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AGRICULTURE, RURAL INVESTMENT
& ENTERPRISE STRENGTHENING



Ahmad Zia

- Age: 30
- Married
- Family size: 8
- Hometown: Pul-e-Khumri, Baghlan, Afghanistan
- Loan amount: 25,000 Afg (US\$500)
- Current loan issued: April 2007
- Business: Flower Seller
- Date: 18 July 2007

***“I only paid
a 1,000
Afghani
membership
and got a
25,000 Af
loan that
saved my
business.”***

Mr. Ahmad Zia has been designing and selling floral bouquets for the past ten years. His business had not been doing well for some time and he was concerned that he would have to close his shop and his five employees would lose their jobs. Zia heard about a new institution called the Baghlan Investment and Finance Cooperative (BIFC) that was providing loans to business owners like himself in a manner compatible with Islamic Sharia.

When he applied for the loan, he learned more about the procedures and rules of the BIFC and after meeting the requirements was approved for a loan of 25,000 Afg (US\$500). With the loan money, Zia was able to buy more raw materials from the wholesalers at a lower cost. His sales have increased and his motivation to succeed has returned.

“Before I got my loan, I could not afford even the salaries of my staff; now my weekly income is over 10,000 Afghanis. I work hard to meet the loan repayment requirements so I can apply for a larger second loan as soon as I am done paying the first one,” said Zia.

With the support of the ARIES program, IFCs have been established in 5 provinces in the East and North of Afghanistan. IFCs are community owned and managed financial institutions that provide savings and loan services to their members. They require that members deposit 1,000 Afghani (US\$20) with the IFC to join; loans are then offered to members using the savings as collateral. IFC loans average \$500 with a 6-month repayment term. The

loan products and the organizing principles of the IFCs follow closely the Islamic principles of risk and profit sharing.