



## ECONOMIC GROWTH UPDATES

11 – 17 August, 2009

**Afghans Utilize New Technology in Financial Transactions:** On August 11, the Academy for Educational Development (AED) in collaboration with the USAID-funded Afghanistan Economic Governance and Private Sector Strengthening (AEG&PSS) Program held a workshop in Kabul to discuss expansion of M-Commerce (mobile phone banking) in Afghanistan. More than 60 people attended the event, representing a wide spectrum of stakeholders that included Afghan government, donors, implementing partners, financial institutions, mobile phone companies, and NGOs. H.E. Abdul Qadeer Fitrat, Governor of the Central Bank of Afghanistan and Francis J. Ricciardone, Deputy Ambassador of the United States Embassy in Kabul were the key speakers in the workshop. They highlighted the role of the mobile-phone technology in the overall economic development of the country and offered their support to implementation of the M-Commerce initiative in Afghanistan. AED, in partnership with Roshan, will launch a pilot mobile-phone money transfer service (M-Paisa) with two microfinance institutions, OXUS and BRAC. This technology allows borrowers to manage microfinance loans through their cell phones and to make cash repayments through rural licensed phone agents. In addition, M-Paisa is expected to enable the microfinance partners to reduce transaction and security costs, thus enhancing their ability to further extend services into rural areas. The pilot that will run for three months is expected to reach up to 100 clients.



M-Commerce Workshop, Safi Landmark, Kabul.  
Photo by: AED

**The Microfinance Sector Reaches over 440,000 Clients in Afghanistan:** The Microfinance Investment Support Facility for Afghanistan (MISFA) reported an outstanding portfolio of US\$108 million and over 440,000 active clients in the Afghanistan microfinance sector. MISFA is an apex organization pooling diverse donor funding mechanisms and converting them into streamlined flexible support to microfinance institutions in Afghanistan. Since its inception in 2003, MISFA has been reporting on behalf of the entire microfinance sector. The sector is currently lending in over 100 districts of 26 provinces. ARIES has provided US\$9 million to MISFA's microfinance window and US\$15 million to its newly established SME window. The USAID-funded portfolio of MISFA is being leveraged in 15 provinces and directly contributes to achieving the overall activity result of the ARIES Program "Growth in Rural Economy through Financial Services".



A microfinance client, Samangan Province  
Photo by: WOCCU



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**1,500 Jobs Created in Balkh and Paktia:** On August 13, the Board of Directors of the Afghanistan Rural Finance Company (ARFC) approved three loans in the amount of US\$686,000 to a farm store in Paktia and a food production and a salt company in the northern province of Balkh. ARFC was established under the USAID-funded ARIES Program to provide services at the upper end of the range of loan products. Since May 2007, it has disbursed or committed a cumulative amount of US\$16.7 million creating thousands of jobs in the Alternative Development Program (ADP) regions. The loans approved in the past week will generate an additional 1,500 jobs. Providing employment opportunities by ARIES and other USAID-funded projects has a significant role in achieving the USAID/Afghanistan's strategic objective "A Thriving Licit Economy Led by the Private Sector".



Food Production Company, ARFC Client, Balkh.  
Photo by: ARFC