MICROFINANCE INVESTMENT SUPPORT FACILITY FOR AFGHANISTAN (MISFA) FINAL REPORT

RAMP/MISFA

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc. The author's views expressed in this publication do not necessarily reflect the views of USAID or the United States Government

-MISFA-

MICROFINANCE INVESTMENT SUPPORT FACILITY FOR AFGHANISTAN

FINAL REPORT ON USAGE OF RAMP FUNDING

July, 2003 – August 2005

Prepared by:
Kirsten Weiss, Agricultural Finance Advisor
MISFA

Contact:
Joyce Lehman, Chief Operating Officer
MISFA

MISFA Final Report
31 August 2005

Executive Summary

RAMP funding was allocated primarily (US$4 million) to provide direct loan capital to MFIs that are providing services that meet the criteria described below. Specific agro-related programs and products were expected to need some technical assistance and/or capacity building. In these cases RAMP funding (US$1 million) was available to fund capacity building associated with the particular activities being supported by RAMP. Initially, the grant funding period was scheduled for July 2003 – December 2004. However, MISFA was granted two no-cost extensions, and funding was extended through August, 2005.

The agricultural definition of RAMP includes *rural producers and processors involved in any of the following activities agriculture, livestock, or timber product market systems, including input supply, production, distribution, wholesaling, processing, and marketing/trading."* This makes it easier for MFIs to fit into this definition in terms of their disbursement. Conversely, all MFIs had been reporting on agriculture in the strict definition of the term, to mean crops and livestock, forcing MISFA and MFIs to estimate their number of agricultural borrowers under the RAMP definition. This reporting issue remained on-going. An attempt was made to estimate the total agricultural lending based on a study by Altai, however, the accuracy of these numbers is questionable.

Deliverables: Based on estimates of the potential growth of known microfinance providers, it is estimated that in the first year MFIs could meet the following targets with RAMP funding:

- Number of active clients: 10,000 (Assuming full disbursement and an average loan size of $400).
- The portfolio at risk > 90 days: 5%
- Operational and Financial Sustainability: 3-7 years (Each proposal will contain sustainability targets within a reasonable timeframe).

The MFIs funded through RAMP have exceeded these deliverables. **RAMP-funded MFIs made an estimated 89,433[1] agricultural loans as of August 31, 2005**, though the MFIs have achieved these numbers through a combination of RAMP and other donor funding. The average PAR>90 days is under 2%. The MFIs funded are on-track to operational sustainability.

[1] Estimated. Due to the aforementioned reporting issues, samples of clients were taken to determine the extent of clients incorrectly reported as non-agricultural, and estimates of current ag clients were based upon the results.

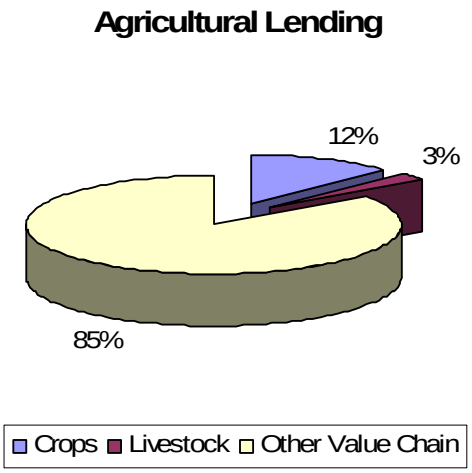
Funding & Disbursements

RAMP Funding Received

	Loan Capital	Comments
ARMP-AKDN	$1,720,000	
BRAC	$1,414,009	Funding is split between RAMP's ALDSCP (livestock and agriculture program) and their core loan program, which also lends to agricultural clients.
CHF	$280,000	
FINCA	$200,000	
AFSG/Mercy Corps	$88,000	
Women for Women	$300,000	Includes funding for lending to the Kuchis
Total	**$4,002,009**	

MFI Statistics

Of agricultural loans (using the RAMP definition), approximately 32% (28,118 cumulative loans disbursed) were reported by MFIs as for agricultural production. Of the production loans, the country managers for the RAMP-funded MFI programs estimate that **70% of the loans disbursed were for livestock purchases and 30% for crop production.**



Please see Annex A for a consolidated report showing total lending activities of the MFIs that received RAMP funding, and the details on lending devoted to agriculture.

