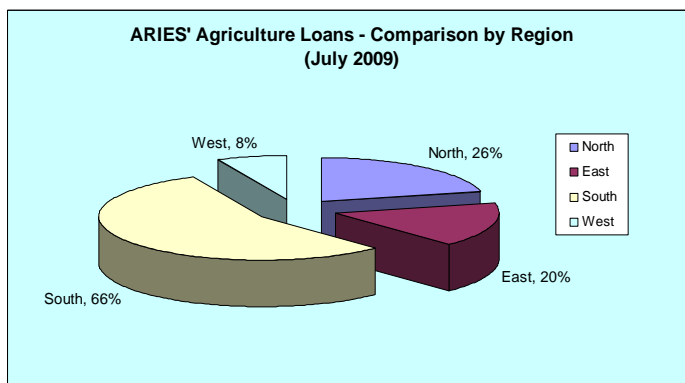




ECONOMIC GROWTH UPDATES

26 August – 1 September, 2009

USAID Extends Agriculture Loans in South of Afghanistan: Over 66% of the USAID-funded 3,500 loans in the southern region of Afghanistan has reached the agriculture sector, increasing access of farmers to quality seeds, fertilizers, chemicals, and machinery like tractors and threshers. A comparative regional analysis completed recently by the Academy for Educational Development (AED) identifies the southern region as receiving the largest proportion of loans extended to the agriculture sector.



A USAID-Funded Client in Kandahar Province
Photo by: WOCCU

Under the Agriculture, Rural Investment and Enterprise Strengthening (ARIES) Program, the USAID Mission in Afghanistan supports 11 financial service outlets, providing access to nearly 7,000 active clients (savers and borrowers) in the underserved provinces and districts of the south. The region is not only the biggest producer of illicit drugs but it is also one of the insecure and instable areas of the country. Access to credit contributes to the overall initiatives in providing alternative livelihoods to poppy growers and will have an impact on the overall security and stability of the region.

Commercial Banks Receive Extensive Technical Assistance in SME Lending: On August 25, the USAID-founded Small and Medium Enterprise (SME) Lending Department at the Microfinance Investment Support Facility for Afghanistan (MISFA) completed report cards as part of its technical assistance program to Afghanistan International Bank (AIB), the First Microfinance Bank (FMFB), and Bank Alfalah. The report cards are designed to assess the institutions' lending capacity in general and their potential risks in particular. This activity is carried out semiannually and followed by a set of recommendations including next steps for improvement. ARIES extends up to US\$15 million loan capital through MISFA for SME lending in the Alternative Development Program (ADP) regions. The assistance package to SME lending partners includes classroom trainings, extensive mentoring services, and policy and procedure development. To date, the MISFA SME partners have disbursed a cumulative number of 775 loans in the total amount of US\$22.3 million.



A MISFA SME Client in Northern Afghanistan
Photo by: MISFA