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AFGHANISTAN

FIRST PERSON

Female Farmer Breaks New Ground

USAID is establishing a network of credit unions whose financing products are *Shari'a*-compliant



Photo: USAID/WOCCU

“The money that I received has been more than enough to help me and my family.”

- Malika, Maiwand Islamic Investment and Finance Cooperative member

Malika is a 49-year old Afghan widow and a mother of three, living in Maiwand District of Helmand Province, where women constitute the most vulnerable members of the population. As a breadwinner, Malika has spent her life farming to provide her family’s basic needs. Although she works hard, a great portion of her two-hectare farm remained uncultivated because she could not afford to irrigate and fertilize it.

In Afghanistan, the lack of access to formal financial services is a significant hindrance to economic growth. Providing these services is complicated by *Shari’a*, Islamic law that forbids the payment or earning of interest on loans.

In early 2009, another woman in her village informed Malika about the financial services offered by the USAID-funded Maiwand Islamic Investment and Finance Cooperative, a member-owned and managed credit unions that provides *Shari’a*-compliant financing for small business activities and agricultural production.

Malika repeatedly turned down the offer to join the Maiwand cooperative because of the social pressures that exist in Helmand Province forbidding women to work in public. However, after a period of encouragement, Malika became a member of the Maiwand in October 2009, defying the restricting social pressures.

Malika applied for and received a *Shari’a*-compliant financing advance worth 25,000 Afis (\$500) that she used to purchase fuel for her irrigation generator and fertilizer to increase the productivity on her farmland. These inputs enabled Malika to diversify her crops and use the idle portion of her farmland. She now supplies various vegetables to vendors in the bazaar at the district center and earns more money than before.

Through its Rural Finance and Cooperative Development project, USAID is establishing a network of credit unions whose financing products are *Shari’a*-compliant. USAID continues to expand the network of Islamic Investment and Finance Cooperatives, working with tribal and religious leaders to bring financial services and economic stability to hard-to-reach communities in Afghanistan.