Loan Capital

When it became clear that MISFA would not be able to utilize all the funding allocated for technical assistance, some of this funding was re-allocated for loan capital for agricultural loans. A total of $4,002,009 in loan capital was disbursed. The average repayment rate was 99% -- outstanding by any standards and demonstrating that borrowers are indeed capable of repaying agricultural loans in spite of the higher risk and seasonal nature of agricultural production.

Geographic Coverage

The eight RAMP-funded MFIs[2] were active in 17 provinces. Below is a table showing their total activities by province, including but not limited to agriculture.

Region	Nbr of Active Clients - 8/31/05			Loans Outstanding ($) as of 8/31/05	Cumulative Amount of Loans Disbursed ($) as of 8/31/05
	Nbr of Savers	Nbr of Borrowers	Total Nbr Clients		
Kabul Totals	16,948	19,292	22,269	1,844,921	5,663,917
Takhar Totals	2,261	2,699	3,215	510,703	702,790
Kunduz	7,021	7,509	8,687	1,284,800	2,050,289
Bamyan	0	2,354	2,354	1,130,605	2,148,070
Ghanzhi	35	565	600	209850	239200
Baghlan Total	7,046	9,130	9,858	2,718,754	5,918,464
Badakshan	0	1,612	1,612	817,643	1,379,786
Herat	20,418	17,536	20,638	1,794,068	5,791,710
Balkh	23,118	19,249	23,118	1,447,491	3,783,150
Parwan	5,992	4,296	6,064	307,702	954,089
Nangarhar	7,192	5,723	7,192	409,992	957,365
Laghman	520	520	520	38,570	51,427
Kunar	26	26	26	2,610	2,610
Kapisa	2,219	1,533	2,219	143,087	329,649
Samangan	5,736	5,696	6,131	505,038	863,508
Jawsjan	7,693	6,076	7,693	421,196	825,300
Sar-I-Pul	795	646	795	40,484	65,795
Total	**107,020**	**104,462**	**122,991**	**13,627,514**	**31,727,119**

Technical Assistance/Capacity Building

Technical Assistance – The Agricultural Finance Specialist

A total of $992,987 in technical assistance funding was utilized. While the original terms of the agreement called for utilizing $1,000,000 in technical assistance, after discussions with RAMP representatives it was determined that the greater need was for and impact was derived by reallocating some of the funding to loan capital.

An agricultural finance advisor, Caroline Tsilikounas, was fielded as part of the MISFA team to be responsible for providing technical assistance to microfinance institutions in developing sustainable agricultural microfinance activities. A new advisor, Kirsten Weiss, replaced Ms. Tsilikounas in 2005. Ms. Weiss conducted a needs assessment in mid-January through February. She returned in mid-March to implement the TA plan, working through the end of August, 2005, when the RAMP funding ended.

[2] BRAC, Mercy Corps/AFSG, CHF, ARMP-AKDN. WfW, FINCA, Madera, and ACTED, the latter two received direct TA funding only.

Both agricultural finance advisors provided direct training and technical assistance to the MFIs, encouraging and assisting with the development of loan products targeting agricultural borrowers. They also sourced and managed external consultants for the MFIs, for example, a security training course for MFIs operating in rural areas and a consultant to conduct a market assessment of a rural area for Mercy Corps. A specialist in Kuchi livlihoods, Frauke deWeijer, was contracted to work with MISFA Agricultural Finance Specialist, Kirsten Weiss, to develop draft microfinance products for Kuchi nomads. See Annex B for a detailed chart of activities.

Direct Technical Assistance Funding to MFIs

While the bulk of the TA funding was provided directly to service providers, $298,125 was provided directly to the following MFIs:

Women for Women International	$5,000
Madera	$43,587
BRAC	$213,284
ACTED	$36,254
Total	**$298,125**

Pilot Funding to Selected Microfinance Providers

Funding to pilot test new agricultural loan products was provided to ARMP-AKDN and Women for Women International (WWI). ARMP-AKDN tested two agricultural products: microleasing and loans for agricultural traders. The pilot tests were hampered, however, by the civil disorder in Badakshan in the spring of 2005, and have not yet been completed.

