Microfinance Investment Support Facility for Afghanistan (MISFA)

Access to Finance Project

Call for Proposals: Capacity Building Fund (A) Innovation Window

I. **Introduction:**

The Islamic Republic of Afghanistan has received a grant from the International Development Association (IDA) for the Access to Finance Project. MISFA is responsible for implementation of Component-1 of the project (Improving access to financial services for micro and small enterprises) and intends to apply part of the proceeds of the grant to Capacity Building Fund with the aim improving access to financial services in Afghanistan. The Fund has two windows: (A) Innovation Window and (B) Systems Strengthening Window. This call for proposals relates to (A) Innovation Window.

II. **Objectives:**

The Innovation Window supports innovations to improve access to and usage of financial services proposed by Microfinance Institutions (MFIs) and other institutions which have a focus on access to finance. As such, this Window will support the testing and piloting of new financial products (small enterprise finance, agricultural credit, savings, sharia-compliant products, insurance, etc.) as well as the use of technology to improve access to financial services.

III. **Eligible Institutions:**

The following institutions registered under relevant laws of Islamic Republic of Afghanistan are eligible to apply:

- Microfinance Institutions (MFIs);
- Deposit Taking Microfinance Institutions (DMFIs);
- Commercial Banks operating or planning to open microfinance or SME financing windows and/or having development goals contributing to the overall objectives of the Access to Finance Project;
- Community Saving Groups or Community based Saving Promotion Institutions (CSG/CSPIs);
- Credit Unions/Credit Cooperatives;
- Insurance companies;
- Leasing institutions;
- Mobile Network Operators offering products such as mobile money services etc; or
- Other institutions providing services contributing to achievement of the overall objectives of the Access to Finance Project.
In addition to the criteria above, the applicant shall consider the followings when they submit their concept notes:

- The proposed budget shall not exceed the maximum amount of AFN 33,000,000 per proposal;
- Consultancy Firms are not eligible to apply for the grant;
- The applicant should have at least three years relevant experience; and
- The Innovation Window funds will not include on-lending funds.

IV. **Selection Criteria:**

The general selection criteria for eligible institutions include:

- Institutions shall be registered with the appropriate body under the relevant laws of the Islamic Republic of Afghanistan.
- Institutions’ overarching goals and/or proposed activity(ies) should have linkages with the overall objectives of the Access to Finance Project.
- Institutions shall demonstrate compliance with the laws and regulations of the Islamic Republic of Afghanistan.
- Institutions shall not be engaged in illegal or illicit activities, including money-laundering or other criminal activity.

The selection criteria for MFIs/DMFs/Credit Unions/Credit Cooperatives/Financial Institutions will also include:

- The registration and organizational purpose shall be to engage in developmental finance in Afghanistan.
- The financial institutions applying for capacity building grants shall comply with or show willingness to comply with generally accepted good business practices.
- Institutions shall demonstrate positive trends towards operational self-sufficiency.

CSG/CSPIs should also:

- Demonstrate an adequate sustainability plan for their core business; or
- Present an exit strategy highlighting mechanisms for graduation and/or transfer of their clients/beneficiaries to other institutions/networks/programs at the end of their project.

V. **Eligible Activities:**

Following is a list of activities considered eligible for funding:

- Product development/modification and research.
- Piloting of new financial products (e.g. SME, agriculture loan, savings, Sharia-compliant products etc.)
- Fund institutions’ incremental operation costs to pilot new products and/or undertake innovations.
- Use of technology to improve access to financial services.
✓ Market systems development (support for value chain financing).
✓ Geographical expansion of the financial products.
✓ Other innovations designed to improve access to finance, including financial literacy.

VI. Application and selection Process:

Interested applicants/institutions to receive the grant and who meet the eligibility criteria should submit their concept notes for one or more activities listed above, in the format provided in this Call for Proposals, by person in sealed pockets only, clearly indicating their names to the address given below, not later than COB October 17, 2016.

Detailed proposal will only be asked from the shortlisted institutions. The fund will finance consultancy services, incremental operating costs and goods (works not covered) to the institutions whose applications have been accepted. Consultancy services and goods will need to be procured in accordance to World Bank procurement rules. MISFA will provide support to the institutions to procure the goods and services according to World Bank procurement rules.

For further information and clarifications, please contact us through:

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VII. Concept Note Template

### Institutional Profile
Name of the Applicant:
Legal Status:
Applicant’s Contact Details: Phone: Email:
Office Address:

### Summary of Proposed Activity
Provide a summary of the proposed activity(ies) and demonstrate its impact on the overall development finance services your institution offers. (max 500 words)

### Project Objectives
State objectives of your proposed activity.

### Results/Outcome
State the results/outcome of the proposed activity.

### Activity Time line
How long does the proposed activity take from inception to completion?

### Estimated Budget
What will be the estimated cost of the proposed activity? All amounts should be in Afghani currency.
Breakdown the budget according to the following categories:
- Consultancy Services (firms and/or individuals)
- Goods
- Incremental operating costs