The clients interviewed also did not know the mission and goals of the MFIs other than that they provide loans. MFIs maintain that because of security concerns they cannot provide detailed information about the MFI. During the marketing phase loan officers provide a general statement about the benefit and usage of the loan.  Information about the loan is explained in simple language– though pictures are not used for non-literate clients – and clients are fine with home visits and their picture taken for the application.  Three guarantors were also interviewed and they were well aware of their obligation towards the organization if the client defaults.	
6. The eligibility criteria and responsibility of guarantors should be explained to client.	Follows Code	Follows Code		
7. The DFI should inform the guarantor on his/her responsibilities.	Follows Code	Follows Code		
8. The clients must be well informed about the consequences of violating the loan contract.	Follows Code	Follows Code		
9. Client education through proper communication means such as printed publications, preferably with pictures which will help non-literate clients understand better.	Partially Follows Code	Partially Follows Code		
10. The clients should understand that DFI will visit their house and take their pictures during loan process.	Follows Code	Follows Code		
11. All client education should be in simple and local languages.	Follows Code	Follows Code		
<b>6. Client Protection</b>	<b>MFI 1</b>	<b>MFI 2</b>		<b>Description of Findings</b>
1. DFIs must design products as per needs of the clients for specific products.	Follows Code	Follows Code		Both organizations offer multiple types of loan products to meet various needs of clients' lives.
2. Loan size should be based on the repayment ability of the client to control over indebtedness.	Follows Code	Follows Code		Loan officers perform due diligence on borrowers to ensure that they have the appropriate level of repayment ability. Clients interviewed also felt that their loan amounts were appropriate and that they had the ability to repay the loans.
3. DFIs should consider interest rate for different products based on transparent and fair pricing.	Partially Follows Code	Partially Follows Code		Interest rates are not differentiated on products and both MFIs apply the same on all products rate with a slight variation on fees at FINCA.
4. DFIs shouldn't encourage multiple borrowing.	Follows Code	Follows Code	There was no evidence found indicating that multiple borrowing was being encouraged.	
5. DFIs staff should behave well with the clients especially in the cases of delinquency.	Follows Code	Follows Code	OXUS' credit policy emphasizes fair and respectful treatment of clients especially	
6. DFIs must have proper loan rescheduling, write off, deferred and other such mechanisms in the cases of death, natural disaster, and failure of business or any unexpected incidents with clients.	Partially Follows Code	Partially Follows Code		



7. DFIs should adopt simple and quick loan approval and disbursement process.	Follows Code	Follows Code	with delinquent borrowers, and clients also confirmed staff's appropriate behavior towards them though no delinquent borrowers were interviewed.
8. If a client repay full amount of loan before maturity, the DFI should charge the interest only for the period the loan was used.	Partially Follows Code	Partially Follows Code	OXUS has a write off policy in case of borrower death and a rescheduling policy in case of an emergency but some employees were not aware of it and borrowers are intentionally not informed to prevent misuse of policy. The branches pursue payment of loan if the family of the borrower has the ability and inclination to repay.
9. DFIs staff should be trained on standard client protection principles.	Partially Follows Code	Partially Follows Code	<p>FINCA's Loan Officers were not aware of a write off policy in the event of client death. However the credit policy states that Murabaha loan clients' relatives are liable for 50% repayment of the loan balance and the Branch Managers confirmed the policy. For non-Murabaha client loans there is no write off policy and the guarantor is responsible for the payment of the balance. It was not found that this policy was communicated to the client or guarantor.</p> <p>FINCA's credit policy does not address staff behavior towards clients but the clients interviewed acknowledged that the staff's behavior was appropriate towards them.</p> <p>A staggered interest repayment policy is established for borrowers who pay before loan maturity at both MFI but interest is not only based on the period the loan was used.</p> <p>At both MFIs employees' awareness of sector's code of conduct is limited to non-existent at all braches. A broad training on the MFIs internal code of conduct principles is provided at induction with no refresher trainings.</p> <p>Both MFI's clients expressed their satisfaction with the organization due to</p>

