

Microfinance Investment Support Facility for Afghanistan



November 2016



MISFA's Managing Director, Mr. Bahram Barzin and WADAN's CEO, Ms. Jean Kissel signing the TUP project agreements.

Thousands of ultra-poor families in Kabul and Kandahar to get help from Targeting the Ultra-Poor (TUP) project

Some 2,500 Afghan families in abject poverty will get much needed help as MISFA continues the scale-up of its landmark Targeting the Ultra Poor (TUP) project to two more provinces:

Kabul and Kandahar.

In mid-2015, with renewed funding and commitment from the Government of Afghanistan, donors, and local partners,

MISFA scaled up TUP to five provinces: Takhar, Balkh, Kunar, Laghman, and Herat, covering a total of 6,725 households. The project was piloted successfully in 2010 in the highlands of Bamyan and Badakhshan.

TUP is a grant based, comprehensive two-year intervention tailor-made to facilitate the escape of ultra-poor households from poverty by providing them a package of inputs, including livestock, animal-husbandry training, subsistence support, basic health and hygiene care, and access to finance.

The main objective of the project is to support the beneficiaries escape

abject poverty sustainably.

They are provided with basic training and support to bring them up to a from TUP following a referral system that links them to financial service providers position in which they are able to start-up a small enterprise. Participants exit or graduate such as Microfinance Institutions (MFIs), Community Savings Promoting Institutions (CSPIs), Cooperatives, Self Help Groups (SHG) etc. to further expand their businesses and enterprises.

The TUP scale-up in all provinces, except Herat, are funded by IDA/World Bank; the expansion to Herat is supported by the Italian Agency For Development Cooperation.

Better access to finance for Afghans with small and medium enterprises

Afghan traders and entrepreneurs, who plan to expand or open a small-and-medium enterprise (SME), will soon have better financing options, as part of MISFA's commitment to financial inclusion.

Building on the achievements and lessons learned in rolling out microfinance across Afghanistan, MISFA signed up SME Client Support for Afghanistan (SCSA) to work on developing a higher tier SME loan

product to address the needs of Afghan traders and entrepreneurs, who cannot access loans from banks. As part of the funding agreement with MISFA, SCSA will provide a package of services to two of its partner institutions: OXUS and FINCA Afghanistan. This includes technical assistance to both MFIs to conduct a feasibility study for an SME loan product, design a needs-driven SME loan product, and establish the SME facility within each MFI. SCSA will also help in segmentation, targeting and positioning of the product.

There has been a well-established demand for SME loans for a segment of the private sector whose financing needs are above the microcredit ceiling, but do not meet the stringent eligibility criteria of banks. However, MISFA had to prioritize institutional strengthening of its partner MFIs and the development of microfinance products and services that cater to Afghans in the lowest income bracket. This activity will be supported through MISFA's Access to Finance project funded by IDA/World Bank.



MISFA's Managing Director, Mr. Bahram Barzin and OXUS's CEO, Mr. Salim Khan signing the funding agreement.

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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