

ANNUAL REPORT | 2018



Afghanistan Microfinance Association (AMA)



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Funded By:  **MISFA** LTD
Microfinance Investment Support
Facility for Afghanistan

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2005-2010

The Start: AMA was established in May 2005, as the national network of MFIs in Afghanistan.

AMA was housed in an MFI with few resources and limited activities.

- Registered in 2007 with Ministry of Justice.
- Became member of South Asian Microfinance Network.
- Trained over 800 MFI staff.
- Published newsletters and articles.

2011-2012

Rejuvenation: AMA revived through support from USAID's FAIDA project and continued support from MISFA. Started anew with new vision.

- New management, staff, governance and office.
- Expanded membership.
- Expanded activities into provinces.
- Sector coordination: CEO Coordination Meetings, CSPI Forum, Development Finance Working Group Meetings.
- Knowledge Management: sector update reports, training needs assessment, newsletter, website.
- Lobbying and Advocacy: Program and Legal Awareness Meetings and Regional Coordination Meetings.
- Capacity Building: peer learning workshops, Pakistan Microfinance Network study tour.
- Membership in SEEP Network.
- 169 MFI staff capacities enhanced.

2012

Establishment: AMA established itself as the true representative of the development finance sector and gained trust and credibility among its members, donors and stakeholders.

- Diversified its membership base- 8 new memberships.
- Initiated transition of responsibilities from MISFA to AMA - took over responsibilities of two coordination hubs.
- Signed partnership agreement with MIX market.
- Launched CSPI forum in Kabul and extended to Balkh province.
- Conducted the first Salary Survey.
- Developed Communication Strategy and Branding guidelines.
- Partnership with UN Habitat - trained 670 community banks leaders and staff.
- Scholarships- awarded 6 scholarships for international trainings and conferences.

2013

Strengthening: After full establishment in 2012, AMA focused on strengthening its infrastructures and systems.

- Launched MicroView online application; published 3 MicroView reports.
- Drafted Code of Conduct for the Development Finance Sector of Afghanistan.
- Signed MOU with MISFA on transition of responsibilities from MISFA to AMA.
- Developed AMA communication strategy 2013-2014.
- Led coordination of stakeholders in the Eastern region.
- Participated and represented Afghanistan's development finance sector in international events, including the SEEP conference in the United States, and the India Microcredit Summit.
- Expanded AMA membership to 15, with three new members this year.
- Initiated SME loan verification mechanism.
- Awarded 5 scholarships to AMA member staff to attend an international conference.
- Organized 3 exposure visits at national and international levels.
- Established Credit Registry and Reputation Risk Management Working Groups.
- Assessed the impact of Program and Legal Awareness Meetings.

2014

- Implementation: with infrastructures and systems strengths, AMA implemented its planned activities and focused on new initiatives.
- Completed the transition of responsibilities of development finance sector coordination, advocacy/lobbying and communications from MISFA
 - Finalized the Code of Conduct after six months pilot implementation
 - Developed the Social Performance Management Framework for Afghanistan.
 - Conducted the second Salary Survey and published the report.
 - Published the first Microfinance Magazine “MicroMag” in three languages
 - Conducted the first Members Feedback Survey in collaboration with the SEEP Network
 - Took over the responsibility of organizing Women Access to Finance & Islamic Finance Workshops from FAIDA.
 - Initiated facilitation of six out of seven MFIs participation in Da Afghanistan Bank’s (DAB) Public Credit Registry.
 - Initiated organizing microfinance program awareness meetings at district levels
 - Initiated Client Success Stories Competition in Afghanistan- the first event was organized.
 - Initiated promoting AMA and Microfinance sector visibility in TVs.

2015

- Strategizing: AMA, developing its strategic plan, focuses its activities to achieve its strategic targets.
- Developed the five years Strategic & Sustainability Plan (SSP) for AMA.
 - Signed an MOU with Afghanistan Institute of Banking & Finance (AIBF) to jointly conduct trainings in the provinces.
 - Conducted a Training Needs Assessment (TNA) to better understand the capacity building needs of the sector.
 - Initiated meetings with the Provincial Governors to increase awareness and attract their support for the sector.
 - Conducted a study on the Status of CSPIs in Afghanistan to determine the status and potential of CSPIs in Afghanistan.
 - Gained the honor to serve as the Vice Chairperson for South Asian Micro-entrepreneurs Network (SAMN) for a three years term.
 - Facilitated participation of FINCA Afghanistan, OXUS Afghanistan, Mutahid DFI, and ARFC in DAB’s Public Credit Registry (PCR). The MoUs were signed between these four MFIs and DAB|PCR.
 - Published the sector Code of Conduct booklet in three languages; English, Dari and Pashto and shared with AMA members for implementation.
 - Represented AMA and the development finance sector in different national and international forums.