			timely loan processing and respectful behavior by Loan Officers.
<b>7. Responsible Governance</b>	<b>MFI I</b>	<b>MFI 2</b>	<b>Description of Findings</b>
1. DFIs must ensure implementation of their bylaws.	Follows Code	Follows Code	<p>OXUS: The Oxus Development Network has a Global Audit Manager that oversees implementation of the governance framework. In addition a Senior Operations Expert at the network level, who directly oversees OXUS Afghanistan operations and is a member of the board ensures that bylaws are implemented. Due to the legal nature of MFI registration in Afghanistan, OXUS holds quarterly board meetings instead of shareholder meetings. The board previously had two prominent Afghan board members but one has resigned and recruitment for a replacement is in process. In 2014 the Board of OXUS received governance-strengthening training during the annual strategic meeting retreat. The board has an Audit and Risk Committee as well as a SPM committee that reviews the action plan for the SPM implementation.</p> <p>FINCA: The MFI has a Governance Officer at the corporate level and a legal audit to ensure compliance with the bylaws is in final stages. Board meetings are held quarterly and two of the members are also shareholders. There are no independent or Afghan board directors on the board. A corporate governance manual is followed and while there is Audit and Risk Committee FINCA does not have a social performance committee. The board receives an update on any client complaints quarterly.</p>
2. DFIs should have the General Assembly/Shareholders and the General Assembly/Shareholders should meet at least once a year.	Follows Code	Follows Code	
3. DFIs should have a Board of Directors. Where possible, preference should be to have Afghans as Board members.	Follows Code	Partially Follows Code	
4. DFIs should consider at least one training on governance for the Board members in their current term.	Follows Code	Follows Code	
5. DFIs should have specific criteria for electing or appointing Board members.	Follows Code	Follows Code	
6. DFIs should have Audit and Social Performance committees.	Follows Code	Partially Follows Code	
7. DFIs should hold regular meetings of the Board of Directors – recommendation is at least once each quarter.	Follows Code	Follows Code	
8. DFI boards of directors should receive regular reports on the social performance of the institution.	Follows Code	Follows Code	
9. DFIs must ensure implementation of their bylaws.	Follows Code	Follows Code	
10. DFIs should have the General Assembly/Shareholders and the General Assembly/Shareholders should meet at least once a year.	Follows Code	Follows Code	
11. DFIs should have a Board of Directors. Where possible, preference should be to have Afghans as Board members.	Follows Code	Follows Code	

The graph below displays a summary snapshot of the COC assessment results.



## OBSERVATIONS

The development finance sector in Afghanistan, while less than 15 years old, has experienced the challenges of numerous other countries in establishing a sound and viable sector that will remain sustainable for the long term. According to The SEEP Network microfinance associations usually adopt self-regulation through a CoC for the following reasons: 1) to respond to a crisis; 2) proactively manage political risk; and to 3) strengthen the sector by establishing a set of standards for DFIs on expected levels of responsible lending. In Afghanistan's context, all three reasons apply given that development finance is a relatively new activity in the country and therefore needs to manage the reputational and political risks.

The sector collectively between the MFIs, MISFA, and AMA have taken a multi-faceted approach to the principles of client protection through adopting internal CoCs, supporting and participating in a newly established credit bureau by the Central Bank, and proactively sharing data on staff turnover and history with a central database (staff bureau) maintained by AMA. MISFA, as the apex designed to oversee the growth and development of the microfinance sector and as the main donor of AMA, also requires adherence to its own set of CoC principles for its partner MFIs as a condition for future funding.

While AMA members collaborated in 2014 to adopt a sector-wide CoC, what appears to have been distinctly absent have been support to the MFIs in the implementation of the code, a monitoring mechanism to gauge the level of implementation and a compliance reinforcement strategy in the event that a member MFIs does not follow or implement the codes. No doubt that monitoring and compliance is a challenge and requires monetary and human resources, which microfinance associations normally don't have in abundance. Furthermore, since AMA is not a regulatory organization, innovative methods need to be implemented in order to apply enforcement of the CoC.

