

AMA Function Area

Lobby and Advocacy

Knowledge Management

Coordination and Networking

Capacity Building

MICROMAG 12

June 2020

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Background

The Microfinance Investment Support Facility for Afghanistan (MISFA) and microfinance institutions (MFIs) founded the Afghanistan Microfinance Association (AMA), the national network of development finance institutions in Afghanistan, in 2005. AMA supports the sustainable development of the Afghan financial sector by collaboration, networking, knowledge management, lobbying, advocacy, and capacity building.

MISFA provides financial, technical, and infrastructure development assistance support to AMA. MISFA's support assists AMA in becoming a leader and representative of Afghanistan's development finance sector to achieve institutional viability and to play a vital role in advocacy efforts. As of June 2020, the combined portfolio of nine AMA member institutions stood at over AFN 8 billion (\$121 million) in outstanding loans to more than 175,611 borrowers, of whom 50% are women.

quote

“AMA is an efficient, reputable association with comprehensive goals and plans. My first interaction with AMA was truly inspirational. How can the entity uniting the entire microfinance sector of the country on its network also be so effective and, at the same time, supportive. During my professional experience, I encountered several organizations that were supposed to act as a unifying forum for the industry, and AMA is the most productive of them.

It is difficult to overestimate the role of AMA for Afghanistan's microfinance sector, and I am happy to be part of such a successful platform.”

Vahid Najafzada
Chief Executive Officer, Mutahid DFI

AMA advocacy strengthens local government support to MFIs

Sustained and organized outreach and activism by AMA in 2020 has improved multi-level support for microfinance institutions through provincial and local governments.

Following discussions at AMA coordination meetings in various regions between January-June 2020, the key issues below have been described by MFIs as the main factors adversely affecting their on-the-ground operations: Insufficient cooperation and support from community leaders for client verification, and lack of collaboration and support from local government authorities, especially the Governor and Attorney General's Offices, the Departments of Justice, and Police.

To resolve these challenges, AMA embarked on an annual lobbying program on behalf of the sector, which involved increased outreach and collaboration with core stakeholders in each province to identify concerns and gain support.

First, AMA's top-down approach to meeting higher authorities at the regional level culminated in improved communication, collaboration, and cooperation between sector players and local authorities.

AMA, along with representatives of MFIs, met with Provincial and District Governors, Deputy Governors, Police Departments, and community leaders in the following provinces: Jawzjan, Baghlan, Samangan, Kabul, Parwan, and Takhar.

MFI representatives briefed government authorities on the background of the microfinance sector providers in Afghanistan and on how their mission towards financial

inclusion contributes to poverty reduction. By explaining how MFIs enable low-income household's access to financial services that would otherwise not be offered by banks and traditional financial institutions, AMA and its member MFIs increased awareness of how their successful operations can impact local communities.

The challenges they face in their operations were also relayed, and assistance was requested, in particular, in the form of letters of support for the MFIs operations by the provincial authorities requesting the relevant local government entities to support and cooperate with AMA members.

The meetings were also an opportunity for the sector to explicitly appeal to its government partners to increase cooperation and support for MFIs operating in their provinces. Local officials welcomed the accomplishments of MFIs and pledged their support in the future.

They recognized microfinance as a critical contributor to poverty reduction by providing capital loans to low - income households to start-up and or expand small businesses in their area and the country.

Outcome of the meetings:

Increased awareness and positive perceptions of microfinance by local government authorities; and More substantial support by the Police department to MFIs in recovering delinquent client loans.

"Due to lack of information about the purpose and operation of the microfinance sector, I had rejected many MFIs cases in the past. Now that I received full awareness on the program, I, along with my team, will fully support MFIs operations in Jawzjan and work towards overcoming their existing issue/challenges and pave the road to increase their productivity."

Mr. Qader Malia Turkman
The Acting Governor of Jawzjan

MISFA Extends its Support to AMA

Microfinance Investment Support Facility for Afghanistan (MISFA) extended its financial support to the Afghanistan Microfinance Association for 2020.

The agreement was signed at a ceremony at MISFA office, by Mr. Bahram Barzin, Managing Director, MISFA, and Mr. Mohammad Akbar Sarwari, Executive Director, AMA, on March 3, 2020. Under this agreement, MISFA will finance planned activities of AMA under its four principal pillars: lobbying and advocacy, knowledge

management, coordination and networking, and capacity development.

