



MICROMAG 13

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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 December 2020, the combined portfolio of eight AMA member institutions stood at over AFN 8 billion (\$106 million) in outstanding loans to more than 220,924 borrowers, of whom 57% are women.

AMA advocacy strengthens local government support to MFIs

Sustained and organized outreach and activism by AMA in 2020 has improved provincial and local governments' support for microfinance institutions. Following discussions at AMA coordination meetings held in different regions between July and December 2020, MFIs identified the following core concerns as the primary factors impacting their on-the-ground operations: Inadequate coordination and support for client verification from community officials, as well as a lack of engagement and support from local government agencies, including the Governor and Attorney General's offices, the Departments of Justice and Police.

To address these issues, AMA initiated an annual advocacy campaign on behalf of the sector, which included expanded outreach and collaboration with key stakeholders in each province to identify concerns and gain support.

AMA's top-down approach to meeting regional authorities resulted in improved communication, collaboration, and cooperation between AMA member organizations and local authorities.

AMA and MFI representatives met with the Deputy Minister of Interior, Provincial and District Governors, Deputy Governors, Police Departments, and community leaders in the following provinces: Badakhshan, Herat, Kandahar, Kabul, Balkh, Samangan, Baghlan, Parwan, and Jawzjan.

MFI members briefed government officials on the history of the microfinance sector in Afghanistan and how their financial inclusion goal leads to poverty reduction. By demonstrating how MFIs provide financial

services to low-income households that would not be available through banks, AMA and its affiliate MFIs raised awareness of the positive effect their active operations have had on local communities.

Additionally, the difficulties MFIs face were conveyed, and assistance was requested in the form of letters of support for MFI operations from regional authorities, requesting that relevant local government bodies support and collaborate with MFIs. Local leaders lauded MFIs' contributions and promised their support to microfinance institutions which they identified as a vital component of poverty reduction in their communities.

The outcome of the meetings:

Local government officials' increased understanding and favorable views of microfinance; Police department's increased assistance to MFIs in retrieving delinquent client loans.

"I appreciate AMA and its member organizations efforts in Bamyan province; Most Bamyan residents are farmers and have livestock. They need financial support; fortunately, more than four microfinance institutions are operating in Bamyan province.

We request all the microfinance institutions to invest in the province, and the borrowers are willing to pay the MFIs loan repayment without any delay".

Sayed Anwar Rahmati

The Governor of Bamyan Province





Quote

On Behalf of OXUS-Afghanistan, I would like to extend my sincere gratitude to the Afghanistan Microfinance Association (AMA) management. AMA plays a critical role and provides valuable services to the development finance sector of Afghanistan.

At a strategic level, the AMA actively speaks for the sector and individual member organizations. As a result of AMA's lobbying and advocacy campaigns, primary governmental stakeholders and donor organizations are aware of the financial institutions' presence and services offered by financial institutions. Microfinance, financial inclusion, and credit availability are high on the priority list of almost every government's growth plan.

On a functional and tactical basis, AMA's awareness seminars effectively desensitize the community and help member organizations improve their repayment rates; enhance the cooperation and support of local stakeholders such as police officers, community representatives (Waki -e-Guzars), attorneys, judges, and many more. AMA's campaign helps loan officers target prospective clients with more efficiently than before.

The contributions and accomplishments of the AMA in coordinating and unifying the sector's voice are commendable. AMA is the only forum in which member entities at various levels can discuss and agree on sector-related problems and concerns and policy and organizational solutions.

Additionally, AMA is developing as an authentic source and data repository for the industry. Donor organizations, analysts, and consultants interested in receiving sector data on the development finance sector depend on AMA's data and studies.

The demand for AMA services is increasing, and member organizations are eager to receive additional AMA services and cooperate from their end. Without AMA, the sector will be fragmented and facing counter-productive competition by the financial institutions. Thanks again to AMA for the excellent services they offer.

Mona Haidari

Marketing Manager- OXUS Afghanistan.

Meeting with Governors

In September 2020, a meeting was held with the Governor of Balkh. The Governor was briefed on MFI's operations, obstacles, and concerns. The Governor expressed his appreciation for MFI operations and pledged his full support. He directed in an official letter of support all relevant provincial government agencies to provide the necessary assistance to MFIs.