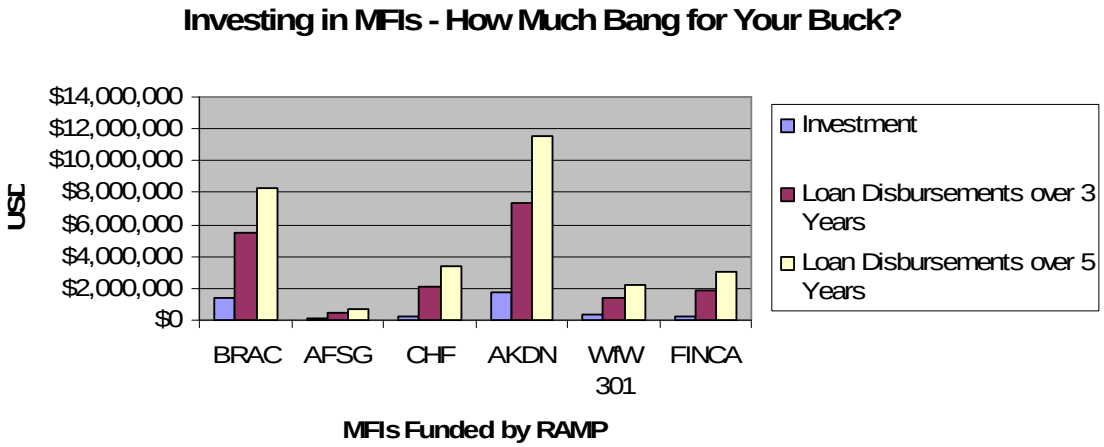
Based on MISFA's report on potential loan products and focus groups conducted by WWI, Women for Women requested and received $60,000 in funding to pilot test loan products for the Kuchi nomads.

Impact

RAMP began funding Afghan MFIs in 2004, however, a significant amount of the funding was not disbursed until 2005. Not enough time has passed, therefore, to accurately assess the impact of this investment at a client level (e.g. change in income generated). Additionally, MFIs are only now beginning to develop baseline data for impact assessments. Without a baseline, one must rely upon interviews and client memory of past performance, the latter which is notoriously unreliable. However, while it is impossible to assess the client impact at this time with any degree of validity, one can project how effectively the loan funding is used at the MFI level.

Impact at the MFI Level

Using MFI repayment rates and loan terms, one can calculate how many loans are made with funding provided over a five-year period[3]. MFIs with shorter loan terms will make more loans per year than MFIs with longer terms, seemingly indicating better performance. However, shorter loan terms aren't necessarily better for MFI clients, particularly when it comes to agricultural lending.



BRAC, for example, received $1,414,009 in funding for loan capital from RAMP. Over a five-year period, they will recycle and re-lend that loan capital, making an estimated total of $8,282,558 in loans to agricultural borrowers[4].

MFI	From an Investment of:	Projected Loan Disbursement Over 3 Years	Projected Loan Disbursement Impact Over 5-Years
AFSG (Mercy Corps)	$88,000	$437,447	$695,613
BRAC	$1,414,009	$5,482,820	$8,282,558
CHF	$280,000	$2,088,440	$3,418,800
AKDN	$1,720,000	$7,407,180	$11,493,900
WfW 301	$300,000	$1,386,000	$2,178,000
FINCA	$200,000	$1,831,500	$3,019,500
Total	$4,002,009	$18,633,187	$29,088,371

[3] This is funding as of May 31, 2005. Additional funding will be disbursed in June/July, altering these figures.

[4] Assumes that all interest income is used to cover operational expenses, rather than being reinvested as loan principal. This is typical economic behavior for nascent MFIs, and holds true in Afghanistan as well.

Impact at the Client Level:

Yield as a Proxy Indicator

As a proxy indicator, because funds need to be repaid to be re-disbursed, we can assume that MFI borrowers have at least earned enough from their investment to cover their loans plus interest. The average effective annual interest rate, i.e. yield, for agricultural loans from the above listed MFI's, weighted by their RAMP funding, is 35%. Therefore, given the high average repayment rates (typically 99%), we can extrapolate that the average MFI borrowers are earning at least 35% on their investment annually.

