

# Microfinance Investment Support Facility for Afghanistan



February 2019



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## MISFA commits 55.7 million AFN to improving access to finance

MISFA recently signed a series of agreements with microfinance institutions and banks to improve access to finance, particularly the agriculture sector, through various initiatives. Four grant agreements worth AFN 55.7 million were signed with FINCA-A, First Microfinance Bank (FMFB), Islamic Bank of Afghanistan (IBA) and Mutahid DFI.

To manage the risk of agriculture lending and provide technical support to agriculture clients, FINCA will use this grant to hire local consultants specialized in agriculture across nine provinces. Female agriculture experts will be hired to provide support to women clients. The agriculture experts will not only provide support

staff understand better agriculture relevant businesses and associated risks. The additional support to the clients is expected to help FINCA increase its agriculture loan portfolio and decrease portfolio at risk.

FMFB-A will also develop the capacity of its loan officers and agronomists to improve the quality of services provided to agriculture clients. Following a thorough training needs assessment, the staff will undergo customized classroom and field trainings. A supply chain and market needs assessment will also be conducted as part of the agreement to ensure that improved farmer techniques and technologies are adopted in the communities.

MISFA signed a grant agreement with the Islamic Bank of Afghanistan (IBA) to support the establishment of a full-fledged Sharia-compliant microfinance department for the IBA. Upon the establishment of the department, IBA will be able to offer a variety of Sharia-compliant financial services, including SME and microfinance loans to entrepreneurs with special focus on the agriculture sector.

MISFA would also support Mutahid DFI for the development of a three-year needs-based training plan as a result of an assessment that will be conducted by an international consultant. Mutahid staff, especially the front-line employees, will receive extensive training on the topics identified in the assessment.

The partner institutions appreciated MISFA's continued support to the sector. "Without MISFA support the sector could have not been where it is today" said Mr. Ali Rawnaq, CEO of FINCA.

"Research suggests that we (MISFA and partner institutions) make considerable contributions to the economic development of the country and poverty eradication, a primary goal of microfinance," said Mr. Bahram Barzin, MISFA's Managing Director, addressing representatives of MFI partners during the agreement-signing ceremony. "MISFA will continue to work with you and support your initiatives towards our shared goal of financial inclusion."



*This is MISFA's quarterly 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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