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FROM THE AMERICAN PEOPLE

**AFGHANISTAN**

Date: August 2012  
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# FACT SHEET

## Agricultural Credit Enhancement

### OVERVIEW

In July 2010, a 100-million-dollar USAID grant to Afghanistan's Ministry of Agriculture, Irrigation and Livestock (MAIL) established the Agricultural Development Fund (ADF) to provide credit to small commercial farmers and agribusinesses. It also began technical assistance activity through the 50-million-dollar Agricultural Credit Enhancement (ACE) project. This project manages ADF lending and supports value chains in the agricultural sector, especially those engaged in the production, processing and export of high-value crops. The ADF channels credit through financial and non-financial institutions.

### MAIN ACTIVITIES

- The Project is working aggressively through non-financial institutions and agribusiness by means of innovative risk management mechanisms. This is because of a slow uptake of funds from financial institutions
- It is strengthening strategic agricultural value chains
- Borrowers receive technical assistance to increase the probability of success of their venture
- It developed and launched ZAHRA, an innovative Islamic financial product for female farmers and agribusiness entrepreneurs

### RESULTS TO DATE

- It has processed loans worth more than US\$ 38 million benefiting at least 15,000 farmers in 28 of Afghanistan's 34 provinces
- Two women-owned businesses received loans under the ZAHRA program and this will benefit more than 200 rural women
- On June 17, 2012, the Project held the first ever Inter-Ministerial Committee Meeting to advise the Agricultural Development Fund
- On July 4, 2012, the Project held the inaugural meeting of the ADF Sharia Advisory Board, which certifies that all the financial products comply with Islamic principles
- Launched PAYWAND, an interactive database in Dari, Pashto and English, which will inform business and policy decisions in agriculture. The database can be accessed at <http://paywand.mail.gov.af>
- Developed and introduced a range of Islamic financial products such as Murabaha, Salam, Ijara and Wakala
- Facilitated borrowers' participation in several national and International trade events
- Organized more than 30 agricultural credit shuras in 20 provinces to build awareness about lending opportunities and Islamic financial products