

Financial and Business Education (FBE) Training for Clients of OXUS Afghanistan

1. FINANCIAL AND BUSINESS EDUCATION CONTEXT

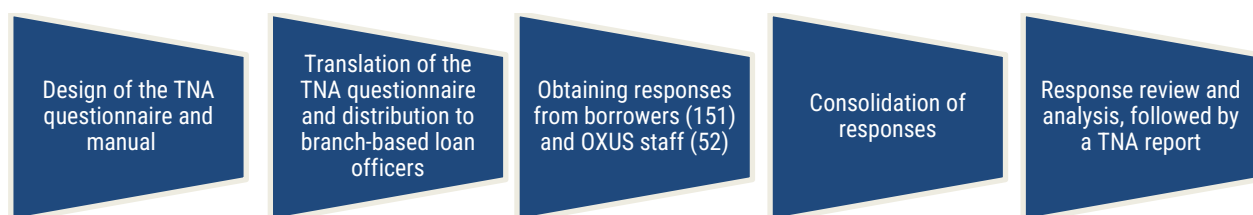
Afghanistan has a population of approximately 33.6 million (51% male, 49% female)¹, 54.5% of which live below the national poverty line. Overall literacy remains an issue in the country, with an estimated literacy rate of 43% as of the end of 2018 (although, it should be noted that this is up from an estimated 34.8% in 2016)². This is especially true for women in the country as the female literacy rate is only 29.8%³ (as compared to 55% for men). This overall low level of education (and related low incomes) has resulted in extremely low levels of financial access. This is evidenced by the fact that approximately 85% of adults in Afghanistan have no access to a simple transaction bank account. This greatly impacts the ability of entrepreneurs (especially MSMEs) to grow and develop their businesses.

Da Afghanistan Bank (Afghanistan's Central Bank) and the World Bank developed the *Afghanistan National Financial Inclusion Strategy* (NFIS) for the 2020–2024 period in September 2019. The strategy states that “protecting consumers, particularly women that are less financially literate and are at greater risk of exploitation, and strengthening their financial capability is a necessary precursor to building and maintaining trust in the formal financial sector and, thus, in encouraging sustainable financial inclusion”⁴. In particular, the strategy highlights the development and implementation of financial literacy programs that use innovative means (e.g. through radio dramas) to reach the rural population (particularly farmers and the illiterate) as key intervention measures in boosting financial inclusion in the country. The overall responsibility for such measures is given to the Afghanistan Microfinance Association (AMA) and the Micro Finance Investment Support Facility for Afghanistan (MISFA)⁵.

2. INTERVENTION APPROACH

FBE Needs Assessment

A post-project assessment of the 2019 *Financial Education Programme*⁶ determined that there was an additional need for an FBE programme. In order to design a comprehensive FBE programme, a training needs assessment (TNA) was conducted from March 31, 2020 to April 9, 2020 at 21 branches of OXUS Afghanistan (OXUS) in eight cities. The TNA consisted of obtaining relevant information about clients' business profiles, including key business activities, main business priorities and key challenges faced as well as learning processes and preferences. The TNA process can be best summarized as follows:



Findings from the TNA

The TNA assessment identified three areas for inclusion into the FBE programme for this project: (1) developing business plans, (2) developing cashflows, and (3) managing financial aspects of a business. It was also determined that animated videos (in the local languages of Dari and Pashto) would best engage target clients within the FBE programme as well as best communicate key messages on a wider scale.

¹ As per a 2021–2022 National Statistics and Information Authority of Afghanistan publication (<https://www.nsia.gov.af:8080/wp-content/uploads/2021/06/Estimated-Population-2-of-AFG-New-Design-14.pdf>)

² As per UNESCO Institute for Statistics estimates of those aged 15 or older (<http://uis.unesco.org/country/AF>)

³ As per UNESCO Institute for Statistics estimates (<https://uil.unesco.org/interview-literacy-rate-afghanistan-increased-43-cent>)

⁴ <https://www.dab.gov.af/sites/default/files/2020-06/National%20Financial%20Inclusion%20Strategy%20for%20Afghanistanfinal.pdf>

⁵ NFIS strategy document 2020–2024

⁶ In September 2019, SCBF concluded the comprehensive *Financial Education Programme* for the clients of OXUS Afghanistan. During the period April 2018 to September 2019, this programme trained 7'380 OXUS Afghanistan clients. During the conclusion survey, it was noted by the project team that there was a need to further train clients on entrepreneurship in order to provide them with the additional skills necessary for to continue growing their businesses.

