



**USAID**  
FROM THE AMERICAN PEOPLE

**AFGHANISTAN**

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Public Information Office: +93 (0)70-234-236 x4015

E-mail: [kabulusaidinformation@usaid.gov](mailto:kabulusaidinformation@usaid.gov)

<http://afghanistan.usaid.gov>

# FACT SHEET

## Financial Access for Investing in the Development of Afghanistan (FAIDA)

### OVERVIEW

FAIDA will help the Government of the Islamic Republic of Afghanistan and the private-sector generate economic growth and job creation by strengthening and deepening the financial sector. FAIDA will assist USAID's Afghan partners in building their capacity to deliver finance where it can be used most effectively, and in developing a legal framework and market infrastructure in which financial sector institutions and their business partners together create value that provides opportunity for all Afghans.

Micro, small, and medium enterprises (MSMEs) can play a critical role in building the Afghan economy and healing the wounds of war. Agricultural MSMEs generate 38 percent of Afghanistan's GDP and employ 80 percent of the labor force. Greater access to finance will enable MSMEs to expand production, upgrade equipment, grow their businesses, and hire more employees. However, formal financial services have only penetrated 15 percent of the micro-enterprise sector and approximately one percent of the small and medium enterprise sector. USAID's support for the development of sectoral capacity and infrastructure at the meso level, and of an improved policy environment at the macro level, will facilitate improved access to credit for MSMEs. At the micro level, USAID will support MSMEs by (1) delivering innovative financial products and services based on region-specific and value-chain research, (2) linking retail financial institutions with existing value-chain relationships and agricultural networks to lower transaction costs and risk, and (3) providing comprehensive advisory services that reduce risk and increase profit for Afghan financial institutions that demonstrate a commitment to serving MSMEs.

### CURRENT ACTIVITIES

- **Micro level:** Work with partner institutions to identify and provide tailored financial products where demand for access to capital will complete value-chains and increase competitiveness
- **Meso level:** Build the capacity of financial sector associations, training providers, and infrastructure organizations to deliver the support that lenders require
- **Macro level:** Create an enabling lending environment that reduces risk and increases certainty
- **Mobile money and branchless banking:** Provide technical assistance to Afghanistan's mobile network operators in introducing innovative new products and services

### ACCOMPLISHMENTS

- Developed more than 20 bankable business propositions valued at more than \$43 million for distribution to lenders and other sources of finance
- Conducted market research to demonstrate to lenders a demand-driven system for collecting and marketing Afghan fruits in local and international markets
- Completed an institutional assessment of Afghanistan Institute of Banking and Finance with a five-year path to sustainability, leading the World Bank to pledge \$1 million in funding of a \$3.6 million deficit until sustainability is reached
- Launched the Association of Mobile Money Operators of Afghanistan, which is now advocating with one voice on common issues and challenges to their industry
- Trained 30 financial sector participants on international reporting standards
- Assisted in revising regulations for depository microfinance institutions and electronic money institutions to help provide more financial services and products, especially for the rural poor
- Awarded three grants that will provide up to 50 percent cost-share for investments in new mobile money products and services