The grant will help AMA to provide increased services at the national and regional level to its members and stakeholders.

Since its inception in 2005, MISFA, one of AMA's founding members, has provided AMA with technical and financial support. AMA recognizes the generous support of MISFA to AMA in recent years and anticipates future support from MISFA.



Meeting with the Deputy Governor of Balkh Province

AMA, along with its member MFI representatives, met Mr. Mohammad Bashir Tawhidi, the Deputy Governor of Balkh province in April 2020 to increase awareness and understanding about the microfinance sector, discuss the problems faced by MFIs, and attract government support.

The Deputy Governor has updated on the activities of the development finance sector its

challenges and requested his support to overcome the obstacles. The critical problems of MFIs in Balkh is the lack of consistent support from local government authorities, particularly the Departments of Security, and community leaders. Mr. Tawhidi appreciated the activities and operations of AMA and its MFI members in the province of Balkh and promised his full support.

TUP - Access to Finance Awareness Workshops

Under the agreement signed between AMA and MISFA, 22 Program Awareness Workshops on TUP (Targeting the Ultra Poor) Access to Finance will be conducted for MISFA in 11 provinces to beneficiaries of the program.

The purpose of the workshop is to increase the awareness of the beneficiaries on the financial services available in their area in order to encourage linkage with financial institutions.

The target for AMA in 2020 is to create up to 1,100 linkages between TUP beneficiaries and Microfinance and CSPIs institutions.

During June 2020, AMA organized two awareness workshops in the province of Parwan as part of its annual plan to increase availability of credit to TUP program beneficiaries.

The meetings were held in the CoAR Parwan regional office conference hall, attended by a total of 145 people, including the recipients, CoAR TUP project staff, MISFA, AMA, and representatives of financial institutions operating in the province. The MFIs that participated in the workshops thus far are FMFB Afghanistan and OXUS as well as WEE-RDP.

Mr. Mohammad Akbar Sarwari, Executive

Director of AMA, said this is a perfect opportunity for women to be informed of the microfinance program, and have access to capital. He also said women could use the working capital to start small businesses, increase the number of productive assets, open savings accounts, increase their crop harvest, and be sustainable.

In addition, he spoke in detail about the project's goals. He thanked MISFA for its financial support to AMA in organizing such useful workshops, which is, in fact, very informative for women to have access to loans. He urged the women in their villages to inform other women of the availability of the microfinance program.

Outcomes of the workshops:

- The awareness of 120 participating beneficiaries on access to finance has increased, and ties between MFIs and TUP beneficiaries are developed to increase access to finance.
- The event provided marketing opportunities for MFIs and CSPIs to promote its product offerings.





FINCA Afghanistan launches Agency Banking

FINCA Afghanistan, as a subsidiary FIF (FINCA Impact Finance), recently launched Agency Banking and a Centralized Underwriting Unit, under the FINCA 2.0 strategy, an initiative by FIF to digitally transform FINCA subsidiaries and to make its products and services convenient and accessible to its customers and clients.

Agency Banking

Agency banking utilizes a network of local merchants and shopkeepers, in areas where FINCA usually does not have a presence, to provide essential banking services. The agents are equipped with POS (Point of Sale) machines, a portable device that securely connects to FINCA bank accounts.

Now there is no need for the FINCA Afghanistan customers to visit the branch, commute, and wait in a queue to access financial services. They can simply pay and receive loans through the nearest authorized M-Paisa agents.

Agency banking has increased clients' level of satisfaction, especially during the Covid-19 pandemic. Instead of clients waiting in long queues or risk their health in traveling to a local branch, they were able to access credit and make payments with less personal risk. An additional benefit to clients is increased awareness and capacity through leveraging this digital channel and reduced risk of handling physical cash by accessing electronic money through Roshan's e-money services.

Centralized Underwriting Unit

Centralized Underwriting Unit (CUU) is a paperless mechanism for the timely implementation of loan approval through Digital Field Automation (DFA).

