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ARIES-USAID Allocates \$4 Million More to Strengthen the Afghan Rural Economy through SME Loans



H.E. Mohammad Ehsan Zia, Minister of Rural Rehabilitation and Development and H.E. Nourullah Delawari, Governor of Da Afghanistan Bank at the MoU signing event between MISFA and Azizi and Alfalah Commercial Banks

(Kabul, 11 Sep 2007) The Afghanistan Central Bank hosted the signing ceremony of Memoranda of Understanding between the Microfinance Investment Support Facility for Afghanistan (MISFA) and commercial banks, Azizi and Alfalah on Tuesday 11 Sep 2007. The two banks signed MoUs with MISFA to support lending to small and medium enterprises (SME) in rural areas of the country.

Also present at the MoU signing occasion was H.E. Mohammad Ehsan Zia, the Minister of Rural Rehabilitation and Development (MRRD), who emphasized the importance of SMEs in strengthening the rural economy of Afghanistan.

The ARIES program of the United States Agency for International Development (USAID) seeks to increase access to financial services among small and medium enterprises (SMEs) in rural areas of Afghanistan through the provision of loan capital, guarantee facilities and technical assistance to commercial banks interested to enter the SME market. ARIES-USAID funded this US\$4 million project for Bank Alfalah and Azizi Bank to support lending to SMEs through the bank's branches in Jalalabad, Mazar-e-Sharif, Herat, Kunduz, Kandahar, and Helmand. These institutions join Afghanistan International Bank and First MicroFinance Bank which have already established SME lending departments with support from USAID/ARIES. Ultimately it is expected that the program will work with six banks and extend over \$15 million dollars in loans to SMEs during 2008.

Signing on behalf of MISFA, its Managing Director, Amjad Arbab, encouraged the participation of commercial banks to support the growth of SMEs as a means to boost rural economies through employment generation and increased incomes. Bank Alfalah was represented by Country Manager, Muzzamal Z. Malik, and Azizi Bank by its CEO, Deepak Shrivastava.

Recognized as a crucial sector of the economy, SMEs represent a significant portion of productive activities, job creation, and income generation, yet often lack sufficient access to financial services from the formal financial sector. Afghanistan Central Bank Governor, Mr. Nourullah Delawari, has promoted the SME sector as an attractive investment opportunity for commercial banks operating in Afghanistan and expressed his appreciation for the initiative of Bank Alfalah and Azizi Bank to enter this key market.



MISFA's Managing Director Amjad Arbab signs the MoUs, to his right Alfalah Bank Country Manager, Muzzamal Malik and Azizi Bank CEO Deepak Shrivastava on his left. SME Advisor Michael Alcorn of ShoreBank International looks on.