Estimated Wealth Generated

Assuming all the loan capital funding is initially disbursed in month one and a 99% repayment rate, a 35% yield would result in at least $4 million in wealth generated (i.e. interest income) over a three year period and $7 million in wealth generated over a five-year period from RAMP's $4 million investment. This assumes interest income is used to cover operating expenses, rather than re-invested in loan capital (i.e. there is no compounding), and all loan capital is constantly re-lent on a monthly basis over a five-year period.

Assuming a 15% discount rate, the NPV of these borrower-generated cash flows over a three-year period would be nearly $3.2 M and for a five-year period over $4.5 M. This again is strictly a proxy measure of impact via cash flows at the borrower level – it does not represent return to the donor (i.e. RAMP) or NPV for the MFI. The latter calculation would involve costs incurred by the MFI to generate these funds.

Impact	Over 3 Years	Over 5 Years
Wealth Generated (interest income)	$4,202,100	$7,003,500
NPV	$3,166,131	$4,648,409

Jobs Created

One of the RAMP-funded MFIs, ARMP-AKDN, tracks self-reported jobs to be created for their parent NGO, the Aga Khan Development Foundation. At each renewal of a microloan, credit officers gather data from repeat borrowers as to how many employees they plan to hire during the life of their next loan. Looking at the six month reporting period from May through October, 2005 (which reflects the loan disbursement period from July – December, 2004) **the average jobs created per $100 disbursed is 0.21**. ARMP's loans average $700, so the average jobs to be created per loan are 1.5. Cumulatively, 13.4% of ARMP-AKDN's loans are for crop production, and one can assume that most of the jobs created from these crop loans are seasonal in nature.

Case Study: A Farmer Returns Home

During the war Ali Nazar lost his mother, his house, and his livelihood – his animals were also killed during the fighting. Devastated, he sought refuge across the border in

Pakistan, where he earned a meager living washing cars. After the fall of Taliban, he returned to Afghanistan with little more than the clothes on his back, and found his home and lands destroyed. He needed money for seeds and to install an irrigation system on his land.

He heard from a neighbor in Khanabad-Nekpai that ARMP, a microfinance institution which received agricultural funding from RAMP, lent money to people like himself – who had no collateral or past credit history. So he applied for and received a $500 loan that he used to buy a cow and seeds for his land. This seemingly small loan was all he needed to get started, and in the first year of the loan he had a good yield from his land, inspiring Ali to take another ARMP loan for $750. With the second loan, he purchased a waterwheel to drive the irrigation of his land.

This too was successful, increasing his productivity and profits. He was soon able to turn to rebuilding his house, and he expanded into poultry and rearing sheep, diversifying his income. Thanks to his newfound prosperity, Ali's three boys and two girls are going to school and his younger brother attends university. Ali Nazar said he will buy whatever is needed for his brother and children to ensure that they are able to continue their studies. Ali is illiterate. He says he doesn't want his brother and children to be like him. Ali also supports an extended family, totaling seventeen dependents upon his farm income.

"I am grateful to ARMP for my loan," says Ali. "I want to be self-reliant and able to provide for my family."

Ali hopes to take out a larger loan in the future.

Ali Nazar looks over his fields.

Case Study: From Guns to Plowshares

Decades of war made violence Afghanistan's prime industry, employing young and old alike. The end of the war and of the Taliban regime revealed a devastated country – economically and socially. With little opportunities for employment, Mohammad Nasim, a 21 year-old ex-soldier turned to farming. However, he didn't have enough capital to purchase high-quality inputs. So he took out a $200 loan from BRAC Afghanistan. Now, his small farm provides him with a monthly income of $120 – enough to support his family of three.

"I think BRAC support is necessary, especially in the agricultural sector, which came to a stand-still during the last three decades of war… When I was a soldier, I did not earn enough money to feed my family. Those were difficult days. When I turned to a new life, I looked for money to start my business but until BRAC arrived in my village, there was no where for me to get a loan."