FINCA Afghanistan is the first MFI to launch CUU in Afghanistan with a customer-centric approach. Implementing CUU during the Covid-19 pandemic has saved branches processing time, reduce touchpoints, improved accuracy of data, and prepared the credit environment for automation.



The First MicroFinanceBank Corporate Online Banking

The First MicroFinanceBank – Afghanistan has recently launched its Corporate Online Banking Service for corporate entities/organizations which after opening Accounts in any FMFB's branch get online access to their accounts, transfer funds, check their account balance, view their recent transactions.

The Corporate Online Banking Service enables you to initiate bulk transfers, local and international transfers, multiple transfers in all currencies along with other valuable features.

To opt-in for our Online Banking services, kindly visit one of your nearest FMFB-A branches to fill in the online banking registration form.

For further information about our Online Banking services, please contact our customer services or visit our website.



24/7 Access



View Your Transactions



Check Balances



Fund Transfer



Get Account Statements



Islamic Investment & Finance Cooperatives (IIFC) Group expands operations



The Islamic Investment & Finance Cooperatives (IIFC) Group expanded its operations, opening a new branch in Adnkhoi, Faryab provinces, in March 2020. In addition to creating four new jobs, through this branch, IIFC-Group provides financial services to government employees, men and women entrepreneurs, who are seeking financial assistance to expand their existing businesses or start a new one. IIFC-Group senior management participated in the inaugural opening of this branch.

IIFC-Group, a Microfinance Institution in Afghanistan, is dedicated to building teams of recognized professionals to create and deliver the most efficient microfinance services. IIFC-Group provides conventional and Islamic financing that provides Afghan entrepreneurs access to finance. The IIFC Company, with its experience and knowledge, will continue to support its clients on this path.

IIFC-Group to date has disbursed AFN 1.3 million to its clients from the Andkhoy Aqina branch. The term for the loans is from 6-24 months. So far, the borrowers have expressed they are satisfied with the financial services provided to them.

Address: Faryab province, Andkhoy, Telecommunication Street, Mohammad Ihsan Rahmani Market

E-mail: Andkhoy.iifc@iifcgroup.org | Website: www.iifcgroup.org | Phone: 0728 666 171



OXUS Afghanistan launches a new product

OXUS Afghanistan vision is being a transparent and responsible enterprise, providing high-quality financial services, working with poor and the underbanked in Afghanistan, development of recognized professional create and deliver the most efficient microfinance services to improve the sustainable livelihoods of customers to be the microfinance organization of reference where OXUS Afghanistan work

RAHAT Scheme product

In line with the vision and mission of OXUS Afghanistan, a new product, RAHAT, was introduced to clients this year. The RAHAT product was launched on February 15, 2020, in three branches of Kabul and subsequently to all other provincial branches.

The RAHAT product is designed to meet the urgent credit needs of established OXUS customers with excellent credit history. This scheme will cover high loan requests and can be a top-up to the existing loans. A client with regular income and good credit history can obtain a loan in 40 minutes through a single paper contract.

OXUS anticipates that both existing and new customers will be motivated to establish good credit history by making timely payments to have access to RAHAT. It will also increase client loyalty and reduce the burden on loan officers because of its quick and efficient design resulting in improved productivity.

.Customers especially appreciated this new product during the COVID-19 pandemic crisis in that they have fast and easy access to meet their credit needs.

Exclusive Interview with Mr. Ibrahimzada

Mr. Ibrahimzada has performed various professional and specialized duties in numerous government programs for the past 15 years. From 2001-2009 he was engaged in multiple programs of the Ministry of Agriculture, Irrigation, and Livestock. Since 2012, he has been working with the Ministry of Rural Rehabilitation and Development (MRRD).

Mr. Ibrahimzada is Deputy Director of the Women Economic Empowerment–Rural Development Program (WEE-RDP). The goal of WEE-RDP is to promote women's economic empowerment through strong financially sustainable and self-managed community institutions, improved income, sustainable enterprises, and developing increased access to finance and markets.

Mr. Ibrahimzada is completing a diploma in Sustainable Rural Development from NIRD, India. He holds a Master's degree in Natural Resource Management from The Energy and Resources Institute (TERI)



Q1. What are the objectives of WEE-RDP project?

The objective of the WEE-RDP is to increase the social and economic empowerment of poor rural women in selected communities of Afghanistan.