Commencement of Radio Campaign

In October 2020, the AMA launched an exciting new radio campaign as part of its communication strategy in raising awareness of development financial institutions' impact on economic development and financial inclusion for the unbanked. The campaign aired 5,000 minutes in Pashto and Dari across Afghanistan's 34 provinces.

AMA collaborated with its partner organizations and MISFA to produce 20 radio spots and four role-plays in local languages. The broadcast

Meetings with the governors of Baghlan, Bamyan, and Samangan provinces were conducted with the same goal in mind: to increase awareness of MFI successes and challenges, as well as to forge strong relationships with regional officials in order to remove roadblocks at the provincial level and win their cooperation.

concluded in December 2020 and was made possible with support from MISFA.

AMA received over 4,000 phone calls throughout the campaign that were referred to microfinance organizations. Implemented at a national scale, this was one of AMA's most effective marketing and awareness campaigns for the sector. Member institutions expressed their gratitude and appreciation for AMA's initiative requesting that AMA and MISFA continue such successful campaigns in the future.

TUP - Access to Finance Awareness Workshops

Based on the agreement between AMA and MISFA's Access to Finance Project, approximately 22 TUP Access to Finance Awareness Workshops were conducted in 11 provinces during 2020. A total of 1,400 TUP beneficiaries took part in order to learn about the availability of microfinance and savings groups in their villages.

These workshops aimed to address the challenges and obstacles that female entrepreneurs of MISFA's TUP program encounter when it comes to funding their enterprises and escaping a precarious financial

position when it comes to launching a microbusiness. This was also an opportunity for MFIs and CSPIs (Community Based Savings Promoting Institutions) to introduce their products and attract potential new clients.

Outcomes of the workshops:

The target for AMA in 2020 was to create up to 1,100 linkages between TUP beneficiaries and microfinance and CSPI institutions. AMA is pleased to have made 1,400 potential connections between TUP beneficiaries and member institutions.



AMA completed the GERES project Funded by Switch Asia

The Kabul Green Homes Project (KGHP) was initiated by Acting for Climate Solidarity (GERES) in cooperation with its Afghan partners: the Rural Movement Organization (RMO) and the Afghanistan Microfinance Association (AMA).

The project began in 2016 and concluded in 2020. The project's objective was to contribute to economic development, poverty reduction, and climate change mitigation through large-scale market-driven production of supported Energy Saving Solutions (ESS) and their sustainable use by households in Kabul and beyond. Thanks to the project's implementation partners and local governments for their strong interest, the project achieved several high-profile achievements.

Forty awareness workshops on green loans were conducted in 15 districts of Kabul province as part of an AMA and Switch Asia Project arrangement. During the workshops, information on MFI financial services focusing on renewable loans to families to build ESS techniques were discussed. A thousand families acquired a better understanding of project activities, MFI loan products and services, terms and conditions, and contacts were formed between MFIs and these beneficiaries.

AMA provided brochures to workshop attendees to increase market awareness of green loans. Due to the increased understanding of green loans and the establishment of linkages, approximately 1,000 ESS technologies have been constructed using financing facilities. This number is projected to

grow due to market awareness campaigns and the expansion of financing facilities.



AMA Annual General Assembly Meeting

AMA held its ninth annual general assembly meeting on December 15, 2020, at the Intercontinental Hotel in Kabul, Afghanistan. About 40 participants attended the gathering, including representatives from the AMA, member MFIs/CSPIs, sponsors, relevant government departments, and stakeholder groups.

AMA's achievements and performance over the last year was addressed following remarks from AMA's Chairman of the Board, Mr. Salim Khan, CEO of OXUS Afghanistan; AMA's donors, MISFA and GERES; AMA's founding MFIs FMFB, FINCA, Mutahid, and IIFC-Group.

The Executive Director of AMA, Mr. Mohammad Akbar Sarwari, presented the Summary of 2020 Achievements and Plan for 2021. He also participated in a Q&A session with the participants.

During the meeting, new AMA board members were elected. Mr. Abdul Rahim Nasry, Country Director of Hand in Hand Afghanistan, and Mr. Bashir Khan, CEO of IIFC-Group, facilitated the session and proposed three candidates from MFIs; FMFB Afghanistan, FINCA Afghanistan, and Mutahid DFI, for the two vacant seats on the AMA board of directors. Before voting, each candidate was given five minutes to discuss his nomination and interest in the position.