2016

- Diversifying Fund: With the strategic and sustainability plan in place, AMA focused on diversifying its sources of funding, and providing quality support to its members and the sector. Last year, AMA:
- Signed five grant agreements with MISFA; USAID’s projects: FAIDA, WIE|Promote; and with GERES/EU;
 - Conducted a baseline assessment of two MFIs on their adoption of the sector’s Code of Conduct;
 - Facilitated the completion of the first phase of information sharing with the Public Credit Registry (PCR), enabling three MFIs to upload microfinance loans information into PCR;
 - Developed a mechanism for members’ data validation, which was utilized for seven of AMA’s member organizations last year;
 - Upgraded the MicroView online application, adding new features and parameters;
 - Received 16 official Letters of Support from different local Government authorities;
 - Facilitated the signing of a Memorandum of Cooperation between Samangan Police and MFIs;
 - Established the Central Regional Office in Kabul - covering four provinces;
 - Organized a learning visit by AMA senior management with a peer network, the Azerbaijan Microfinance Association; and
 - Conducted 14 Access to Finance workshops for women, the youth, and the renewable energy sector.

2017

- New partnerships; with the establishment of partnerships with new donors in 2016, AMA in addition to its routine activities, concentrated its efforts in successful implementation of the new projects, thus gained trust and confidence of its new donors. Last year, AMA:
- Raised the awareness of 800 local government authorities in 11 provinces about microfinance program.
 - Increased knowledge and awareness of 500 farmers, community elders and local government authorities on access to agricultural credit. 14,000 information booklets, 200 standing banners and 20 billboards were printed, and disseminated or placed.
 - Organized two trainings on Agriculture Credit Risk Management, and Financial Analysis & Portfolio Management.
 - Organized one in-country and one international exposure visits on agriculture financing.
 - Facilitated green loans to Kabul residents. 190 Energy Saving Solutions (ESS) techniques constructed through loans.
 - Completed the first round of internships program and secured permanent jobs for 38 fresh women graduates who participated in the program.
 - Helped businesses expand through a variety of loan products by organizing Access to Finance Matchmaking Roundtables.
 - Facilitated the 2nd phase of information sharing with Public Credit Registry (PCR); all seven MFIs in Afghanistan are using the facilities of the PCR.
 - Initiated discussions on debt funding from commercial Banks to MFIs. First roundtable was organized and a committee was established to take forward the discussions.
 - Developed standards and benchmarks for development finance sector.
 - Developed Risk Management Fund Guidelines for development finance sector in Afghanistan.

2018

- Diversifying Fund: With the strategic and sustainability plan in place, AMA focused on diversifying its sources of funding, and providing quality support to its members and the sector. Last year, AMA:
- Received Seven official Letters of Support from different local Government authorities;
- Raised the awareness of 550 local government authorities in 10 provinces about microfinance program.
- Organized a learning visit by AMA senior management with a peer network, the Azerbaijan Microfinance Association; and
- Conducted 16 Access to Finance workshops for women, the youth, and the renewable energy sector.
- Helped businesses expand through a variety of loan products by organizing Access to Finance Matchmaking Roundtables.
- Facilitated green loans to Kabul residents. 504 Energy Saving Solutions (ESS) techniques constructed through loans.
- Completed the second and third round of internships program and secured permanent jobs for 56 fresh women graduates who participated in the program.
- Participated and represented Afghanistan’s development finance sector in international event, South Asia Microfinance Network.
- Published the first Annual Benchmark Report/ State of the Sector Report.

AMA operates as an independent legal entity, and is governed by its Board of Directors. The Board of Directors consists of five members.

The Board members have diversified experiences of development finance, management, and, economics.



Chairperson - Ms. Zar Wardak

Zar Wardak has over ten years of executive management experience in the financial sector. She currently serves as Regional Director of the network's newly formed Middle East/South Asia (MESA) region.

Ms. Wardak earned a bachelor of arts in international business from Southwestern College in Kansas, and an M.S. in Peace Operations from George Mason University in Fairfax, Virginia.



Vice Chair - Mr. Salim Khan

Salim Khan currently serves as Chief Executive Officer of OXUS Afghanistan. Previously he worked with FINCA Afghanistan, FINCA Pakistan, The First Microfinance Bank (FMFB) Afghanistan, FMFB Pakistan, AKRSP Pakistan and AKDN Afghanistan.

He has a Master's Degree in Commerce and Accounting with Distinction. He is an International Certified Expert in Risk Management, SME Lending and Microfinance.



Member - Mr. Frank van der Poll

Frank van der Poll has 33 years of experience in banking and financial sector in West Indies, Southern Africa and Afghanistan. He has a Bachelor's degree in Economy & Law from Kennemer Institute, and a Masters in Economy from Hogeschool Haarlem.

He currently serves as Chief Executive Officer of The First Microfinance Bank Afghanistan and the Chairman of AMA.



