



## **REQUEST FOR EXPRESSIONS OF INTEREST (CONSULTING SERVICES- FIRM SELECTION)**

Country: Islamic Emirate of Afghanistan  
Assignment Title: Transformation of Conventional Lending to Shariah-Compliant Lending  
Reference No: MISFA/CS-002/2022  
Method of Procurement: Quality and Cost Based Selection  
Issue Date: April 13, 2022  
Closing Date: May 08, 2022

### **I. Background of the Microfinance Program in Afghanistan and MISFA**

In 2002, microfinance was a nascent industry in Afghanistan. The World Bank estimated at that time that the demand for microcredit in Afghanistan was over one million households (demand has significantly expanded since then). However, the local and foreign non-governmental involved in microfinance only served about 12,000 clients. Clearly, there was a room to grow, and for strategic donor support to facilitate this growth.

The Microfinance Investment Support Facility for Afghanistan (MISFA) was established in 2003 as a vehicle through which the Afghan Government and the international donors could channel technical assistance and funding to build Afghanistan's microfinance sector. This mandate was further expanded to include lending to the lower ranges of small and medium enterprises (SMEs), another underserved market.

Another objective tied with the creation of MISFA was to develop a mechanism for ensuring a microfinance sector built on best practice methodologies which would facilitate financial sustainability within a reasonable period. MISFA has accomplished this by tightly linking funding with performance targets and with the close monitoring of product design and procedures. The targets and monitoring have perhaps provided the most significant type of "technical assistance" to MFIs by motivating them to improve and grow their operations. MFIs that are unable to reach or maintain minimum performance levels will not qualify to receive MISFA's support.

### **II. Objective of the Consultancy**

Since inception, MISFA has always utilized the conventional lending approach in funding its partner microfinance institutions. However, most of the financial institutions supported by MISFA have been offering both conventional and Islamic products to their clients.

In Afghanistan, as a Muslim country, it has been observed that the demand for Islamic financing is increasing among people. Few microfinance institutions developed Shariah-compliant products and offered it to their clients, and these products have achieved immense response. Although Islamic banking and financial services are still considered new experiences in Afghanistan's financial and banking system, recent reviews indicate that it is growing and its scope is expanding steadily.

Keeping in line with the changing market environment, MISFA has also decided to transform fully its operations to Shariah-compliant approach. Apart from the religious factor, experience of the neighboring countries and the region has shown that institutions that provide Islamic financial services are more likely to be operationally sustainable than those that offer conventional financial services. It has been observed that institutions that provide Islamic financial services are viewed favorably and accepted by their clients and the community.

It is expected that by the end of this assignment, all MISFA's operational activities are based on Shariah-compliant rules and procedures.

### **III. Experience and Qualification of the Consultant**

MISFA is looking for a specialized and expert consultancy firm that can carry out this assignment. The firm can propose a team of up to four members, including a team leader who will be fully dedicated to this assignment during the performance period.

The eligibility criteria for the firm are as follows:

- 5+ years experience of working with Islamic microfinance sector in different capacities, including transformation to Islamic financing, developing Islamic products, modifying policies, capacity building activities, etc.
- Experience of transforming a financial institution or an apex body / wholesale lender from conventional lending approach to fully Islamic lending approach. Proof and reference for such an activity should be provided by the applicant.
- Must have working experience with renowned international NGOs or regulatory bodies.
- Demonstrated working experience in the region. Experience of working in Afghanistan will be a plus.

The eligibility criteria for the Team Leader are as follows:

- Minimum 10+ years of general working experience with microfinance/financial sector, including specifically 5+ years of Islamic microfinance experience.
- Experience of leading and managing similar or relevant assignments of such stature.
- Academic qualification on Islamic financing is a must.

The eligibility criteria for the other team members are as follows:

- Minimum 7+ years of general working experience with microfinance/financial sector, including specifically 4+ years of Islamic microfinance experience.
- Specific functional experience of working in a similar or relevant assignment.
- Relevant academic qualification on functional areas or Islamic finance will be considered as a plus.
- At least one team member should have advanced business analysis knowledge and skills.

MISFA now invites eligible consulting firms (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services (brochures, description of similar assignments, experience in region, availability of appropriate skills among staff, organizational setup, copies of legal registration certificate, etc). In order to evaluate your expression of interest, the information provided must specifically address the short-listing criteria shown above. Failure to provide information sufficient to determine your qualifications and experience to perform the Services will result in loss of consideration.

#### **IV. Method of Selection**

A consultancy firm will be selected based on the Quality of the Proposal and the Cost of the Services.

#### **V. How to apply and Point of Contact**

Interested Consultancy Firms shall submit their EOIs (Expressions of Interests)/application package by COB **May08, 2022** Afghanistan time. The EOIs submitted by the Consultant should preferably not exceed 10 pages.

The EOI shall be submitted in person, by mail or by e-mail to the address stated below:

The Microfinance Investment Support Facility for Afghanistan (MISFA)  
House # 21, Herati Mosque Street, Shahr-e-Naw, District 04, Kabul – Afghanistan  
Mohammad Khalid Abid, Administration & Procurement Manager  
Email: [khalid.abid@misfa.org.af](mailto:khalid.abid@misfa.org.af) copy to [asifi.hammad@misfa.org.af](mailto:asifi.hammad@misfa.org.af)  
Website: [www.misfa.org.af](http://www.misfa.org.af)

Further information can be obtained at the address mentioned above, during office hours 8:00AM to 2:00PM from Sunday to Thursday.