The voting process resulted in FMFB Afghanistan and Mutahid DFI receiving the most votes. Both were elected to the AMA's board of directors for two-year terms. Mr. Bashir Khan thanked and welcomed the new Board Members to the AMA Board.

The AMA Annual General Assembly meeting concluded with the sixth annual client success story competition and the AMA Chairperson's closing remarks.



Client Success Story Competition:

The sixth client success story competition was held on December 15, 2020, at the AMA General Assembly Meeting. AMA's team interviewed 18 nominees from five AMA member organizations and created success stories. The selection committee evaluated and scored the success stories and then met to choose the top three according to the agreed-upon criteria.

The top three selected clients in the sixth competition were from the OUXS Afghanistan, The First Microfinance Bank (FMFB) Afghanistan,

and Hand in Hand (HIH).

Each client briefly discussed their entrepreneurial experience, the journey to success, and how the loans facilitated their efforts and hard work. To further encourage them, AMA presented gifts and certificates to committed clients and respective loan officers for their hard work with their clients.

All the participants expressed their appreciation, and AMA was encouraged to continue with this competition in the coming years.



Finca Afghanistan Launches New Product

HOME IMPROVEMENT LOAN

FINCA AFGHANISTAN offers home improvement loans for renovation, addition, standardization

Target Group: Income-earning Individuals

Amount of Loan: 50,000-500,000 AFN.

Loan Duration: 6 - 36 Months





OXUS-Afghanistan Establishes Women-Only Branches

OXUS Afghanistan, registered as a Corporation under Afghan law, was founded in 2007 by OXUS Group, a European-based global network of microfinance institutions created by ACTED, a leading international NGO. OXUS operates with the objective of poverty alleviation through sustainable economic development.

OXUS aspires to improve customers' sustainable livelihoods and establish itself as the microfinance organization of choice for job seekers. OXUS-A has more than 20,000 active borrowers, out of which 51% are women.

OXUS-Afghanistan's Chairman of OXUS Group and OXUS Afghanistan CEO inaugurated two women-only branches in Kabul and Bamyan on January 27, 2021. The newly opened branches will be managed by women staff and will provide services exclusively to women entrepreneurs. The inaugural ceremony was attended by senior managers from OXUS Afghanistan, community leaders, and police district officers.

Women-only branches enable prospective female entrepreneurs to launch or grow their enterprises by providing access to financial resources that they were previously hesitant to obtain due to social and cultural barriers such as contacting male employees or serving male and female customers in the same office.

"We understand the social and cultural constraints that Afghan women struggle with." Added Salim Khan, OXUS CEO, in the branch opening ceremony, "OXUS intends to increase

women's access to finance through developing tailor-made financial products and service delivery tools/mechanisms convenient to a female client.

The principal philosophy in establishing women's only branches at Kabul and Bamyan is to strategically position OXUS Afghanistan to deliver innovative products and services to the people in the area, particularly for female clients. Doing business in a conservative and male-dominated society like Afghanistan is challenging for women entrepreneurs.

"I will feel more comfortable to visit this branch frequently and won't need the permission of my husband anymore" said Fatema, an OXUS client "previously, I had to convince him and should have minimized my interaction with branch staff."

The women-only branches are part of OXUS's expansion strategy, and more branches will be opened throughout the country to encourage women to participate in sustainable economic activities.

By having convenient access to finance, women will support their families, create employment for other females, and invest in their businesses. At a national level, women's economic contribution can decrease high unemployment, extreme poverty, poor health, and malnutrition.

"The establishment of the branches are funded by MISFA's Access to Finance project".



AGA KHAN FOUNDATION

Microfinance Client Success Story

Sakina, a 34-year-old shop owner, grew up in a traditional family in rural Pakani village in the Warsaj district of Takhar province. Like most families, Sakina lives below the poverty line, where access to financial services is limited.

"At the beginning of 2011, AKF removed some of the financial obstacles, helping those in the village by establishing a savings group," states Sakina. AKF provides a platform for Community-Based Savings Groups (CBSGs) and CBSG Clusters, filling the access to finance gap in Takhar.

Sakina joined the Eftikhar CBSG, which became a part of the SAADAT Cluster in 2018. Members received training to build upon various skills and knowledge, including women's roles in society, women's rights to education, and creating and expanding small businesses in the community.