Member - Mr. Madhavan Ati

Madhavan Ati is a seasoned development finance professional with over 17 years experience working in various positions. He has worked in senior management positions with leading MFIs and commercial banks in various countries in South Asia and sub-Saharan Africa. He currently serves as the CEO of Mutahid.

He has a master's degree in Public Management from the Carnegie Mellon University in Pittsburgh, USA.



Member - Mr. Abdul Rahim Nasry

Abdul Rahim Nasry is the Country Director of Hand in Hand Afghanistan. He has over 20 years of work experience in government agencies and NGOs.

He holds a Bachelor's degree from Peshawar University and is an Executive MBA from the Preston Institute of Management Science and Technology in Pakistan.



Member - Mr. Bashir Mohammad Khan

Bashir Khan is the CEO of Islamic Investment and Finance Cooperatives (IIFC) Group which is the national association for Credit Unions in Afghanistan. He is one of the pioneers in the Microfinance sector of Afghanistan and worked over 13 years in this industry.

Mr. Khan has a Bachelors degree in finance and accounting and is a Certified Public Accountant (CPA).



Member - Mr. Jarullah Mansoori

Mr. Jarullah Mansoori is a seasoned practitioner in various government sectors, working over 16 years. Before Joining Exchangerzone as Chief Executive Officer, he held positions with the Government of Islamic Republic of Afghanistan as Minister of Rural Rehabilitation and Development, and Acting/Deputy Minister for Policy & Planning - Ministry of Transportation & Civil Aviation. During 2005-2010, he worked on different positions as Deputy Director General, Legal Advisor, Consultant and Chief of Staff with - National Environmental Protection Agency.

History:

Afghanistan Microfinance Association (AMA) is the national network of Development Finance Institutions (DFIs) in Afghanistan. It was established in 2005 by the Microfinance Investment Support Facility for Afghanistan (MISFA), microfinance practitioners, and other stakeholders. AMA was registered with the Ministry of Justice of Afghanistan in 2007. Due to limited resources and activities, AMA was not very active until 2010 and was almost a dormant organization.

With support from USAID's Financial Access for Investing in the Development of Afghanistan

(FAIDA) project, and the continued backing of MISFA, AMA positioned itself as an association that promotes the broader development finance sector in Afghanistan.

AMA is one of the founding members of the South Asian Micro-entrepreneur Network (SAMN) and has been an active member since 2009. Currently, AMA serves as Vice Chairman of the Board of Directors of SAMN. In 2012, AMA also became a member of the Social Enterprise and Education Promotion (SEEP) Network.

Vision:

To promote financial inclusion through creation of an enabling environment for the development finance sector in Afghanistan.

Mission:

To build an inclusive, sustainable and responsible development finance sector through policy advocacy, knowledge management, coordination and networking, and capacity building.

MISFA:

Microfinance Investment Support Facility for Afghanistan (MISFA) extended its financial support to Afghanistan Microfinance Association (AMA) for the year 2018. Mr. Bahram Barzin the Managing Director of MISFA and Mr. Najibullah Samim the Executive Director of AMA signed the agreement on February 13, 2018 during a ceremony at MISFA office.

Under this agreement, MISFA had agreed on financially supporting AMA's planned activities under its four main functions; Lobby & Advocacy, Knowledge Management, Coordination and Networking, and Capacity Building during the year 2018. The grant helped AMA in providing better services to its members and stakeholders at national and regional levels.

MISFA, being one of the founding member of AMA, has been providing technical and financial support to AMA since its inception in 2005. AMA acknowledges MISFA's generous support to AMA for the past few years and is looking forward to its continued support in the future.

European Commission:

AMA signed an MOU with the Group for the Environment, Renewable Energy and Solidarity (GERES), the leading partner for the SWITCH-Asia project in Afghanistan.

Switch Asia is a three-year project that is part of a wider SWITCH program portfolio funded by the European Commission in Asia. Led by GERES, the Rural Movement Organization (RMO) and AMA are committed to working together to implement this project in 15 selected districts of Kabul City in Afghanistan. The project aims to contribute to the Afghanistan National Development Strategy's main pillars, particularly on poverty reduction through a private sector, market-led approach.

The project seeks to tackle the lack of access to finance for green consumption, to strengthen the emerging Energy Saving Solutions (ESS) value chain and engage networks of stakeholders. A total of 4,550 households will benefit from the project through the installation of ESS techniques.



AMA has been a member-based organization. AMA had revised its Articles of Association to broaden its membership base and had included Community-based Saving Promoting Institutions, MicroFinance banks and Financial Institutions in its ambit

MFIs

Microfinance Institutions

1. Exchangerzone Microfinance Inc.
2. Foundation for International Community Assistance (FINCA) Afghanistan
3. Islamic Investment & Finance Cooperatives (IIFC) Group
4. Mutahid Development Finance Institution
5. OXUS Afghanistan.

