



*"Without FMFB's support, this would not have been possible." - Sayed Mohammad*



The Microfinance Investment Support Facility for Afghanistan (MISFA) was set up in 2003 at the invitation of the Afghan government — to get donor coordination right from the start and avoid the counter-productive efforts that have emerged from conflicting donor objectives in other post-conflict situations. It was established as a vehicle through which the Afghan Government and international donors could channel technical assistance and funding to build microfinance in Afghanistan.

In March 2006, MISFA was registered as a limited liability non-profit company whose sole shareholder is the Ministry of Finance of the Islamic Republic of Afghanistan. MISFA Ltd is an independent apex organization with a select group of implementing partners on the ground.

## A Microfinance Client Story

### Transforming a barren land into a sapling industry

#### Story of Sayed Mohammad

Sayed Mohammad and his wife, a school-teacher, were making ends meet as a couple, living in the third district of Badakhshan province: Guzar Mohammad Rahim-bay village. But as the family expanded to having three children, with two of them now of school-age, the household income became insufficient.

Sayed had to think of a steady source of income that would cover his family's daily consumption needs, plus some extra to save for the future of his children. He inherited around eight acres of land, which had remained barren due to drought and lack of water. He considered to plant saplings and trees on the land but to access water and sapling he required some capital, which he himself did not have. Accepting his neighbor's suggestion, Sayed applied for FMFB's agriculture loan product and received a loan amounting



The First MicroFinanceBank Afghanistan (FMFB-A) has been a MISFA partner since 2007. It is currently the largest microfinance institution in Afghanistan in terms of scope and outstanding portfolio size. The bank has a network of 45 branches, 17 of which are in rural areas, covering 14 provinces. Being a bank, FMFB-A is able to offer not only microfinance loans, but also deposit/savings services, SME loans as well as other commercial banking services. FMFB-A has also proven to be innovative, introducing a housing Improvement Loan product based on client-demand and Agricultural-based loan facility.

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AFN 50,000. Sayed invested the loan on a water-pump machine and saplings. “Now, I can pump water from the nearby river,” said

Sayed. “Without FMFB’s support, this would not have been possible.”

Sayed’s plantain sapling business grew rapidly and now he owns a large nursery of plantain sapling, a fruitless tree whose wood is widely used for construction. “Demand for the saplings is very high,” said Sayed. “Even someone who needs saplings in large quantity must order one to two months in advance.”

Sayed has acquired the skills for producing saplings. “FMFB did not only provide us the loan; they provided us the skills as well. Their agronomists trained us on how to produce saplings, and how to take care of them, how to deal with diseases and many other issues.”

Following the repayment of the first loan, Sayed received a second loan worth AFN 50,000; third and fourth loans each worth 100,000,

respectively, and gradually expanded his sapling production capacity.

Sayed now has around 8,000 saplings, which he sells each at AFN 40 out of which 50-55 percent is the profit margin. Sayed’s sapling nursery has created seasonal labor job opportunities for the villagers as well. He recruits 2-3 laborers for around 10 days. Setting his extra income aside, Sayed even tried to further diversify his income sources and started a poultry business. He purchased around 200 chickens and took care of them for three months and sold them in the local market for AFN 250 each. Sayed’s wife and his sister assist him in looking after the chicken.

Sayed is now a confident and enthusiastic entrepreneur.

“I am grateful for the loan and the support of FMFB,” said Sayed. “I encourage my fellow villagers to start a business and go for microfinance loans if they require”.