

Microfinance Investment Support Facility for Afghanistan



December 2013



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**– Khalil Baheer
Rural Finance Director
MISFA**

TUP Participants simulating how to promote and advertise their products to customers; during the one day financial literacy workshop conducted in Faizabad- Badakhshan.

TUP program’s real measure of success: Make graduation from ultra-poor status permanent

For MISFA, the real success of its financial graduation initiative, targeting the Ultra Poor (TUP), can be measured by how participants are able to sustain their livelihoods; and how their livelihoods can generate regular income for their households.

“It’s not enough to say we’ve helped hundreds of rural women and their families escape from abject poverty,” said MISFA’s Rural Finance Director, Mr. Khalil Baheer. “TUP’s real success can only be measured by how many graduates can actually make their escape permanent.”

Recognizing that TUP graduates need financial literacy in order for them to have a real chance at having sufficient and sustainable livelihoods, MISFA commissioned a Consultant to carry out a series of activities during the last quarter of 2013.

The initial training needs assessment (TNA) found that some of the TUP participants have already



Financial Literacy Training for TUP Project staff

started saving and developing small enterprises. Thus, this was an opportune time to help them become financially literate; to learn how to manage their earnings effectively; how to save wisely; and how to market their goods in order to grow their businesses.

The financial literacy curriculum developed included five modules: (1) Financial Planning and

Cash Flow Management; (2) Savings; (3) Groups Mobilization; (4) Marketing; (5) Enterprise Development.

A total of 32 project staff received financial literacy training, and participated in a Training of Trainers (ToT) workshop. This equips them with the knowledge and skills they can transfer to TUP participants in the field.

Then, a one-day test pilot was conducted, wherein the livelihoods staff, who received the ToT, conducted financial literacy training of a select group of 18 TUP women, while being observed by the Consultant and other staff.

"I understood that I have the right to have access

to financial services as others do," said Jawhar Nisa, a participant in the one-day test pilot workshop. "I learned the importance of saving and ways to save my money. And it's good to know that I can take simple steps to market my dairy products, such as ensuring my production process is hygienic, and bringing them to the market fresh."

MISFA is implementing TUP in partnership with the Ministry of Agriculture, Irrigation and Livestock (MAIL), with funding from the International Fund for Agriculture Development (IFAD). TUP is helping 800 ultra-poor households in two districts of Faizabad city in Badakhshan province. It was first successfully piloted in three districts of Bamyan, to lift 400 rural families out of abject poverty.

MISFA to assess microfinance impact using PPI

MISFA will be assessing the impact of micro finance services on the living standards of clients using the Progress-out-of-Poverty Index (PPI).

"Providing financial services is just a means, not the goal," said Mr. Bahram Barzin, Interim Managing Director of MISFA. "Our mission is to improve peoples' lives. The PPI helps us understand how well we have achieved that."

A total of 2,000 new borrowers of different loan products from four provinces (Kabul, Balkh, Herat and Kunduz) have been surveyed through PPI. This same group of clients will be observed six months later to measure the changes in their lives over time. MISFA trained the staff of its partner microfinance institutions (MFIs) who took part in the survey.

In time, the number of clients to be surveyed through PPI will be scaled up to 10,000, but the

end goal is to permanently integrate the Index into the monitoring systems of MISFA's partner MFIs, in order to have an ongoing system of measuring impact.

The PPI is a simple, statistically sound, country-specific poverty measurement tool developed by Grameen Foundation for Bangladesh in 2005. Today, it has reached 48 countries worldwide, including Afghanistan.



MISFA trains the staff of its partner MFIs on the PPI.

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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