



USAID | **AFGHANISTAN**
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AGRICULTURAL CREDIT ENHANCEMENT (ACE) PROGRAM

FINAL REPORT – FEBRUARY 2015



Wheat producer from Behsood District in Nangarhar, one of 31,013 farmers who, as of February 2015, had obtained credit from the Agricultural Development Fund

This publication was produced for review by the United States Agency for International Development. It was prepared by the staff of the Agricultural Credit Enhancement Program, implemented by Development Alternatives, Inc.

31,013

Borrowers

US\$106 Million

In cumulative loans approved

4,016

Total full time jobs created

1,356

Jobs for women

57%

Average increase in income for households
benefiting from credit

4.5%

Four year cumulative default rate

FINAL REPORT FEBRUARY 2015

PROGRAM TITLE: **AGRICULTURAL CREDIT
ENHANCEMENT PROGRAM**

CONTRACT NUMBER: **EDH-I-00-05-00004/14**

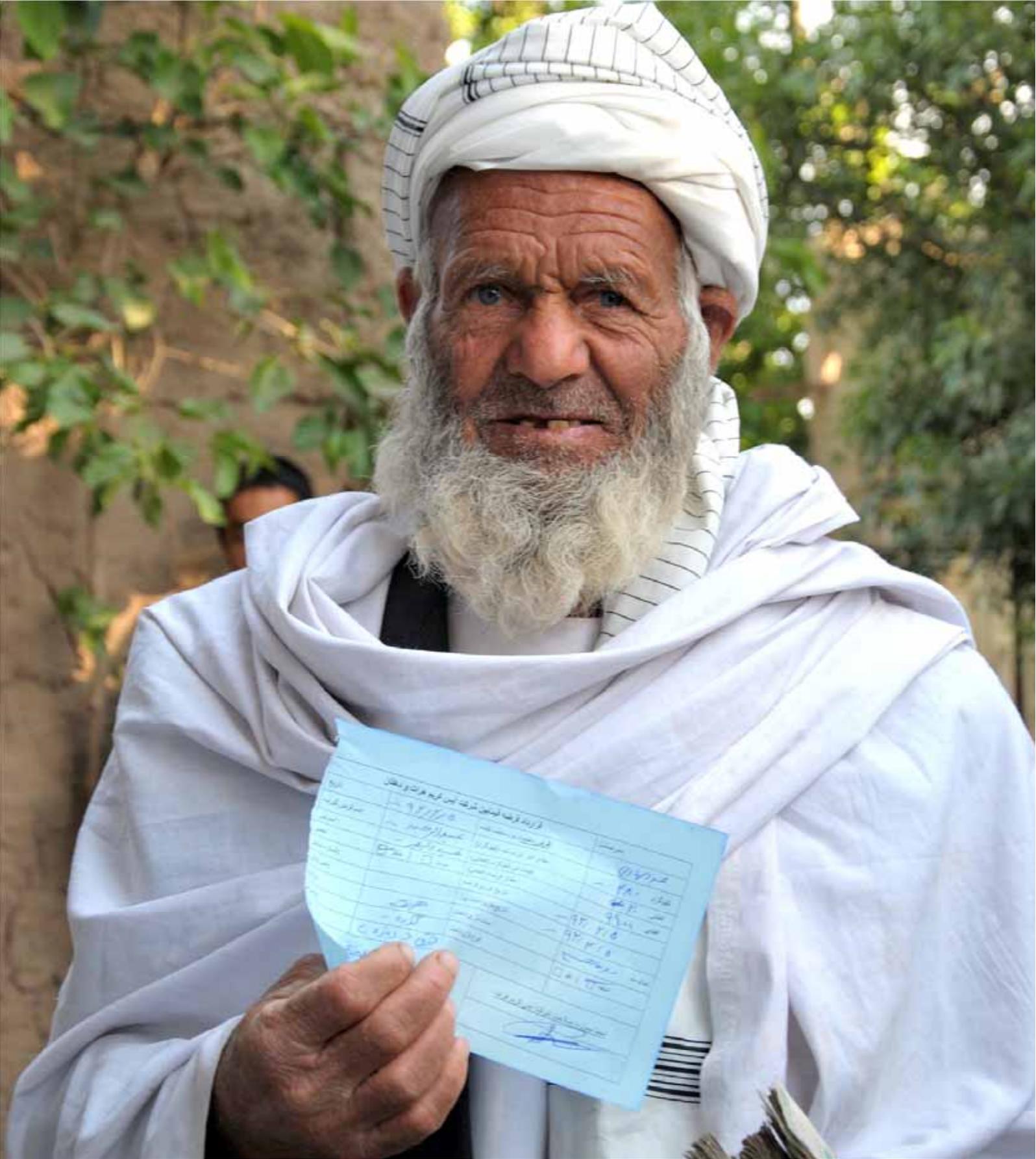
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MISSION STATEMENT

ACE WILL ESTABLISH AND MANAGE THE AGRICULTURAL DEVELOPMENT FUND; A WHOLESALE LENDING INSTITUTION UNDER THE MINISTRY OF AGRICULTURE, IRRIGATION AND LIVESTOCK, MAKING CREDIT AVAILABLE TO FARMERS AND AGRIBUSINESS ENTREPRENEURS THROUGH A VARIETY OF INTERMEDIARIES, IN AN UNPRECEDENTED EFFORT TO REVOLUTIONIZE AFGHAN AGRICULTURE.