The overall goal of WEE-RDP is the promotion of women's economic empowerment through strong financially sustainable and self-managed community institutions, improved income, sustainable enterprises, and developing increased access to finance and markets.

Q2. How do you see the role of microfinance institutions and saving groups in promoting the economy of the Afghan people?

Microfinance plays a critical role in promoting economic development and job creation. As we see it, micro and small enterprises have the highest potential for achieving growth with support from MFIs. Small businesses are quick to adapt and take advantage of economic opportunities, so they scale quickly.

They are also present in almost all parts of the country and can create employment in underserved areas. Women's businesses, in particular, often lack collateral, and microfinance is their only option for growing their businesses.

Exclusive Interview with Mr. Ibrahimzada

Q1. How do you see AMA's performance, and what additional services could AMA provide to its members and stakeholders?

AMA is already playing a significant role in supporting lending for its members through a variety of its activities, including awareness raising, training, and exposure visits to improve the MFI's capacity. It is also working to raise awareness of credit among potential borrowers and government authorities.

In addition, my recommendation is for AMA to arrange joint coordination meetings between microfinance institutions and WEE-RDP to collaborate on meeting the needs of WEE-RDP project beneficiaries as their economic status is poor and ultra-poor. AMA can work with MFIs to provide loan services according to these communities' abilities and need for financial services and economic development.

Q2. What specific approach does the WEE-RDP project take to address the economic challenges currently faced by Afghan women?

WEE-RDP beneficiaries are female, and there are significant limitations on their mobility and activities by their family. Even most beneficiaries are hesitant to share their actual name, and it is challenging to find literate authorized signatories to introduce them for a bank for account opening and seed grant withdrawal.

Unfortunately, women have no specific income-generating activities. While most loans are provided to female beneficiaries, it is the male member of the family that is using it for income generation activities.

Q3. Any other information you may want to share.

Since WEE-RDP has stopped providing services to AREDP VSLAs, for AMA, I would recommend working with mature VSLAs to create linkage with the microfinance institutions.



AGA KHAN FOUNDATION

Aga Khan Foundation Afghanistan

Meet Our Member!

Aga Khan Foundation Afghanistan (AKF-A) is part of the global Aga Khan Development Network (AKDN), which began working in Afghanistan in 1996 when it started distributing food aid during the country's civil war. Since 2002, AKDN, and AKF-A, have committed over US\$1 billion in development assistance to the country for economic, social, and cultural inputs. AKDN's approach is based on the belief that comprehensive area development, led by Afghan institutions, built on partnerships between government, business, and civil society, is the surest way to secure Afghanistan's transition to stability and prosperity.

The Aga Khan Foundation (AKF) is a non-denominational, international development agency established in 1967 by His Highness the Aga Khan. Its mission is to develop and promote creative solutions to problems that impede social development and to improve quality of life, primarily in Asia and East Africa. It was established as a private, non-profit foundation under Swiss law and had branches and independent affiliates in 21 countries, including Afghanistan.

Since 2002, AKF-A has expanded to seven provinces in the country in the Northern and Central provinces of Badakhshan, Baghlan, Samangan, Takhar, Kunduz, Bamyān, Parwan, and most recently Daikundi. AKF-A aims to improve the quality of life of women and men, boys and girls, in its implementing areas through complementary intervention in Health, Agriculture and Food Security, Education, Early Childhood Development, Civil Society and Governance, and Economic Inclusion. AKF-A's

work is underpinned by a strong commitment to inclusive development and gender equality. In addition, AKF-A partners with several ministries, government bodies, and other NGOs to assure that a strong coordination body is in place for effective and sustainable development.

Financial Inclusion:

In 2006, AKF-A embarked upon promoting Self Help Groups (SHG), a comprehensive program aimed at promoting affordable savings and credit services in rural areas. In 2009, AKF-A adopted the Community Based Saving Group (CBSG) approach to extend access to finance at the grass-roots level. The CBSG program is a three-year support program, after which AKF-A provides only occasional monitoring and support to the "graduated" CBSGs. However, experience showed that in many cases, graduated CBSGs continue to require significant support, and this support varies by CBSG. AKF-A continued to strengthen, expand, and evolve the CBSG program.