1. Afghanistan Women Council (AWC)
2. Aga Khan Foundation (AKF)
3. Hand in Hand Afghanistan

CSPIs

Community-based Saving Promoting Institutions

MFB

Microfinance Bank

1. The First Microfinance Bank (FMFB) Afghanistan

FI

Financial Institution

1. Afghan Rural Finance Company (ARFC)

Governance

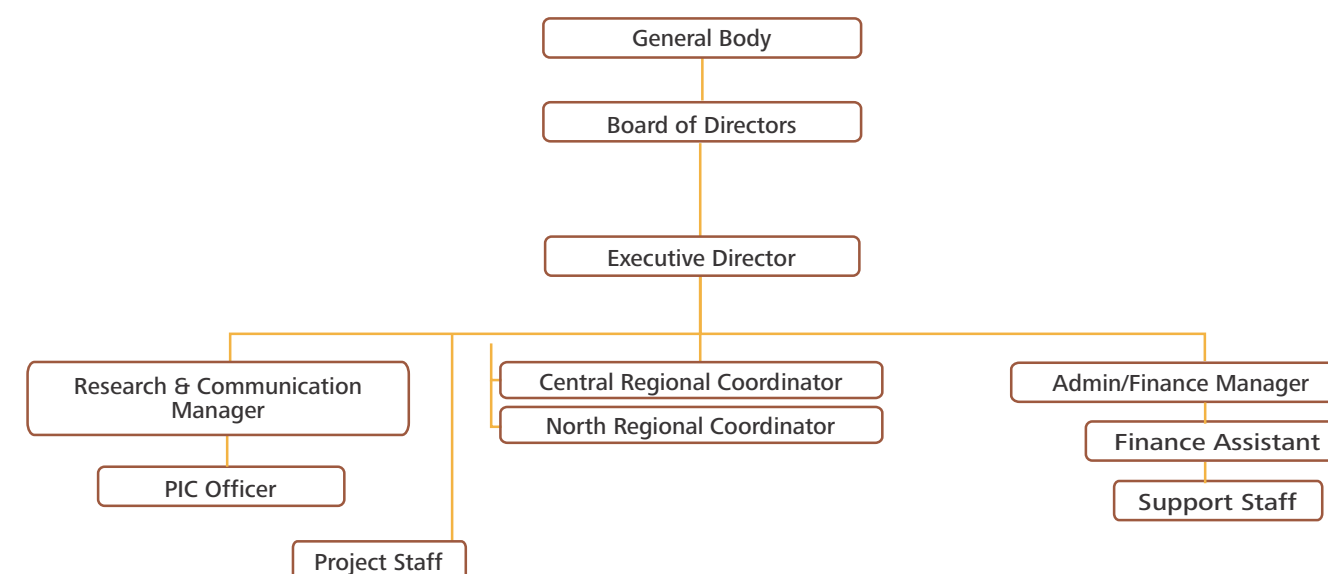
As an independent legal entity, a Board of Directors governs AMA. The General Assembly, constituted with the participation of a representative from each member, is the highest decision making body. The Board of Directors is composed of five members drawn from a diverse field of experiences such as development finance Institute, banking, management, and economics, among others. The General Assembly meets at least once a

year, while the Board meets once every quarter, to review the quarterly progress, advise the management on day-to-day operations, and take collective decisions accordingly. There are also a number of need-based Working Groups and Sub- Committees formed for specific purposes, for example, Finance and Audit, Advocacy and Fund Raising Committees. In 2018, AMA organized a General Assembly and four Board of Directors meetings.

Management

AMA has adopted a decentralized organizational structure with separate Board and Management team responsibilities. Day-to-day management of AMA is carried out by the senior management team headed by the Executive Director (ED).

The ED leads the organization with support from two Managers: Member Services, Research and Communication, Finance and Admin at Head Office, and two Regional Coordinators.





message from the chairperson

It is my honor to present to you AMA's 2018 annual report. Despite increased security challenges during the year, microfinance institutions (MFIs) were struggling with loan growth and quality, however most of the MFIs remain operationally self-sustainable.

AMA's achievements in all its core functions and new initiatives remained remarkable throughout 2018. Continue to coordination, communication, advocacy and lobbying responsibilities.

Facilitation of MFIs participation in Da Afghanistan Bank's (Central Bank of Afghanistan) Public Credit Registry (PCR), development of the 1st State of the Sector Report (SoS), extension of awareness programs to district level and visibility of microfinance sector at national level, are some of the key achievements and initiatives in 2018.

AMA's membership and partnership with international and regional stakeholders such

as SEEP, SAMN, the MIX Market, Banking with the Poor (BWTP) and other Microfinance Networks enhanced AMA's visibility and recognition as an active microfinance association.

Given the prevailing challenges around the MFIs' businesses and the needs of the poor community to be addressed by MFIs, I would encourage all MFIs to take innovative approaches in improving the performance of their businesses as well as continue to remain responsive clients for improving the quality of their lives.

