

# Microfinance Investment Support Facility for Afghanistan



December 2012



Mutahid's head office team

*“The success of the group loans and the very low PAR is an outcome of **“strong internal controls, good corporate governance, active internal audit, sound decision-making mechanism, zero tolerance on ethical issues and a well-explained code of conduct.”**”*

– Mr. Yousef Hayat  
CEO, Mutahid

## MUTAHID: CELEBRATING SOME SIGNIFICANT ACHIEVEMENTS

Mutahid Development Finance Institution (DFI) is celebrating its achievements and announcing some significant developments. The DFI, which started its group loan disbursement in early 2012, has succeeded to attract more than 1,500 customers with a collective portfolio at risk (PAR) of less than one percent.

The success of the group loans and the very low PAR is an outcome of “strong internal controls, good corporate governance, active internal audit, sound decision-making mechanism, zero tolerance on ethical issues and a well-explained code of conduct”, said Mr. Yousef Hayat, the new Chief Executive Officer of Mutahid, speaking at the DFI’s monthly employee awards ceremony in which the best branch, team and staff are honored.

Mutahid was established in April 2011 by merging five weak MFIs, which had no recourse, but to close and exit the sector. Since then, the main focus has been on developing the required policies and procedures and recovery of previous MFIs loans. Today, the institution is taking serious steps towards strengthening corporate governance, product diversification and capacity building. Below are some of the significant developments in Mutahid:

### **Mutahid offers SME loans:**

Mutahid is currently working under a Technical Assistance Agreement

### Mutahid Achievements Highlights

- Group loan disbursement started in early 2012
- Portfolio at risk less than one percent
- SME Loans disbursements is planned to start on first February 2013
- Shariah-compliant loans launch is scheduled for mid January 2013
- Seven employees of Mutahid will be enrolled to BBA program
- Four employees of Mutahid will undertake MBA program

with the “Afghan Credit Support Program (ACSP)” for the launch of an SME product, which will be piloted in Kabul. SME lending could be a niche for Mutahid, given the known demand for SME that has yet to be met by banks and other formal financial institutions.

Mutahid’s SME Department has been established. SME lending policies and procedures have been finalized. First disbursement is planned to start on first February 2013.



Mutahid’s staff participating in SME training workshop

### **Mutahid offers Shariah-compliant loans:**

A *murabaha* product, which is approved by the Shura-e-Ulama of Aghanistan and funded by IFAD, will be launched in Kabul and Herat by mid-January.

By introducing a *Shariah*-compliant product, Mutahid is diversifying its portfolio, while providing its customers an alternative option to the traditional credit-based product. This Islamic product is also expected to ease the societal sensitivities and resistance around microfinance in general.

Product launch is scheduled for mid January 2013.

### **Mutahid staff to obtain degrees:**

The Microfinance Investment Support Facility for Afghanistan (MISFA) is providing funds for Mutahid DFI

to offer educational grants to key employees. The selected staff can earn a Bachelor of Business Administration (BBA) and/or Master of Business Administration (MBA) degrees, with specialization in Microfinance Management, from Kampala International University (KIU), Dar-es-Salaam College in Tanzania.

KIU is a private university and was established in 2001 with the vision of being a premier institution with global recognition. Currently, there are some 8,000 students and 400 teaching staff at KIU.

Its BBA is 23-course program and it takes two to three years to be completed depending on the number of modules that students are willing to cover in a year. Its MBA is a 12-module program, which the students are expected to complete within two years.

Seven employees of Mutahid will be enrolled to the BBA program, while four others will undertake the MBA. Students will have access to a set of 12course study guides, video links, a virtual library, and resource kits.

MISFA will continue to fund the degree or similar programs to improve the capacity of MFIs, help them become sustainable to provide services to poor families across the country, and raise their living standards and quality of life.



Mutahid’s monthly employee award ceremony

*This is MISFA’s e-newsletter. MISFA is a Limited Liability Company (LLC) established in 2003 as a vehicle through which the Afghan government and international donors could channel technical assistance and funding to build and strengthen Afghanistan’s microfinance sector.*

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