ANNEX A

MICROFINANCE PROGRAMS

STATISTICAL REPORTS

Client Information
As of August 2005

INDICATORS	BRAC	AC ALDC	Mercy Corps (AFSG)	FINCA	CARE (MoFAD)	CHF	WfW	AKDN	WOCCU	MADERA	ACTED	PARWAZ	DACAAR	Totals
Number of Active Loan Clients	77,756	2,007	3,019	7,724	2,092	1,492	2,302	8,887	574	1,203	72	1,262	-	108,390
Number Active Women Loan Clients	77,183	-	2,499	2,536	2,092	450	2,302	553	150	407	41	1,262	-	89,475
Number of Active Groups	5,000	150	697	758	244	276	486	24	7	48	19	121	2	7,832
Average Group Size	19	18	4	10	24	6	5	16	6	25	4	10	17	17
Number of Loan Officers	568	50	11	52	10	12	12	65	2	22	2	4	6	816
Number of Clients per Loan Officer	167	55	274	157	209	124	192	137	1,016	55	36	316	6	162
Loan Portfolio Outstanding	5,503,858	298,416	341,671	1,050,081	94,054	487,652	273,654	5,573,862	196,605	90,222	8,098	91,255	-	14,009,428
Number of Loans Disbursed this Month	7,820	379	563	2,049	363	382	375	1,318	134	169	27	421	-	14,000
Amount of Loans Disbursed this Month	1,099,862	73,900	107,395	409,550	37,989	166,000	72,722	938,370	62,449	16,965	4,202	46,510	-	3,035,914
Number of Loans Disbursed to Date (Cumulative)	128,793	2,011	8,335	20,958	2,962	1,950	3,006	14,009	644	1,203	83	3,678	-	187,632
Amount of Loans Disbursed to Date (Cumulative)	14,281,190	388,147	1,469,001	4,189,362	486,888	867,400	594,919	9,807,246	285,172	119,025	10,828	364,000	-	32,863,179
Average Loan Size per Client (at disbursement)	111	193	176	200	164	445	198	700	443	99	129	99	-	175
Average Loan Term (Months) at disbursement	12	12	8	4	6	6	9	11	6	6	5	6	-	11
Number of Savings and Deposit Clients	95,099	2,729	-	7,954	5,734	-	-		2,149	1,203	-	782	35	115,685
Saving Balances Outstanding	1,707,337	55,960	-	52,504	143,985	-	-		90,420	4,611	-	8,398	7	2,063,222
Average Savings Size	18	21	#DIV/0!	7	25	-	-	-	42	5	-	11	0.2	19
Total Number of Savings & Loan Clients	95,099	2,729	3,019	8,153	5,734	1,492	2,302	8,887	2,149	1,203	72	1,262	35	132,136
Total Number of New Clients this Month	1,627	349	353	930	967	382	375	1,318	147	169	27	368	35	7,047
Number of Clients dropped out	1,478	19	205	109	-	6	-	154	246	-	-	53		2,270
Number of Disabled clients	162	-	9	12	23	-	-		7	1	1	10		225
Client Activities (Nbr of Loans cumulative):														
Commercial/Retail	69,499	0	2715	4,904	1498	687	1,503	5,543	282	639	14	1,361		88,645
Services	8,271	0	3016	6,871	757	418	483	163	163	173	13	49		20,377
Craft/Handicraft	27,071	0	346	3,347	383	229		-	37	104	5	518		32,040
Agriculture	14,141	2,011	116	2,348	177	616	748	7,405	125	287	46	98		28,118
Manufacturing	9,811	0	810	1,742	145	-	243	708	20	0	6	1,652		15,137
Other	-	0	1332	1,746	2	-	29	190	17	0	0	0		3,316
Total	128,793	2,011	8,335	20,958	2,962	1,950	3,006	14,009	644	1,203	84	3,678		187,633
RAMP subset														
Adjustment [1]	48,227	0	2,127	6,916										57,270
Total Cumulative Ag Clients based on RAMP definition [2]	62,368	2,011	2,243	14,042										85,388
Loans by Size at time of disbursement (Nbr of Loans)														
< $100	60,773	0	64	0	1586	-	0	99	4	1203	10	3609		**67,348**
$101 - $200	60,963	0	6606	14,036	619	176	2683	246	49	0	74	69		**85,521**
$201 - $300	6,110	2011	1259	3,815	234	78	198	1,166	60	0	0	0		**14,931**
$301 - $500	324	0	406	2,557	304	1,188	125	6,097	67	0	0	0		**11,068**
$501 - $1000	418	0	0	550	118	508	0	5,141	464	0	0	0		**7,199**
> $1000	205	0	0	0	101	-	0	1,260	0	0	0	0		**1,566**
Total	**128,793**	**2,011**	**8,335**	**20,958**	**2962**	**1,950**	**3006**	**14,009**	**644**	**1203**	**84**	**3678**		**187,633**