Further, AKF - A engagement at the community level has also highlighted the opportunity for CBSGs to play a more significant role supporting their members' economic development – but this could not be achieved by individual CBSGs.

AKF-A tested the idea of clustering CBSGs together at the village-level in few communities and designed a model of CBSG clustering. These Clusters would respond to existing challenges around supporting CBSG sustainability and play a significantly expanded role in supporting their members' economic development.

Microfinance Client Success Story

Anissa, 38, lives in the village of Deh Meskin, in the Bagram district of Parwan province, with five daughters, two sons, and a child. Anissa was only in school until she was 12 years old, so she is adamant that her children should be educated, with five currently in school (and two still to start). Anissa earns money sporadically from tailoring, while her husband earns around 9,000 AFN (US \$115) a month from working at a petrol station.

Before joining Hand in Hand (HiH) Afghanistan project, Anissa was a member of CARE Afghanistan's "Every Voice Counts" program, which works to politically empower and encourage women to exert more significant influence on local and national political processes. She joined the project because she wanted to improve her tailoring business.

She says of the Hand in Hand training, "We've learned a lot about self-help and how to manage a group. Now I know how to calculate and record expenses, incomes and can count my profits."

Since Anissa was already running a small business, she qualified for AFN 3,000 (US\$38) loan from her Self-Help Group. She bought an overlock machine (which allows the user to sew over the edge of one or two pieces of cloth for edging, hemming, or seaming). Previously, she would have to pay other tailors AFN 100 (US\$1.27) to use their machine.

Anissa now earns approximately AFN 6,000 (US \$77) per month, with members of her community favoring her services to other tailors in the community. She uses the income to buy food for her family and items for her children's

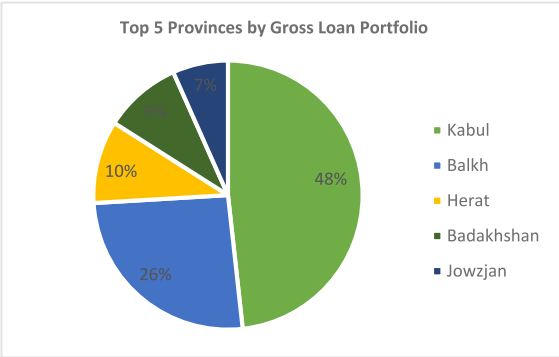
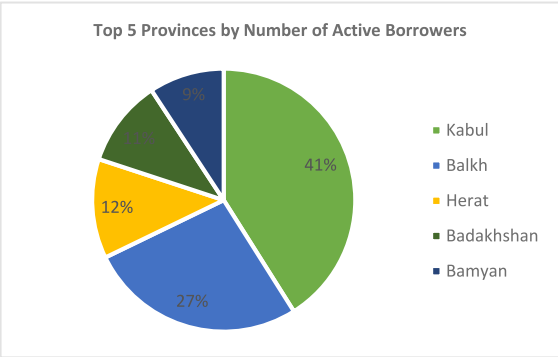
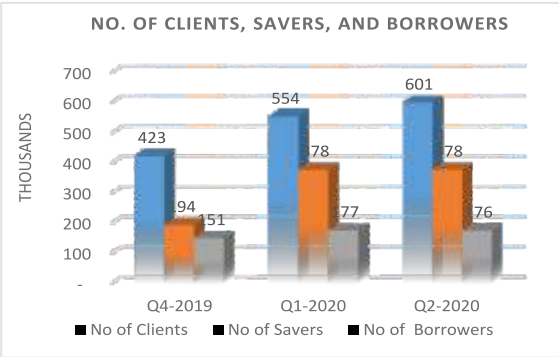
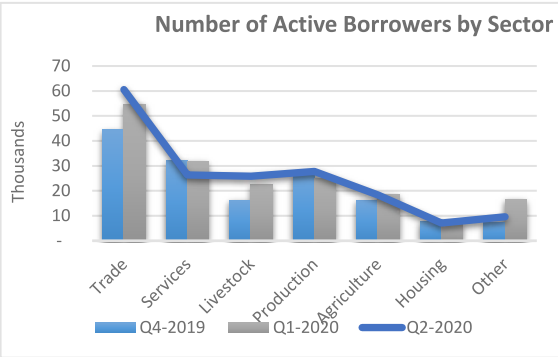


schooling, such as stationery, as well as for extra materials for her business. She also puts AFN 700 (US\$9) aside each month to repay her loan.