As the Chair of AMA's Board, I would like to take this opportunity and thank AMA donor: MISFA, AMA's stakeholders, Board of Directors and management for their notable contributions to AMA achievements.

Sincerely,
Zar Wardak

AMA passed on another successful year – 2018 where AMA concentrated its activities around three main areas; knowledge management, coordination, and awareness raising.

The first issue of the State of the Sector SoS/Annual Benchmark Report was published. The Report is a new initiative of AMA which contains both operational and financial data of AMA members and is based on audited financial statements. The report is developed jointly by MIX market and AMA. Together with quarterly MicroView Report, it fulfills the information requirements of AMA member organizations and its stakeholders to a great extent.

The members' feedback survey was conducted and its findings were shared with its member organizations. The findings were also used as an input for developing AMA's activity plan and priorities.

AMA, based on its member organizations' request, established a Human Resources (HR) Forum for microfinance sector in July 2018. All current AMA member organizations are part of the forum, and it is open for stakeholders to become a member.

Through microfinance program awareness meetings, the awareness and knowledge of 550 representatives from local government authorities and community leaders were enhanced about microfinance, resulting in receiving better support from them.

More than 50 employees from member organizations and 172 women entrepreneurs benefitted from AMA capacity building activities during the year.



AMA Donors: MISFA, EU, and USAID's WIE project continued their support to AMA. Donors' support, Board of Directors' guidance, members' contributions and commitment and hard work of AMA team enabled AMA to achieve all these. I sincerely thank all of you for your valuable contributions.

Further challenges are ahead and we need to prepare ourselves to respond to those challenges. Continue joining AMA in promoting a sustainable development finance sector in Afghanistan.

Sincerely,
Najibullah Samim



AMA is committed to strengthen the development finance sector in Afghanistan. The Association makes its contribution by providing its members and stakeholders a package of need based services under the following four core functions:

Lobbying and Advocacy:

As the association of Development Finance Institutions (DFIs), AMA advocates on behalf of DFIs to influence policy, regulations, and attitudes in support of financial inclusion across the country.

A component of this advocacy is the Awareness Meetings that AMA organizes regularly in different provinces with the participation of Government officials, MFIs, CSPIs, community and religious leaders. This awareness campaign is designed to sensitize provincial stakeholders to the work of development finance institutions, microfinance, and enhance their understanding of how their work is crucial to economic development at the community, district, and provincial levels.

Knowledge Management:

There is a rich body of knowledge and experience in the sector that needs to be harnessed and shared across the sector for broad learning and application of best practices. AMA is continually working with its members and stakeholders in developing needs based knowledge management tools and services.

It gathers data from members and other relevant sources, collates, analyzes, and shares the information in the form of regular publications,

namely, MicroView Reports, MicroMag, State of the Sector Report, Newsletters, and sector-level standards and information tools, including the Code of Conduct, and Annual Reports. These tools are updated regularly and shared widely throughout the year.

Coordination and Networking:

As a national level association of development finance institutions, AMA facilitates better coordination and convergence among the service providers, practitioners, financial institutions and other stakeholders, including regional and provincial government departments.

AMA builds bridges between its various partners through a number of forums, including the CEOs' Coordination Meeting and Regional Coordination Meetings.

Capacity Building:

To meet the capacity building needs of its members and stakeholders, and the broader sector, AMA coordinates various initiatives such as trainings and exposures visits, and workshops.

These capacity-building activities enhance the knowledge and skills of Afghan staff and thus improve the quality of development finance programs.

Highlights from 2018

General awareness of 550 local Government authorities in 10 provinces about microfinance program raised.

Standards and Benchmarks for development finance sector was developed and shared with AMA member organizations for implementation.

AMA publications; the first issue of Annual Benchmark, 2 issues of MicroMag, 6 issues of E-Newsletter, 4 issues of MicroView Reports, 2017 Annual Report, and Agriculture Credit Information Booklet publicized to microfinance practitioners at national and international levels.

The Member Satisfaction Survey conducted has exhibited

90%members' satisfaction level with AMA activities in 2018.

Facilitation of green loans to Kabul residents resulted in construction of 504 Energy Saving Solutions (ESS) through financing facility.

Report writing training resulted in harnessing communication skills of the participants and their commitment to provide improved services to their organizations.

Access to Finance Matchmaking Roundtables helped business expansion through variety of financing products.



AMA has influenced government, legislators, community leaders and other relevant stakeholders in promoting an enabling environment for development finance actors at provincial, regional and national levels, through its advocacy efforts. AMA's advocacy and outreach to stakeholders at all levels enhanced the understanding and knowledge of key government officials including the Provincial and District Governors and community leaders about the development finance sector and its challenges/issues, as well as helped them to better understand their role and responsibilities in supporting the sector.