Promoting a sector that is ethical, professional, and competitive while providing much needed financial services to people with limited education and entrepreneurial experience in an uncertain and insecure environment is not an easy feat. All the actors, AMA, MISFA, and DFIs evaluated are committed to the core principles of client protection but challenges remain that need to be addressed for the protection principles to be more effective. Noteworthy trends that surfaced during the course of the assessment are:

- **Awareness of CoC:** The code of conduct as AMA had envisioned has not been disseminated and awareness remain very low across staff levels.
- **Lack of resources:** Both MFIs cited lack of adequate human resources as the main cause of low employee awareness of the CoC.
- **High staff turnover:** MFIs have historically experienced high staff turnover and it appears more so recently due to competition and increased immigration out of the country taking with them institutional knowledge about client protection principles.
- **Client education:** Client's low financial literacy often is an obstacle to implement the codes of conduct effectively as they don't fully understand the interest rate calculation and only remember the total sum of the loan payment. For female borrowers it is especially difficult to maintain sustainable micro business since they lack basic financial literacy and business development skills.
- **Client rights:** Clients in general are not aware of their rights to privacy, transparency, client education and protection. While the MFIs, and rightfully so, stress the importance of client

obligations and responsibilities to ensure timely payments, limited information is provided to clients about their rights.

- **Overlapping CoCs:** There are currently several CoCs that MFIs have to adhere to voluntarily (AMA and international parent company) and compulsory if receiving funding from MISFA, which had its own requirement for a CoC, monitored by its Monitoring and Supervision Department.

## RECOMMENDATIONS

One of the purposes of this assessment is to identify opportunities for AMA and stakeholders to strengthen compliance of the CoC. While everyone interviewed for this assessment believes in the importance of client protection principles and have made efforts to enforce or implement the principles, gaps at institutional level remain to be addressed. The table below outlines a set of recommendations for AMA and members to improve compliance with the CoC.

### AMA

<p><b>1. Disseminate Awareness</b></p> <p>AMA to take a proactive role in disseminating awareness of the CoC and its benefits to support member organizations with human and financial constraints</p>	<ol style="list-style-type: none"> <li>1. Create mechanism for DFIs to formally adopt CoC by signing the document.</li> <li>2. Offer short quarterly training regularly on CoC principles to certify staff of MFIs and CSPIs.</li> <li>3. Develop web based or video training on CoC to support MFIs in conducting regular refresher training on Sector CoC.</li> <li>4. Distribute posters about the CoC and client rights in local languages to every branch of member MFIs and CSPIs.</li> </ol>
<p><b>1. Monitoring Compliance</b></p> <p>AMA to establish a mechanism to sustainably monitor members' compliance in house.</p>	<ol style="list-style-type: none"> <li>1. Develop monitoring tools based on MFA best practices<sup>11</sup> and SEEP Network tools customized for AMA's CoC with indicators to track progress.</li> <li>2. Establish a schedule to monitor selected MFIs on consistent basis.</li> </ol>
<p><b>3. Reinforce Compliance</b></p> <p>AMA to create strategy for high standards of compliance by highlighting and rewarding members and increasing transparency and confidence in the sector</p>	<ol style="list-style-type: none"> <li>1. Provide feedback to members after a cycle of monitoring by sending a short report on the findings.</li> <li>2. Produce simple statistical MFI comparisons on significant indicators of the CoC and share with members semi-annually to incentivize DFIs to increase compliance.</li> <li>3. Recognize DFIs that are compliant with the CoC by highlighting the achievement to their peers in the sector and inform MISFA along with any relevant stakeholders.</li> <li>4. Provide support to non-compliant members by working on an improvement plan that should include training to staff by AMA.</li> <li>5. Approve sanction policy by AMA board and general of non-compliant member DFI.</li> </ol>

<sup>11</sup> Review tools from the Smart Campaign, SEEP Network's Guide to Effective Codes of Conduct, and questionnaire developed for this assessment

<p><b>4. Advocacy</b></p> <p>AMA to advocate with sector stakeholders to achieve compliance and support for CoC</p>	<ol style="list-style-type: none"> <li>1. Coordinate with MISFA to align sector code with MISFA's requirement of CoC components.</li> <li>2. Advocate with donors to establish a client protection fund in AMA's budget for member MFIs to support strengthening of compliance for building capacity in DFIs, obtain Smart Campaign Certification, financial literacy for clients and other similar initiatives.</li> </ol>
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#### DFIs