Sakina was able to open a small shop with a capital investment of 45,000 AFN thanks to her CBSG membership and the access to financial education offered to her group. To come up with the capital, Sakina took out two loans: one from her brother-in-law in the amount of 25,000 AFN and another through her CBSG in the amount of AFN 20,000. With these two loans, Sakina bought medicinal herbs and dried fruit which she and her husband later plucked, processed, and transferred to sell at the local market.

Sakina was able to earn 57,000 AFN through her



first sale, encouraging her to expand upon her business. With hard work, she increased her capital from 45,000 AFN to 82,800 AFN and repaid 20,000 AFN to CBSG, keeping 7,000 AFN as profit.

"With the rest of the capital, I continued my business and will work hard until I can change my family's financial situation completely. Because of the support of my CBSG and clusters established by AKF, I am hopeful for my family and my country and can see a brighter future for all Afghans," says Sakina.

Hand In Hand Afghanistan Beneficiary Awarded By AMA



In December 2020, the Afghanistan Microfinance Association (AMA) held a competition to recognize the best entrepreneurs of the year that have developed profitable businesses with loans from Microfinance Institutions (MFIs) or internal loans from Saving Groups.

Among the candidates was Friba Ahmadi, a member of the Asheyna self-help community in Faqir Abad village, Mazar-e- Sharif. She was one of the candidates nominated by Hand in Hand Afghanistan Organization.

Friba is a photographer and videographer who attends birthday and wedding parties earning around AFN 10,000 per month. The AMA review committee selected her as the third-place winner.

The committee also recognized Ms. Frishta Muradi, the Village Enterprise Facilitator (VEF), who untiringly supported Friba in successfully running her enterprise. The Awards, comprising of appreciation certificates and smartphones for both winners, were provided at the AMA General Assembly meeting on December 15, 2020, at the Intercontinental Hotel in Kabul.

ATM from

The First MicroFinanceBank-Afghanistan

Avail easy cash withdrawal and Account balance inquiry with AfPay Debit Card from **FMFB-A's** ATM and other APS member Banks ATMs.

ATM Location 1:

Inside FMIC Hospital, next to the FMFB-A extension counter

ATM Location 2:

Gul Bahar Center, Hall #2, First Floor

ATM Location 3:

Taimani branch, 1st Street, Taimani project



Meet Our Member!



Mission: FINCA's mission is to alleviate poverty through lasting solutions that help people build assets, create jobs, and raise their living standards.