Anissa will soon undertake vocational training using a tailoring start-up toolkit provided to her by Hand in Hand. This will help her to expand her work and supply more customers, subsequently boosting her income.

Talking about the future of her business, Anissa clarified that she hopes to purchase more tailoring machines and recruit some additional workers to improve her production.

Sector At A Glance



Events

National and International Trainings and Events

International

WHAT: Inclusive Finance Summer Academy

WHEN: August 24, 2020 - August 28, 2020

WHERE: Frankfurt, Germany

WHAT: Climate & Sustainable Energy Finance Summer Academy

WHEN: August 24, 2020 - August 28, 2020

WHERE: Frankfurt, Germany

WHAT: Mondato Summit Africa 2020

WHEN: September 23, 2020

WHERE: Mondato Africa

WHAT: European Microfinance Week 2020

WHEN: November 16, 2020

WHERE: Online

WHAT: 2020 SEEP Annual Conference

WHEN: October 26, 2020 - October 30, 2020

WHERE: Online

WHAT: Finance Magnates London Summit 20

WHEN: 17 Nov 2020 - 18 Nov 2020

WHERE: London

National

• AIBF Trainings: July – December 2020

☞ Quality Customer Service

☞ Training of Trainers (IFC Modules)

☞ Risk-Based Approaches for Modern Internal Auditing

☞ Quick Book Specialist

☞ Information System Administration

☞ TOEFL and IELTS

☞ Diploma in Banking and Finance

☞ Assessing in Marketing Opportunists (IFC Modules)

☞ Letter of Credit and Bank Guarantees

☞ Risk Management & Stress Testing

☞ Risk-Based Internal Audit

☞ Sharia Compliance

☞ Professional Certification in Islamic Finance (PCIF)

☞ Business Promotion Skills

☞ Information Systems Audit

☞ Loan Portfolio Management

☞ Capital Adequacy Ratio

☞ Credit Risk Management

☞ Project Management Professional (PMP)

☞ Communicating Effectively (IFC Modules)

☞ Internal Audit and Internal Controls

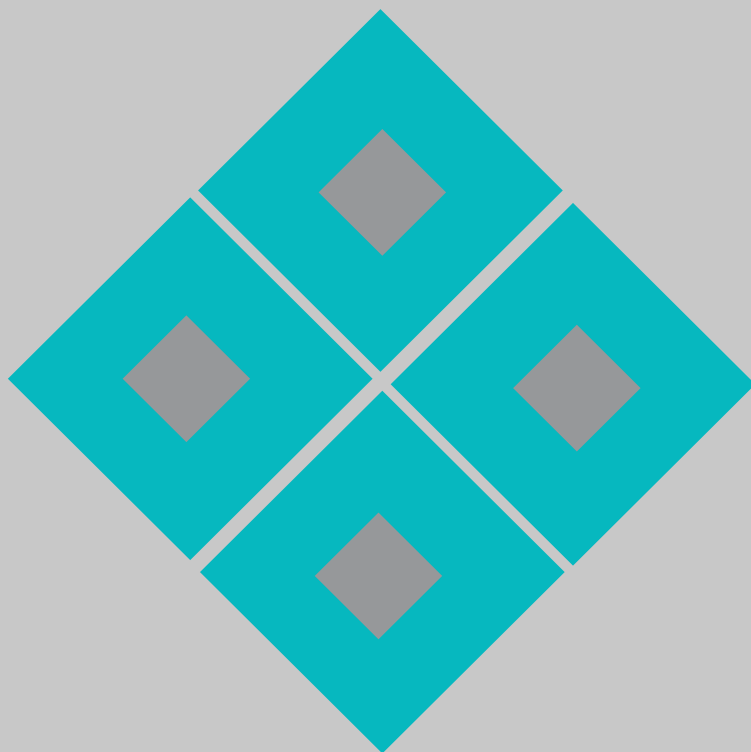
☞ Risk Assessment Methodology

☞ Compliance Function at Branch Level

Microfinance Clients



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