Notes:

1. The information generally collected by MFIs on a monthly basis relates to a narrow definition of agriculture primarily consisting of loan activities for crops and livestock. However, when funding is provided by RAMP through MISFA, priority should be given to all of the agricultural market linkages. Any funding of an MFI project using RAMP funding should be used primarily for agriculture lending activities defined as: any activity in agriculture, livestock, or timber product market systems, including input supply, production, distribution, wholesaling, processing, and marketing/trade. Therefore, the figures provided as Agriculture refer to the strict and narrow definition of agriculture and therefore represent a very conservative measure of use of RAMP funds and well below the actual disbursements made against RAMP's funds that were disbursed to MISFA and on-lent to the MFIs. In order to reconcile the figures to reflect all of the loans provided for agricultural activities, a survey was commissioned in August 2004 to evaluate the retroactive allocation of funds for those MFIs that had used RAMP funds to-date. By doing so, it was estimated that 46% of BRAC's portfolio had been disbursed for agricultural activities using the RAMP definition and that 35% of Ariana Financial Services Group /Mercy Corps portfolio was agricultural related. These percentages have been applied as an adjustment to fully reflect the impact of microlending on the agricultural sector and are listed as Adjustment.
2. This is an estimate.

ANNEX B

TECHNICAL ASSISTANCE

AGRICULTURAL FINANCE ADVISORS

1. Cross-cutting activities

Caroline Tsilikounas: Feb- Dec., 2004

Description	Partner/counterpart	Status
No-cost extension request	USAID	Done, waiting for approval
Linking MFIs with non credit RAMP partners: IFDC traders with AKDN, FAO with Ariana, and Roots of Peace with Acted.	ICARDA, IFDC, FAO, Roots of Peace.	These activities were stalled. ICARDA refused to extend credit through a MISFA MFI partner. The FAO-Ariana collaboration was stalled given the need for Ariana to revamp their portfolio.
Recruiting, coordinating and reviewing work of consultants funded through RAMP for agricultural-related TORs.	Save the Children survey and analysis of rural finance options with AKDN and Mercy Corps.	Done July and August 2004.
Monthly reports Reviewed and simplified monthly report so that the task can be conducted within MISFA permanent staff. See new form as attachment.	RAMP	On-going, reports currently being reviewed given that they do not capture the broader definition of RAMP and request information not available from MFIs' monthly reports.
Coordinated survey for estimation of allocation of RAMP funds to MFIs. Designed scope of work, reviewed questionnaire, draft and final reports, coordinated with MFIs.	Altai Consulting	Done. Another survey could potentially be organized at a much later stage for MFIs that are newly receiving RAMP funding through MISFA.
Coordinating with RAMP	GIS, Request from farmers for credit (sent to MISFA)	As needed.
Attending conferences and seminars	UNDP BDS training needs assessment, Opium conference	As needed
Designing monitoring framework and format for agricultural activities, to be merged with regular monitoring format	In collaboration with monitoring unit	August 2004
Design updated MFI brochure with contact and basic product	Monitoring unit, for RAMP requests	September 2004, to be updated/completed by MISFA IT.
Coordinate follow up on initial credit bureau initiative	With Shorebank	Postponed to January. Follow up with consultants needed.

Kirsten Weiss: January – August, 2005

Description	Partner/counterpart	Status
Assist with the processing of Alternative Livelihood (ALP) proposals	USAID/DFID	Done, approved
Linking MFIs with non-credit RAMP partners.	RAMP-supported agricultural associations and the following MFIs: BRAC, IFDC, Madera, FINCA, CARE, WfW, and Mercy Corps.	Hosted a roundtable introducing agricultural associations to MFIs and explaining the marketing benefits of linkages. June, 2005. Feasible linkages discussed were: 1. Linking MFIs who lend for livestock purchases with Veterinary Field units to ensure vaccinations. Also, IFDC may be able to source vaccines in bulk for the field units.