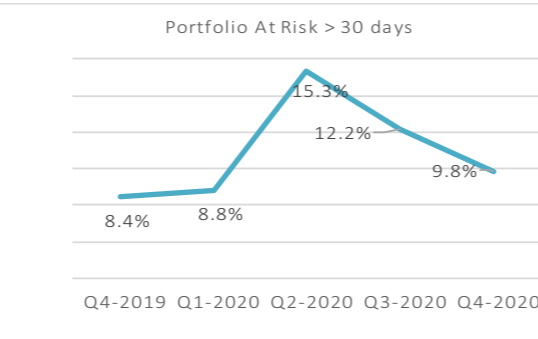
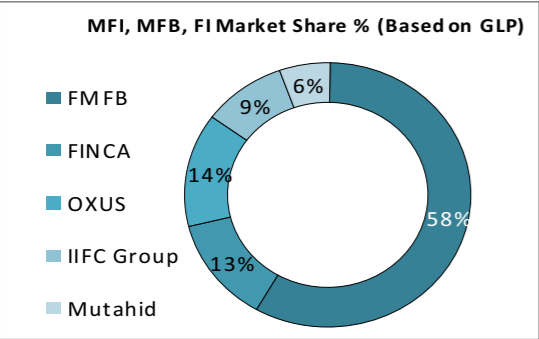
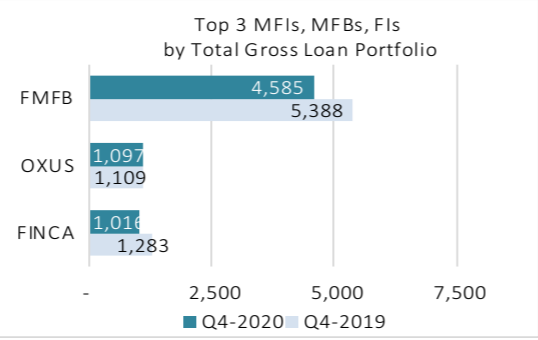
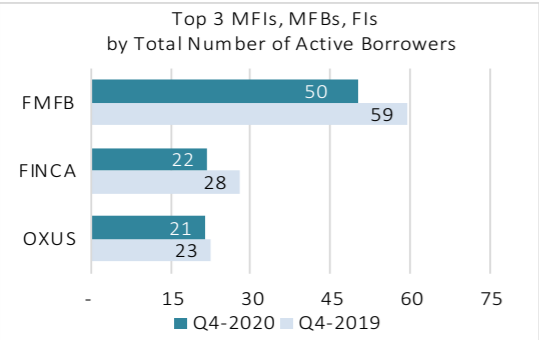
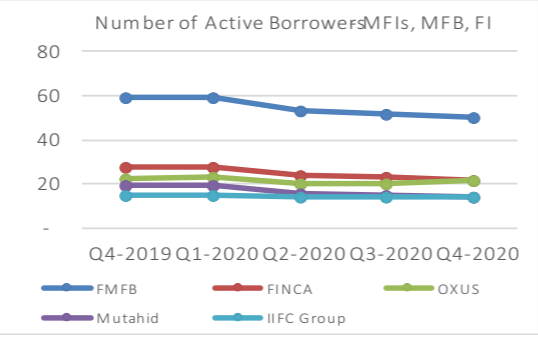
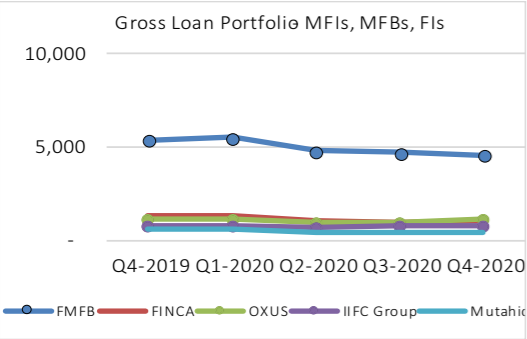
Vision: FINCA's vision is to build a global network of sustainable and scalable social enterprises that improve lives worldwide. FINCA Afghanistan has been operating since 2003. Its headquarters are located at House # 21, Main Street, Shaheed Square, Shahr-e-Naw, PD10 Kabul, Afghanistan, and it has 20 branches and three market offices in rural and urban areas of the Central, North and Western regions.

The institution disbursed its first loans in Herat province through the group-lending model. In 2007, FINCA Afghanistan opened its first branch in Kabul. It disbursed its first individual loans in 2011 and now offers a range of individual loan products while serving credit groups.

FINCA Afghanistan now serves more than 26,000 clients through a network of 21 branches and growing digital channels. It has a gross loan portfolio of nearly \$16 million, making it the second-largest microfinance institution (MFI) in the country.

By offering loans to micro-entrepreneurs, FINCA Afghanistan provides its customers with a sustainable way to build their business and ultimately improve the quality of life and their families.

Sector At A Glance



Events

National and International Trainings and Events

<u>International</u>	WHERE: Online
<u>WHAT: Women's Groups and COVID-19: Impact, Challenges and Policy Implications</u>	<u>WHAT: Global Forum on Remittances, Investment, and Development - Africa</u>
WHEN: April 13 2021	WHEN: June 16 2021 - June 18 2021
Host: The SEEP Network	Host: IFAD - International Fund for Agricultural Development, African Union, World Bank
WHERE: Online	WHERE: Online
<u>WHAT: How to Reach Consensus during Online Meetings</u>	<u>WHAT: Strategic Leadership Course on How to Build World-Class Financial Institutions</u>
WHEN: April 15 2021	WHEN: June 21 2021 - June 25 2021
Host: Microfinance Centre (MFC)	Host: Financial Inclusion Advocacy Centre
WHERE: Online	WHERE: Dubai, UAE
<u>WHAT: National Financial Inclusion Strategy: Development, Best Practices, Implementation and Policy</u>	<u>WHAT: Microfinance Acceleration Program</u>
WHEN: April 26 2021 - April 30 2021	<u>WHEN: June 28 2021 - June 30 2021</u>
Host: Financial Inclusion Advocacy Centre	Host: Host: Microfinance Association
WHERE: Dubai, UAE	WHERE: Online
<u>WHAT: Global Digital Development Forum 2021</u>	
WHEN: May 05 2021	
Host: USAID	

Event, and Meetings



Develop & Design: Zohra Saba
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