<p><b>1. Client Rights and Promotion</b></p> <p>DFIs to take a more proactive approach to disseminate and promote CoC to branch and field level staff independent of any activities by AMA</p>	<ol style="list-style-type: none"> <li>1. Ensure that all levels of staff and management know the importance and benefits of the CoC by providing internal awareness workshops.</li> <li>2. Ensure that all staff signs off on a CoC document with key sector CoC principles included</li> <li>3. Ensure that clients are aware of their basic client protection and privacy rights to the extent realistic for the Afghan environment through verbal communication and on loan agreement.</li> </ol>
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#### Optional Considerations

<p><b>1. Member Self-Assessment</b></p>	<ol style="list-style-type: none"> <li>1. Develop a simple self-assessment tool based on monitoring tools for members' internal audit or risk departments to track compliance against all or the most important principles of the CoC.</li> </ol>
<p><b>2. Review of CoC</b></p>	<ol style="list-style-type: none"> <li>1. Undertake an annual review of the current CoC with members to update principles and consider aligning terminology with international client protection principles.</li> </ol>
<p><b>3. Coordination with MISFA</b></p>	<ol style="list-style-type: none"> <li>1. Advocate for MISFA to incorporate sector's CoC in the funding agreement with members receiving funding from MISFA.</li> <li>2. Create a joint committee between AMA and MISFA Monitoring and Supervision department to monitor progress of compliance with CoC.</li> </ol>

#### Conclusion

The AMA and its member DFIs have voluntarily adopted a process for establishing a code of conduct that is reflective of the Afghan environment based on guidelines recommended by The SEEP Network. Now that the initial critical process of drafting a set of standards and approval of member organizations have been obtained, AMA and its members are at a stage to strengthen the adoption of CoC, monitor compliance and increase awareness to the staff at field level where it is the most effective. It is encouraging that the DFIs assessed have operationalized the standards to a great extent, however the greatest gap at DFI level is the challenge of not being able to disseminate the benefits of the code to employees at all levels and to clients where it is relevant. Diligent monitoring and support by AMA to its members will be key in the coming years to achieve all the client protection principles. It is anticipated

that if the set of recommendations are implemented in the next year the sector's CoC will be strengthened and the members will be one step closer to achieving responsible finance environment in Afghanistan.

**Annex 1: List of Persons Interviewed****General**

Organization	Name	Position
AMA	Hashmat Amarkhail	Board Chairperson
AMA	Najib Samim	Executive Director
AMA	Fahim Naimi	Research and Communications Manager
FAIDA	LB Prakash	Team Leader
FINCA Afghanistan	Sher Zaman	CEO
MISFA	Khalil Baheer	Director of Development
Oxus	Salim Khan	CEO

**OXUS**

Location	Name	Position
OXUS, Head office	Mr. Mohibullah Anayat	Head of Operation
OXUS, Head office	Ms. Fatima Anosha	HR Manager
OXUS, Kabul 2 Branch	Mr. Ahmad Feroz Danish	Branch Manager
OXUS, Kabul 2 Branch	Mr. Mayel Mohammadi	Credit Manager
OXUS, Kabul 2 Branch	Mr. Assadullah Naimi	Credit Manager
OXUS, Kabul 2 Branch	Ms. Wahida	Credit Manager
OXUS, Kabul 2 Branch	Mr. Azimullah	SME Loan Officer
OXUS, Kabul 2 Branch	Mr. Hekmatullah	SME Loan Officer
OXUS, Kabul 2 Branch	Mr. Serajuddin	Individual Loan Officer
OXUS, Kabul 2 Branch	Ms. Salama	Individual Loan Officer
OXUS, Kabul 2 Branch	Ms. Freshta	Individual Loan Officer
OXUS, Kabul 2 Branch	Ms. Shogofa	Individual Loan Officer
OXUS, Kabul 2 Branch	Ms. Khoshbo	Individual Loan Officer
OXUS, Kabul 2 Branch	Mr. Edris	Individual Loan Officer
OXUS, Kabul 2 Branch	Mr. Azam	Individual Loan Officer
OXUS, Kabul 2 Branch	Mr. Keramuddin	Individual Loan Officer
OXUS, Kabul 2 Branch	Mr. Irshad	Individual Loan Officer
OXUS, Kabul 2 Branch	Mr. Nesir Ahmad	Individual Loan Officer
OXUS, Kabul 2 Branch	Mr. Faisal	Individual Loan Officer
OXUS, Kabul 2 Branch	Mr. Mohammad Masoor	Client
OXUS, Kabul 2 Branch	Mr. Abdul Rahman	Client
OXUS, Kabul 2 Branch	Ms. Fahima	Client
OXUS, Kabul 2 Branch	Mr. Mohammad Ekram	Client
OXUS, Kabul 2 Branch	Mr. Mohammad Farhad	Client
OXUS, Kabul 2 Branch	Mr. Rahmuddin	Client
OXUS, Kabul 2 Branch	Ms. Halima	Client
OXUS, Kabul 2 Branch	Ms. Lailoma	Client
OXUS, Kabul 2 Branch	Mr. Faridoon	Client
OXUS, Kabul 2 Branch	Mr. Waheed Agha	Client
OXUS, Charikar Branch	Mr. Nazir Ahmad Noori	Operation Officer
OXUS, Charikar Branch	Ms. Nafisa	Credit Manager
OXUS, Charikar Branch	Mr. Mojeeb Rahman	Credit Manager