Key Challenges to the Project

The key issues faced during project implementation were related to the COVID-19 pandemic, the security situation in the country and overall economic challenges. Mitigation strategies were developed and implemented to address all these challenges effectively.

The COVID-19 pandemic affected businesses across Afghanistan, including business clients of OXUS. Moreover, pandemic-related restrictions altered the initial training plan, with training of trainer (ToT) sessions for staff capacity building changed to an online format and FBE training sessions conducted with pandemic-related Standard Operating Procedures (SOP) which included participants to wear face masks, use sanitizers and maintain social distance. Also, the group size for training was kept at 3 to 5 to ensure that COVID related SOPs are fully complied with. Due to the fluid and deteriorating security situation in the country (owing to NATO forces exiting the country), the FBE pilot was planned in Kabul, and the national rollout was then later extended to all OXUS branches.

Main Activity Areas (Goal, Targets, Resources and Timeframe) and Outputs

The key milestones and goals of the project, as originally envisaged, along with their achievement status and relevant timeframes are presented in Table 1 below.

Table 1. Project Milestones Achievement Status

Milestone	Status	Comments	Timeframe
FBE programme design	100% achieved	The FBE programme was designed based on the results of TNA assessment.	April 2020
Training tools development	100% achieved	The FBE materials include a client booklet, a trainer's handbook, a ToT PowerPoint presentation and three videos (all in the English, Dari and Pashto languages).	July–August 2020
Staff capacity development	100% achieved	ToT sessions were conducted for three days over Zoom (due to COVID-19 travel restrictions). A total of 23 participants (16 males and 7 females) attended these sessions.	July 2020
FBE campaign piloting	100% achieved	The FBE pilot was implemented in five Kabul branches, resulting in 255 OXUS clients being trained (68% (173) female and 32% (82) male).	August–September 2020
Training of 2'000 clients	100% achieved	2'273 individuals (929 male and 1'344 female) received the FBE training during this period, a 113.6% achievement against the milestone target of 2'000.	October–February 2021
Client survey	100% achieved	Based on a detailed questionnaire, feedback was obtained from 606 clients across 23 branches. The results of this feedback were, on the whole, positive.	May–June 2021
Training of 4'000 clients	100% achieved	As of July 24, 2021, 4'377 OXUS clients (62% female, 38% male), representing 17% of OXUS's total clients, have undergone the FBE trainings. This represents 109% of the project target . Additionally, a total of 5'000 FBE client booklets have been prepared and distributed to OXUS clients throughout the project. These booklets include the key messages of entrepreneurship from the FBE campaign as well as photos from the previous (2018–2019) SCBF-sponsored training.	March–July 2021

In order to increase the outreach of the material (particularly the videos), OXUS provided the FBE videos to its loan officers by uploading them onto approximately 200 tablets. These tablets were purchased as part of a project assisting OXUS in making its loan process paperless. Loan officers shared these videos with nearly every client before completing the loan disbursement process.

About OXUS Afghanistan (the Partner Financial Institution)

OXUS Afghanistan was founded in 2007 by a Paris-based network of microfinance institutions and is registered as a corporation under Afghan law. Since its inception, OXUS has been supported by grants and concessional loans from MISFA, as well as by an equity investment from OXUS Holding, its main shareholder.

OXUS is a transparent and responsible enterprise focused on providing financial services to the working poor and under-banked as a way of improving sustainable livelihoods. OXUS's core values are self-defined as: professionalism, client satisfaction, responsibility and innovation. OXUS has grown tremendously since its founding.

Table 2. OXUS Key Operational Data

Key Operational Data (as of June 30, 2021)	
Gross loan portfolio, in USD million	15.7 ⁷
Percentage of women borrowers, by number	57%
Percentage of women borrowers, by amount borrowed	30%
Number of branches	25
Number of employees	484
Percentage of women employees	39%
Dedicated women-only branch	2

3. RESULTS ACHIEVED AND NOT ACHIEVED

Client Level

In order to assess client feedback and satisfaction, a client survey was conducted from May 10, 2021 to June 10, 2021. This survey covered 606 participants of FBE training, representing 23 OXUS branches across the country. The survey methodology included both the design of the survey questionnaires and their translation into the local language as well as the training of 11 OXUS staff on conducting survey. These trained OXUS staff subsequently trained 12 more OXUS staff, resulting in a total of 23 deputy branch managers conducting surveys within 23 OXUS branches.