		2. Linking MFIs in Parwan with DWC, to provide loans to their female clients who dry tomatoes. 3. Linking with FAO's livestock training program and providing poultry loans to their trainees in Ghazni, Parwan, Jalalabad, Kunduz and Baghlan.
Sourcing, coordinating, and reviewing work of RAMP-funded consultants for agricultural-related SOWs.	CARE consultant who conducted a market survey, AKDN consultants who assisted with the development of leasing and agricultural trade products, TOR security consultant who conducted training for rural MFIs.	Done. March – June, 2005.
RAMP reporting: Reviewed monthly reports and produced an end-of-project report for RAMP, including impact projections. Produced success stories.	RAMP	Done. Success stories may be found in the communications/PR file on the MISFA server.
Assist with the design of a loan product for Kuchi nomads	Frauke D'Weijer	Done: See Kuchi Report and Product Manual in the Kuchi file on the MISFA server. The agricultural technical advisor followed up with a survey of MFIs who attended Frauke's presentation, however, none responded. Mercy Corps has proposed lending to Kuchis as part of their ALP work, however, to date their proposal has not been approved. WfW has also expressed interest in a short-term product for Kuchi shepherds, and has conducted focus groups in Bagram and Kasava. They are currently contemplating a pilot test of seasonal loan products, to begin in April 2006 when the Kuchis return to these summering areas.
Coordinating with RAMP	Provided case studies, success stories, impact projections, and a consultant's report to RAMP.	As there has been a second no-cost extension of the RAMP funding, a final report will need to be prepared when the terms of the extension end.
Attending conferences and seminars	Poppy eradication strategy roundtable at the Swedish Embassy.	As needed
Expanded the RAMP portfolio to include additional MFIs	FINCA became a member of the RAMP portfolio in May, 2005, with the addition of $200,000 in loan capital	Using the RAMP definition, FINCA estimates 67% of its portfolio is agricultural.
Marketing Agricultural Microfinance	RAMP	With the assistance of RAMP, developed a 2-page information sheet on the benefits of microfinance and agricultural microfinance. Developed a bi-monthly newsletter on microfinance, and initiated a poster-marketing campaign showing the benefits of rural microfinance and targeting potential clients.

2. MFI-specific activities

Caroline Tsilikounas: Feb – Dec., 2004

MFI	Description	Status	Future plans
BRAC	Redrafting ag proposal and approval from RAMP for year 1 pilot with loan fund (US$611,000) and TA (US$130,000). Pilot testing in Nangahar, Parwan, Kapisa, Kabul and Herat.	Recruitment and market outreach completed. Disbursement starting this month. MISFA-RAMP monitoring format and process prepared with BRAC. BRAC will track the performance of the program separately.	A few months after disbursement, monitoring by MISFA-RAMP in the form of financial results (MISFA-Advisor) and agricultural support (ag expert).
Ariana	Facilitation of agricultural seminars. Training on market research, product development, data analysis for development of poultry product. Facilitation of linkages with FAO and implementing partner. Organization of focus group discussions in the field around Kabul. By the same token, support in market research on savings and analysis.	Interrupted with change in management starting August, then stalled.	Pending finalization of updated business plan and opening of Kunduz branch, this could resume, but anticipated no earlier than second quarter 2004.
CHF	Visit to Bamyan to review the program and suggest corrective measures. Discussion with staff, changes in products, policies and procedures.	The ag lending part was put on hold given the need to re-orient the current delivery with simple and standard loan products.	Training on product development and design of ag product to take place in the Spring.
Madera, Acted, Dacaar, CARE	Training on market research, product development. With Madera and Acted, individual preparation of research. With Madera, review of business plan and preparation for steering committee.	Madera: funding approved. 80% RAMP. Disbursement expected first quarter 2004. Acted: funding approved. 50% RAMP Disbursement expected April 2004. Dacaar: 60% RAMP. Same disbursement schedule.	TA in linking with BDS, as per section below.
AKDN	Support in preparing proposal for new agricultural programs. Visit to Pakistan to similar programs and microleasing companies, discussions with other departments of AKDN.	Addendum to business plan to be handed out by December 20. Funding expected to start early 2005.	See scope of work.