OXUS, Charikar Branch	Mr. Abdul Rahman	Individual Loan Officer
OXUS, Charikar Branch	Mr. Mohammad Farid	Individual Loan Officer
OXUS, Charikar Branch	Mr. Mohammad Yahya	Individual Loan Officer
OXUS, Charikar Branch	Mr. Sliman	Individual Loan Officer
OXUS, Charikar Branch	Mr. Abdul Alim Khan	Individual Loan Officer
OXUS, Charikar Branch	Mr. Jamaludding	Individual Loan Officer
OXUS, Charikar Branch	Ms. Nelofer	Individual Loan Officer
OXUS, Charikar Branch	Ms. Nazifa	Individual Loan Officer
OXUS, Charikar Branch	Ms. Rabia	Individual Loan Officer
OXUS, Charikar Branch	Mr. Mohammad Iqbal	Client
OXUS, Charikar Branch	Mr. Mohammad Azim	Client
OXUS, Charikar Branch	Mr. Abdul Qahir	Client
OXUS, Charikar Branch	Mr. Aziz Ahmad	Client
OXUS, Charikar Branch	Mr. Jan Ahmad	Guarantor
OXUS, Charikar Branch	Mr. Ghulam Dastagir	Client
OXUS, Charikar Branch	Mr. Sayed Aqa	Client
OXUS, Charikar Branch	Mr. Mohammad Nazir	Client
OXUS, Charikar Branch	Mr. Agha Mohammad	Client
OXUS, Charikar Branch	Mr. Ahmad Farid	Client
OXUS, Charikar Branch	Mr. Farid Ahmad	Guarantor

### FINCA Afghanistan

Organization	Name	Position
FINCA, Head office	Mr. Ali Rawnaq	Chief of Operation
FINCA, Head office	Mr. Mirza Ali Wasiaq	HR Manager
FINCA, Kabul, Qala-i-Fahtihullah	Mr. Mohammad Esa	Regional Manager
FINCA, Kabul, Qala-i-Fahtihullah	Mr. Sayed Abdul Qader	Acting Branch Manager
FINCA, Kabul, Qala-i-Fahtihullah	Ms. Fereba	Loan Officer
FINCA, Kabul, Qala-i-Fahtihullah	Ms. Nadia	Loan Officer
FINCA, Kabul, Qala-i-Fahtihullah	Ms. Arifa	Loan Officer
FINCA, Kabul, Qala-i-Fahtihullah	Mr. Faizmir	Loan Officer
FINCA, Kabul, Qala-i-Fahtihullah	Mr. Faizullah	Loan Officer
FINCA, Kabul, Qala-i-Fahtihullah	Mr. Bashir Ahmad	Client, husband, guarantor
FINCA, Kabul, Qala-i-Fahtihullah	Mr. Mohammad Sahim	Client, guarantor
FINCA, Kabul, Qala-i-Fahtihullah	Mr. Qand Agha	Client
FINCA, Kabul, Qala-i-Fahtihullah	Ms. Fazila	Client
FINCA, Kabul, Qala-i-Fahtihullah	Ms. Mosooma	Client
FINCA, Kabul, Qala-i-Fahtihullah	Ms. Bibi Jan	Client
FINCA, Kabul, Qala-i-Fahtihullah	Ms. Maryam	Client
FINCA, Charikar Branch	Mr. Ahmad Mujtab Hofiani	Branch Manager
FINCA, Charikar Branch	Mr. Ahmad Murid	Credit Officer
FINCA, Charikar Branch	Mr. Ghulam Umer	Credit Officer
FINCA, Charikar Branch	Mr. Mohammadajan	Credit Officer
FINCA, Charikar Branch	Mr. Mir Aqa	Credit Officer
FINCA, Charikar Branch	Ms. Fazila	Credit Officer
FINCA, Charikar Branch	Ms. Mozghan	Credit Officer
FINCA, Charikar Branch	Ms. Mehbooba	Credit Officer
FINCA, Charikar Branch	Ms. Raqiba	Credit Officer
FINCA, Charikar Branch	Ms. Nazia	Credit Supervisor

