PRESS RELEASE

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USAID Supports Afghan Financial Institutions through Agricultural Development Fund

Kabul, Afghanistan–The United States Agency for International Development (USAID) Agricultural Credit Enhancement Program - II (ACE-II),in collaboration with the Ministry of Agriculture, Irrigation, and Livestock (MAIL) is supportingthe Agricultural Development Fund (ADF) to provide long-term loans for the First Microfinance Bank (FMB) and the Afghan Rural Finance Company (ARFC) to fund expansion of their lending activities to Afghan farmers and to small- and medium-size agribusinesses. Through this program, each financial institution is receiving a $3 million loan.

The loan funds will enable these institutions to expand their services to three additional provinces: Jalalabad, Kunduz, and Bamyan, where their clients' production capacity will be expanded through access to Islamic finance for equipment purchases and forworking capital.

The First Microfinance Bankis a member of the Aga Khan Microfinance Network, which operates in 15 countries. This bank focuses on poverty alleviation and economic development through the provision of sustainable financial services. The loan proceeds will be used to support FMB's agriculture-related on-lending activities throughout the country, across the entire spectrum of the agricultural value chains. Afghan Rural Finance Company (ARFC) is also a non-bank financial institution and is a leading provider of financial services to Small and Medium Enterprises (SMEs)that serve hundreds of Afghans in the agriculture sector.

The Agricultural Development Fund is an independently-managed government-owned financial institution that makes credit available to the agricultural sector. Its target clientele includes small commercial farmers as well as agribusinesses engaged in the distribution of agricultural inputs, producers of high-value crops, and processors and exporters of agricultural products.

USAID is committed to supporting the National Unity Government efforts in developing a sustainable agricultural system for Afghan farmers in the future, and to improving access to agricultural credit as a key factor in inclusive economic growth in Afghanistan.

The three-year USAID ACE-II program aims to expand access to credit for the agriculture sector in Afghanistan by encouraging the entry of other financial intermediaries into the provision of agricultural financial services in Afghanistan.The ADF, created under the USAID Agricultural Credit Enhancement Program I (2010-2015), transitioned to its independent status at the end of 2014. To date, the ADF has provided over $67 million in credit to over 32,000 beneficiaries.

The American people, through the U.S. Agency for International Development, have provided economic and humanitarian assistance worldwide for more than 50 years."