Development Finance Program Awareness:

In line with AMA's five year strategic and sustainability plan, AMA focused its efforts more on advocacy and lobbying during the year 2018. To be more effective in this function, AMA in collaboration with its members, identified the challenges and issues that the Development Finance Sector face in the provinces and the actions required to overcome such challenges.

Government support to the sector remains inadequate. This is primarily due to lack of awareness about the sector and its work among Government key officials at national and provincial levels. This is particularly crucial in regions/provinces with newly appointed officials in key positions.

To influence local actors and relevant stakeholders and to attract their support, AMA organizes different awareness programs and regular coordination meetings at all levels and advocates on behalf of the sector.

To this end, AMA organized 12 Program Awareness meetings, three meetings with Governor Offices, and 25 meetings with Heads of Departments in Central, North, Northeast and

West regions of Afghanistan. In the past year, nearly 550 local stakeholders participated in these meetings, leading to better support to the work of DFIs and MFIs.

These efforts further resulted in receiving seven official Letters of Support from local government authorities in the above-mentioned regions. AMA member organizations reported increased levels of support from local Government authorities as a result of the awareness and coordination meetings.

"The MFIs are following a fundamental principle of income generation for poor members of the society. It is also providing opportunity to people who can use financing to expand their agriculture / handicraft or any other business in a profitable manner."

Baghlan Governor Office will always support microfinance program that is the need of the province (economic development).

*"Mr. Mohammad Farid Basim
Governor of Baghlan province"*





AMA continues to improve information sharing and knowledge management, listening to the needs expressed by members and sector stakeholders. Over the past few years, AMA has been collecting and compiling data from members and other sources, and disseminating trend reports. This has been helping partners make informed decisions pertaining to outreach and expansion based on collective data around risks, saturated markets, and opportunities.

Establishment of HR Forum:

AMA, based on its member organizations' request, established a Human Resources (HR) Forum for microfinance sector in July 2018. All current AMA member organizations (10 members) are part of the forum, and it is open for stakeholders to become a member of the forum. The HR Forum is established with the purpose to discuss HR and capacity building related issues and opportunities in the sector with a particular focus on reducing staff poaching, and joint capacity building efforts.

The Forum also creates the opportunity to discuss new initiatives or systems that can facilitate HR Departments' access to modern technology. The meetings will continue on regular basis, at least once in a quarter.

Public Credit Registry - Status Update:

As of December 2018, all six microfinance institutions in Afghanistan are using the facilities of the Public Credit Registry (PCR), developed by Da Afghanistan Bank (DAB)—the Central Bank of Afghanistan.

Before they could utilize the system, each MFI had to go through necessary trainings to learn the system and its functionalities, including data uploading procedures. Afterwards, they started uploading their SME client information into the system as a pilot and later on registered information of their microfinance clients.

As of December 2018, 100 percent of SME clients (2,298) and 76 percent of microfinance clients' (114,351) information of the sector have been registered in PCR. During the year, 104,112

inquiries were placed by MFIs; a good sign of MFIs interest in using the PCR. Inquiring about the credit history of clients prior to the loan disbursement results in preventing multiple loans and over-indebtedness that improves the portfolio quality of the MFIs.

AMA is committed to further work with MFIs and DAB/PCR until 100% PCR uptake by MFIs.

Annual Benchmark / State of the Sector "SoS" Report – 2017

Annual Benchmark or State of the Sector "SoS" Report – is a new initiative of AMA which contains both operational and financial data of AMA members and is based on audited financial statements. The report is developed jointly by MIX market and AMA. Based on the data provided by AMA, MIX analyzed the data and developed the report which gives it international recognition and acceptance. The report provides in-depth analysis of the microfinance sector, based on several indicators which is very much helpful for practitioners to compare their performance with their peer groups and to take informed decisions with regards to their institutions.

The report is equally important for donors, policy makers, researchers and stake holders for their in - depth understanding of the microfinance sector performance/status and reference. AMA published the first issue of the report in January 2019, and AMA would like to thank FMFB-Afghani s tan for funding the development of this report. AMA plans to publish the same report for 2018.entation.



Client Success Story Competition

The fifth AMA Client Success Story Competition event was held during the Annual General Assembly meeting on April 04, 2018.

Facilitating the session, AMA Executive Director, Mr. Najibullah Samim explained the background and objectives of this event and the clients' selection procedures. Fifteen nominations of successful clients from five member organizations were received. The selection

committee, consisting of representatives from MISFA and AMA, reviewed and selected the top three success stories as per the agreed criteria.

The top three selected clients were from The First Microfinance Bank (FMFB), FINCA, and OXUS Afghanistan. Each client explained briefly their success stories and received their prize and certificates. Their respective Loan Officers were also awarded with gifts and certificates for their hard work





AMA leads the coordination of the development finance sector in Afghanistan. In the past year, AMA continued providing a platform for the different actors and stakeholders at implementation level to gather and share information, lessons and best practices, discuss operational issues, and collaborate on solutions and strategy. In conjunction with this role, AMA organizes coordination meetings and events at different levels throughout the year.