Kirsten Weiss: Jan – Aug., 2005

With the assistance of RAMP-funded consultants and the agricultural technical advisor, Aga Khan Development Network (AKDN) has developed new loan products for their rural areas for farmers and agricultural traders. The products consist of microleasing for small agricultural equipment (such as threshers, electrical saw, milk cans, small

processing equipment) and agricultural trade loans. ACTED is also piloting a loan product for small poultry farmers.

Because of the high-risk of lending, particularly in rural areas, the agricultural advisor sourced a security trainer to provide a practical, skills-based training of trainers for MFI managers.

The agricultural technical advisor also provided general training in agricultural lending to BRAC, Mercy Corps/Ariana, Women for Women, AKDN, ACTED, and DACAAR.

Summary table

MFI	Description	Status	Future plans/needs
BRAC	Assisted with the modification of their ALP proposal. Training on agricultural lending and Security for MFIs in Rural Areas.	Done.	BRAC's "cookie-cutter" model is unlikely to be changed to develop ag-specific products. However, they have been quite successful in reaching agricultural borrowers with their current product.
Ariana	Training on agricultural lending.	Done. April, 2005.	
CHF	Provided technical assistance on agricultural product development and training in security for MFIs in Rural Areas.	Done. August, 2005.	At this stage, CHF does not appear to have the capacity to develop new agricultural loan products, though they initially expressed an intent to do so. Currently, they differentiate loan products by gender. Women receive smaller loans than men. While there are different risks that women borrowers present (e.g. their husbands may control the funds) and in general women may well require smaller loans, there may be female borrowers who can process larger loan sizes, and men who require smaller sizes. I'd like to see a better understanding of what businesses can handle rather than a blanket "men get more than women" approach.
Madera	Training on agricultural lending.	Done. April, 2005.	
IFDC	Provided TA on modifying their existing loan manual/products. Training in Security for MFIs in Rural Areas.	Done. June, 2005.	IFDC has a draft loan and training manual. However, it needs to develop criteria for the loan decision. E.g., there is an explanation of a cash flow statement, but no criteria for what ending cash a borrower must have to receive a loan. Or what % should the loan be collateralized?
Acted	Training on agricultural product development and Security for MFIs in Rural Areas. Sourced local consultant (Antonio Rota from FAO) specializing in poultry farming to provide training and TA for Acted.	Done. April – June, 2005. Acted has begun micro-lending to poultry producers in Charikar.	The impact and effectiveness of their poultry loan product will need to be evaluated.
DACAAR	Training on agricultural lending.	Done, April, 2005.	

CARE	Sourced a consultant to conduct a rural market survey. Training in Security for MFIs in Rural Areas.	Done. March - June, 2005.	
FINCA	Training on agricultural lending – conducted a one-day course for 20 loan officers in Heart and Security for MFIs in Rural Areas.	Done. April – August, 2005.	FINCA management has expressed interest in developing an agricultural loan product.
AKDN	Monitored RAMP-funded consultants, who assisted with the development of two agricultural-focused products: microleasing and loans for traders. Conducted follow-up TA in marketing of their leasing product. Assisted with the development of the above products. Provided agricultural loan training. Assisted with the modification of their ALP proposal. Assisted with the modification of their ALP proposal. Training in Security for MFIs in Rural Areas.	Done. April – August, 2005. RAMP received the final loan manuals from the external consultant in June, 2005.	ARMP will begin piloting the products this summer. Both pilot products – loans for agricultural traders and microleasing – will need to be monitored and evaluated. AKDN experienced a set-back in their loans for traders product, which was scheduled to pilot in Badakshan. Their offices there were burnt down during the May riots, curtailing operations. They will decide in July whether to continue with the pilot in Badakshan or to move it elsewhere. As of August, 1, credit officers in Pulikumbri have been unable to find any leasing clients. This is most likely due to inappropriate marketing of the product, and a lack of understanding of the target market. It is recommended that certain credit officers be dedicated solely to leasing, to act as "champions" for the product, as the current staff has little faith or willingness to promote it. Should that fail, then the problem may indeed be product design.
Women for Women	Training in agricultural lending and Security for MFIs in Rural Areas.	Done. April – June, 2005.	