FINCA, Charikar Branch	Mr. Ghulam Sawar	Client
FINCA, Charikar Branch	Mr. Mohammad Mokhtar	Client
FINCA, Charikar Branch	Mr. Abdul Zakir	Client & Guarantor
FINCA, Charikar Branch	Mr. Matiullah	Client
FINCA, Charikar Branch	Mr. Sayed Agha	Client
FINCA, Charikar Branch	Mr. Jan Agha	Client
FINCA, Charikar Branch	Mr. Gul Padshah	Client
FINCA, Charikar Branch	Mr. Faiz Mohammad	Client
FINCA, Charikar Branch	Mr. Abdul Hameed	Client

**Annex 2: List of MFI Documents Reviewed****Oxus**

Human Resource	Credit Department
HR Manual	Credit policy
<b>Personal file of employees:</b> <ul style="list-style-type: none"> <li>• Employment contract</li> <li>• Job description</li> <li>• Guarantor forms</li> <li>• Education documents</li> <li>• Reference check form of Pervious employer</li> <li>• Reference check form with MFIs</li> <li>• Reference check with AMA and email</li> <li>• Promotion and disciplinary letter</li> <li>• Interview form</li> <li>• Offer letter</li> <li>• Employee appraisal form</li> </ul>	<b>Client file:</b> includes the followings: <ul style="list-style-type: none"> <li>• Loan application form</li> <li>• Loan appraisal form or business analysis form</li> <li>• Certificate of property by Wakil Guzar, municipality or property dealer</li> <li>• Residential Certificate of clients by Wakil Guzar</li> <li>• Loan committee approval form</li> <li>• Repayment schedule</li> <li>• Slip of upfront payment administrative cost</li> <li>• Business review form</li> <li>• Three type of guarantor form (financial guarantor, family guarantor and ضامن سر)</li> </ul>
<b>Induction training materials:</b>	

**FINCA Afghanistan**

Human Resource	Credit Department
<ul style="list-style-type: none"> <li>• HR Manual</li> </ul>	Operation Manual: FINCA Code of Conduct
<b>Personal file of employees:</b> <ul style="list-style-type: none"> <li>• Employment contract</li> <li>• Job description</li> <li>• Guarantor forms</li> <li>• Education documents</li> <li>• Reference check with AMA and email</li> <li>• Police certificate</li> <li>• Health certificate</li> <li>• Promotion and salary increment documents</li> <li>• Interview form</li> <li>• Offer letter</li> <li>• Employee appraisal form</li> </ul>	<b>Client file:</b> includes the followings: <ul style="list-style-type: none"> <li>• Loan committee approval form</li> <li>• Loan application form</li> <li>• Business analysis form</li> <li>• Client personal and property assessment f</li> <li>• Client repayment capacity assessment fo</li> <li>• Client character and condition assessment form</li> <li>• Capital assessment form</li> <li>• Title deed assessment form</li> <li>• Loan contract</li> <li>• Residential Certificate of clients by Wakil Guzar</li> <li>• Repayment schedule</li> <li>• Three type of guarantor form (financial guarantor, family guarantor)</li> <li>• Exclusion list form</li> </ul>

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