Sector Coordination Overview:

The CEOs Coordination Meetings

This is regarded as one of the most important venues for senior-level representatives of member organizations, donors, and others stakeholders to have strategic discussions around operations, emerging issues, and joint ways forward.

The Regional Coordination Meetings

The Regional Coordination Meeting is a forum for representatives of MFIs, CSPIs and stakeholders in the regions to share and discuss regional/provincial level issues, challenges and opportunities.

In 2018, AMA organized 20 Regional Coordination Meetings in 10 provinces in the Central, East, North, Northeast and West regions.

Green loans facilitation

Based on the agreement signed between AMA

and Switch Asia Project, 80 awareness workshops on green loans were held in 15 districts of Kabul province. Information on project activities and MFIs financial service offerings focusing on green loans for construction of Energy Saving Solution (ESS) techniques to families were presented during the workshops.

The knowledge of 1,700 families about project activities, and MFIs loan products and services and its terms and conditions increased, and linkages among MFIs and these beneficiaries created. For further consumer awareness on green loans, AMA distributed brochures to workshop participants.

With the awareness built and linkages created, so far 504ESS techniques have been constructed through financing facility, which is expected to increase in the future after the consumer awareness initiatives and extension of financing facility.





AMA coordinates various initiatives such as trainings and workshops.

These capacity-building activities enhance the knowledge and skills of Afghan staff and thus improve the quality of development finance programs.

Access to Finance matchmaking roundtables: a win-win for MFIs and businesses:

AMA organized 16 Access to Finance Matchmaking Roundtables in Kabul, Herat, Balkh and Nangarhar provinces in 2018. Around 295 entrepreneurs participated, in addition to the representatives from MFIs, AMA, and Promote/WIE.

MFIs presented their products and services to the entrepreneurs and responded to their queries. Roundtable sessions were also organized at the end of the workshops providing the opportunity for the entrepreneurs to interact directly with MFIs and learn more about their loan products, terms and conditions, and overall financing support they extend to clients.

The roundtables are financially supported by the Women in Economy (WIE) project of Development Alternatives, Inc. (DAI), funded by USAID under its wider scope "Promote" project.



AMA completed the second and third round of women's internship program:

AMA successfully completed the second and third rounds of the Women Internship Program, through which 105 women interns completed nine months of internship in Microfinance Institutions (MFIs).

The project provides opportunities for female young fresh graduates to learn the essential skills and knowledge to be able to secure jobs to start their careers in their field of expertise/interest. Similarly, the project helps MFIs to recruit young female talents, who are ready to apply the on-the-job learning they gained from the internship opportunity.

A graduation ceremony was organized on December, 2018 in Kabul for women, who had successfully completed their internships. Executive Director of AMA spoke about the importance of the project during the ceremony and encouraged the graduated interns to take an active part in serving the poor people of the country and contributing to their economic growth. The event was widely covered by the media.

With the successful completion of three round, AMA started the second and third round of internship this year and during this time, seven AMA member organizations participated with total placement of 56 female interns in different MFIs.

AMA, through the financial support of USAID's WIE-Promote project, helps implement this project aiming to enhance the technical and managerial skills of 105 women interns in their

select fields and increase their employment in microfinance institutions.

Annual General Assembly

AMA had organized its Eight Annual General Assembly Meeting on April 04, 2018 in Kabul where 53 participants representing members, donors, and stakeholder organizations attended the event.

Mr. Frank van der Poll the chairperson of Board of Directors of AMA gave the opening remarks, highlighting the major achievements of AMA during the year 2017, recognizing the hard work of AMA's Executive Director and his team all throughout 2017.

Representatives of MISFA, Agriculture Credit Enhancement (ACE) Program II, Group for the Environment, Renewable Energy, and Solidarity (GERES), Mutahid DFI, and Exchangerzone shared the donors and members' perspectives about AMA's last year performance and their experience with AMA.

MISFA highlighted AMA's awareness programs, meetings, publications, coordination and advocacy efforts have helped MFIs and CSPIs in overcoming the challenges in their daily operations and have encouraged local government authorities to support, and act as a catalyst in the sector to promote microfinance initiatives.

The CEO of Exchangerzone also appreciated AMA's performance and pointed out some of AMA's valuable services such as its publications, advocacy, sharing Afghanistan's data with MIX market, etc. Moreover, he said that AMA's awareness raising efforts and its publications have indeed increased the awareness of government officials about microfinance.

The summary of AMA's 2017 achievements and

2018 activity plan were presented by Mr. Najibullah Samim, the Executive Director of AMA. The participants appreciated AMA's achievements of the year 2017 and approved the activity plan for 2018.