According to survey results, 100% of respondents mentioned that they consider they have a better access to loans after attending the FBE training, and 69% of respondents stated that they consider opening a start-up after attending the FBE training. The survey also showed the high level of satisfaction OXUS clients had with the FBE training, with 68.6% of survey respondents rated their satisfaction with the training as either "High" (30.2%) or "Very High" (38.4%). Their satisfaction with the FBE training is further exemplified in most FBE training participants sharing key FBE lessons with family and friends. A summary of the client-level impact of the FBE trainings is summarized in Table 3 below.

Table 3. FBE Intervention Impact

FBE intervention	Change in financial and business literacy	Behaviour change	Impact ⁸
Business planning	Participants understand simple business plans and ways to improve customer service	Clients have started recording expenses and developing business plans.	<ul style="list-style-type: none"> 99.3% of respondents now make business plans (as opposed to 8.1% doing so prior to the training). 99.7% of respondents feel they have improved their customer services.
Cashflows	Participants understand how to prepare cashflow statements by tracking inflows	Cashflows are being tracked by OXUS clients post training.	<ul style="list-style-type: none"> 98.3% of respondents tracking cashflows (as opposed to 6.1% doing so prior to training). 99.3% of respondents have reduced their expenses.
Business management	Participants understand how to control assets and inventory as well as how to prevent fraud	Training participants have started focussing more on improving customer service and periodically auditing their inventories.	<ul style="list-style-type: none"> 99.5% of respondents report having better inventory control.
Training of trainers	OXUS staff understand the key FBE messages, including increasing business planning, managing cashflows and controlling inventory and expenses	OXUS staff engaged in the FBE programme have adopted better financial behaviours. They are also encouraging clients to maintain business records and control expenses. The FBE videos are being shown by loan officers to the clients using tablets in the field.	<ul style="list-style-type: none"> The key FBE programme messages were successfully delivered to and adopted by a greater number of people throughout Afghanistan, well beyond the initially-set targets. ToT participants have trained loan officers in other branches on the FBE material. The trained staff reported that the training materials were shared with their friends and family, contributing to increase their knowledge about FBE.
Overall	Increase of Business Skills	Better business practice	91% of the OXUS clients trained increased their income after completing the training. The average income increase among trained OXUS clients is 27%.

⁷ USD 1 = AFN 79.15 as of June 30, 2021 (<https://www.fiscal.treasury.gov/reports-statements/treasury-reporting-rates-exchange/current.html>)

⁸ Based on the survey results of 606 participants conducted in May–June 2021

Client Success Stories



Ms. Muzhgan⁹ obtained a loan as second-cycle client of OXUS and underwent the FBE training. She is running one of the most successful beauty salons in Kabul (Dasht-e-Barchi area), creating job opportunities for five women. Her journey to this success was not easy. According to her, cashflow and inventory management have really helped her to understand the importance of these fields in preparing a successful business plan. She applied the techniques learnt in the business planning training to listen to her customers’ demands and upgrade her business. She now makes good monthly income, which has improved her quality of life. Ms. Muzhgan stated, “I really appreciate the training, and I am satisfied with OXUS for their help and this opportunity”.



“My name is **Khalid Karimullah**, and I have a shop in the Arzan Qeemat Area. I received a loan of AFN 100’000 from OXUS and attended their financial and business education training. This training has helped build my business capacity, and the training materials were interesting and easy to understand. The training environment was friendly, and the training was related to both my business activities and my daily life. Now, I have full control of my business and record all business and financial transactions on a daily basis. I am also able to prepare an income statement that shows my business’s profit and loss status. I am satisfied with such a wonderful training, which has brought lots of positive changes to my business”. Mr. Khalid also mentioned that he started keeping records of his sales and inventory. Further, he started dealing in another line of revenue product (e.g. clothes) due to which his income increased by 10 to 12%.

