Early Warning System

FMO-52385

The First MicrofinanceBank Afghanistan

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Quick Facts

Countries	Afghanistan
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	C
Voting Date	2017-07-25
Borrower	FMFB-A
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 5.00 million
Loan Amount (USD)	$ 5.00 million

Project Description

According to FMO website, FMFB-A is the largest MFI and among the top five commercial banks in Afghanistan operating across 76 districts and 14 provinces with 48 outlets serving 55,000 borrowers and 115,000 depositors. The project will enhance the balance sheet of the institution through diversified and stable funding. FMFB-A projects to grow rapidly in the coming years, mainly in the MSME sector and funding is required to finance the institution's growth. Further, FMO through MASSIF supports a financially sound institution that is a leading financial services provider in one of the most non-inclusive parts of the world. FMFB-A contributes to poverty alleviation and economic development through the provision of sustainable financial services to micro and small businesses, and households.

Investment Description

- Netherlands Development Finance Company (FMO)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- The First Microfinancebank Afghanistan (FMFB-A) (Financial Intermediary) **is owned by** Araratbank (Parent Company)

Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Contact Information

No contact information provided at the time of disclosure.

ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW) . A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: https://www.fmo.nl/independent-complaints-mechanism