Mr. Fahim Naimi, AMA's Research & Communications Manager, presented the summary of the Member Satisfaction Survey conducted in 2018. Based on the report, 90 percent of members' overall experience with AMA has been highly satisfactory. The members have observed AMA, vigilant on the strategic partnerships among MFIs and CSPIs in strengthening the sector.

Mr. Salim Khan, a Board Member of AMA, presented its financial statement of 2017 and received participants' approval.

The AMA Board has decided to extend the number of board members from 5 to 7 where one seat will be from CSPIs and one independent board member will be identified later by the AMA Board. Two new Board Members were also elected during the meeting.

Mr. Madhavan Ati closed the meeting and thanked the participants for their participation and contributions.



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Active Borrowers

Gross Loan Portfolio

Active Savers

Amount of Savings

PAR > 30 Days

Loan Disbursed During the Year

Women Borrowers

Branches

Employees

OSS > 100%



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- AMA ANNUAL REPORT - 2018

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Develop & Design: Zohra Saba
Edit & Proof Read: Sarah Sayani

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018



Independent auditors' report to the Board of Directors of AMA

Opinion

We have audited the financial statements of Afghanistan Microfinance Association (AMA), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the AMA financial statements present fairly, in all material respects, the financial position of the AMA as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Afghanistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Kabul

Date: November 20, 2019



Shafiq Hamid Jamal & Co
Chartered Accountants

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

		2018 AFN	2017 AFN
NON CURRENT ASSETS			
Property and equipment	4	1,213,625	1,573,066
Intangible assets	5	307,015	521,832
		<u>1,520,640</u>	<u>2,094,898</u>
CURRENT ASSETS			
Advances and prepayment	6	1,432,638	2,328,400
Grant receivables	7	-	2,471,531
Cash and bank	8	14,253,203	9,574,793
		<u>15,685,841</u>	<u>14,374,724</u>
TOTAL ASSETS		<u>17,206,481</u>	<u>16,469,622</u>
NON CURRENT LIABILITIES			
Deferred grants	9	787,886	1,552,457
CURRENT LIABILITIES			
Accounts payable	10	817,113	1,695,214
REPRESENTED BY:			
Accumulated funds		<u>15,601,482</u>	<u>13,221,951</u>
		<u>17,206,481</u>	<u>16,469,622</u>

The annexed notes from 1 to 15 form an integral part of these Financial Statements.

FINANCE MANAGER

EXECUTIVE DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

		2018	2017
		AFN	AFN
Income			
Operating Income	11	2,517,571	1,566,991
Exchange gain		454,080	181,336
Total Income		2,971,651	1,748,326
Expenditure			
Personnel cost		15,559,827	15,998,241
Knowledge management cost		616,823	1,360,104
Member services cost		131,445	780,190
Training and capacity building cost		104,110	3,722,656
Awareness generation, Recognition and Visibility		964,496	-
Awareness raising workshops		162,480	-
Round table year 2		465,462	-
Lobbying & Advocacy cost		560,020	1,064,917
Depreciation	4	533,227	658,215
Amortization	5	214,817	214,835
Project operational cost		893,915	1,538,319
Administrative expenses	13	4,659,457	2,959,166
		24,866,079	28,296,643
Deficit before grant		(21,894,428)	(26,548,317)
Grant Income	14	24,273,958	30,969,894
Surplus for the year		2,379,530	4,421,577

MHJ

The annexed notes from 1 to 15 form an integral part of these Financial Statements.


FINANCE MANAGER


EXECUTIVE DIRECTOR

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2018

		2018	2017
		AFN	AFN
Cash flow from operating activities:			
Surplus for the year		2,379,530	4,421,577
Adjustment for non cash items:			
Depreciation	4	533,227	658,215
Amortization	5	214,817	214,835
Adjustment on sale of own fixed assets		44,814	-
Surplus before working capital changes		3,172,388	5,294,627
Working capital changes			
(Increase)/ Decrease in advances and other prepayments	6	895,762	173,309
(Increase)/ Decrease in Grant receivable	7	2,471,531	(1,315,319)
Increase / (Decrease) in accrued and other liabilities	10	(878,101)	(1,677,288)
Net Cash inflow from operating activities		5,661,581	2,475,329
Cash flow from investing activities:			
Purchase of property, plant and equipment	4	(218,600)	(652,740)
Net Cash inflow in investing activities		(218,600)	(652,740)
Cash flow from financing activities:			
Deferred Grant	9	(764,571)	(548,968)
Net Cash outflow from Financing activities		(764,571)	(548,968)
Net change in cash and cash equivalents		4,678,410	1,273,621
Cash & cash equivalents at beginning of the period		9,574,793	8,301,173
Cash & cash equivalents at end of the period		14,253,203	9,574,793

MHJ


FINANCE MANAGER


EXECUTIVE DIRECTOR