Partner Financial Institution Level

The FBE project has helped the loan officers and staff of OXUS Afghanistan, the partner financial institution, to educate clients in different areas of business management. With the FBE videos on tablets which are carried outside the branches into the field, loan officers are able to use them to promote awareness among clients about FBE, helping them track their business expenses, deliver better customer service and better plan their business future. During the July 2020–June 2021 period, OXUS’s gross loan portfolio increased 23.6% overall. The number of OXUS clients increased 30%, with the number of women clients at OXUS increasing 49.7%. Furthermore, there has also been a decrease in portfolio at risk (PAR > 30). It should be noted that the decrease in PAR is due to different factors including staff’s follow-ups with clients, appropriate relationship management etc. While such decrease cannot be fully attributed to FBE training, it is considered that FBE training helped loan officers to develop better relationships with clients enabling borrowers to make timely repayments and thus, contributing in decreasing PAR.

Table 4. OXUS Operational Data as of June 30, 2020 and June 30, 2021

Operational Data ¹⁰	June 30, 2020	June 30, 2021
Gross loan portfolio	USD 12.7 million	USD 15.7 million
Number of clients	20’111	26’150
Portfolio at risk > 30 days, %	11.2%	4.3%
Women clients	9’966	14’923

The staff members who got training during the FBE campaign will be motivated by the OXUS management to stay with the organization for time to come. Retention efforts will help OXUS to ensure that the FBE campaign / trainings can continue post project completion.

4. LESSONS LEARNT

The design and implementation of the FBE trainings were successful overall, especially as they were built on the lessons learnt from the previous (financial education) campaign. The commitment of OXUS

⁹ Due to cultural norms and prevalent traditions for females not to be photographed, Ms. Muzhgan refused to take a picture of herself. Instead, she allowed to take a picture of her business place.

¹⁰ OXUS does not offer savings account products nor does it provide insurance-related services. Additionally, client dropout rates are not calculated. All loan products offered by OXUS are for business purposes only.

management was also instrumental in the overall success of the project. Project implementation went according to the plan agreed upon with OXUS management and the agreed upon milestones. The risk factors related to the COVID-19 pandemic (including international travel restrictions) and the security situation were assessed appropriately, and mitigation measures taken were effective. As a result, each milestone was fully achieved.

OXUS plans to continue the use of the FBE material after project completion. This will be accomplished through continuing to show the videos on the loan officer tablets as well as continued use of the client booklets. Furthermore, deputy branch managers trained under the FBE project have further trained loan officers to provide the FBE messages to OXUS clients. Due to the positive feedback from OXUS clients and the opening of two women-only branches in Kabul and Bamyan, OXUS's loan officers intend to continue spreading the FBE messages to existing and potential clients as well.

Future Training Areas and Recommendations

Responses received from 606 clients surveyed as part of FBE campaign indicate that OXUS clients are interested in additional FBE training topics, most notably:

- Sales and marketing
- The delivery of products and services
- Online sales (including sales using social media)

The priorities mentioned by the respondents relate to the country's complex social, political and economic situation and also show a critical need to improve sales/incomes during and after the COVID-19 pandemic. The topics mentioned above should be considered for future training/support to OXUS.

Additionally, the NFIS includes increasing financial literacy across the country as a priority. As such (and based on mutual consent), another project on FE and/or FBE could potentially be initiated with AMA and/or MISFA, once the security situation improves.

Sustainability

To ensure the long-term sustainability of the FBE campaign at OXUS, it will be necessary that materials and training methods are continually updated. Additionally, it will be necessary to conduct periodic (e.g. annual) surveys to monitor and assess the impact of the FBE campaign on OXUS clients.

FBE Videos and Use of Tablets

One of the key lessons learnt is the fact that clients are interested in watching the videos on tablets in the field (i.e. near their place of business) as it offers comfort and ease (i.e. not having to visit a branch to attend a training session and watch the videos).

Use of Technology, Particularly the Internet

While international travel restrictions possessed challenges in the initial days of pandemic, the online ToT sessions were very well received and were successful in properly delivering and explaining the FBE materials.

Critical Success Factors

The commitment of OXUS senior management, particularly the CEO's interest, played a key role in the success of the FBE campaign. Moreover, motivating deputy branch managers by providing them with an incentive (e.g. promotion to the branch manager level) also played its role. Participation certificates for those who attended the ToT sessions also helped the overall success of the project as participants felt a sense of recognition. Each of these factors played a useful role in making the project an overall success.



FBE Pilot Phase: August 20, 2020 (Kabul)

Female clients watching FBE videos on tablets