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List of Acronyms

AAIDO	Afghanistan Almond Industry Development Organization
ADF	Agricultural Development Fund
ACE	Agricultural Credit Enhancement
Agromet	Agro-Meteorology (Agromet) Program
ANSOR	Afghanistan National Seed Organization
ASAP	Accelerating Sustainable Agriculture Project
CEO	Chief Executive Officer
COA	Chart of Accounts
COO	Chief Operating Officer
CMU	Credit Management Unit
DAIL	Directorate of Agriculture, Irrigation and Livestock
EFGA	Eastern Region Fruit Growers' Association
FAIDA	Financial Access for Investing in the Development of Afghanistan
FAO	Food and Agricultural Organization
FSCAA	Farm Service Center Association of Afghanistan
FTE	Full Term Employment Equivalent
FI	Financial Intermediary
IDEA-NEW	Incentives Driving Economic Alternatives Project
IIFC	Islamic Investment Finance and Cooperative
IP	Implementing Partner
GDA	Global Development Alliances
GIRoA	Government of the Islamic Republic of Afghanistan
GIS	Geographic Information System
GWSA	Ghoryan Women Saffron Association
KMF	Knowledge Management Facility
MAIL	Ministry of Agriculture, Irrigation and Livestock
MoU	Memorandum of Understanding
MIS	Market Information Systems
NFI	Non-financial Intermediary
OoA	Office of Agriculture
PMP	Performance Monitoring Plan
PPP	Public Private Partnership
PRT	Provincial Reconstruction Team
SAB	Sharia Advisory Board
TO	Task Order
TRC	Technical Review Committee

Foreword

The Agricultural Credit Enhancement (ACE) program has come to an end 54 months after its inception. Different from conventional development projects, this uniquely challenging activity has had a transformational impact on rural communities. The distinctive combination of financial services and technical assistance provided by ACE, and subsequently by the Agricultural Development Fund (ADF), led to significantly improved efficiency in the systems of agricultural production, agro-processing and distribution.

The benefits of credit transcend farm households to increase expendable income, exert a multiplier effect on rural communities, create effective demand for goods and services, and thereby prime the pump of economic growth.

In 2010, ACE was tasked with what seemed for many an unattainable goal; establishing and managing a financial institution to serve the agricultural sector in one of the world's most volatile environments, while keeping a cumulative default rate below five percent over a four and a half year period.

ACE delivered; the ADF is a standalone financial institution with a clearly defined governance structure, led by a High Council, and following airtight policies and procedures. Despite the fact that Afghan financial institutions had little interest in lending to the agricultural sector, the ADF has successfully provided loans to over 30,000 farm households and agribusinesses in 33 of Afghanistan's 34 provinces. Offering both conventional and Islamic financial products designed to meet borrowers' needs and business cycles, the ADF is changing the landscape of rural Afghanistan.

Despite the many challenges the ACE program faced while establishing the ADF, its success was the result of three fundamental factors:

- Development substance; an approach based on sound economic development theory, combined with in-depth understanding of the structural and institutional intricacies of agricultural value chains in Afghanistan
- A genuine relationship of trust and partnership developed with Afghan government officials at the highest level, which allowed ACE to deliver tangible results while reducing the risk of political capture, and
- The level of technical sophistication of the team of Afghan professionals managing the institution, which is the result of a thorough recruitment effort and substantial investments in training and mentoring.

These factors, in addition to an uncompromising commitment to innovation and excellence in the delivery of services, resulted in a solid, independent and healthy institution supporting the transformation of Afghan agriculture.

Juan M Estrada-Valle
Chief of Party

Executive Summary

The ACE program was designed to establish the Agricultural Development Fund and manage it until its transition to the Afghan Government. The ACE program, as originally designed, relied heavily on the participation of Afghan financial institutions acting as intermediaries of funds, a plan which ultimately proved to be unfeasible. To overcome this obstacle, ACE made a sharp strategic shift and carried out a series of innovative actions to achieve its primary goal of making credit available to the agricultural sector.

Aside from its main focus on establishing the ADF and rolling out an aggressive lending campaign, the ACE program had two ancillary components; Agricultural Modernization and Value Chain Development, and Knowledge Management, both of which proved crucial for the success of the project.

The Agricultural Modernization and Value Chain Development Component supported the ADF in three ways: a) Contributing to the technical analysis of loan applications, b) providing technical support to ADF clients to improve the efficiency and competitiveness of their enterprises, and c) ensuring adherence to USAID's environmental management regulations. Specific results include the review of 211 loan applications; 71 post-disbursement reviews; 18 value chain studies, out of which 14 were produced by MAIL officials trained and supervised by ACE; and participation of 87 clients in 6 local trade events and 101 clients in 6 international trade fairs and trade missions.

These activities supported the quality of the loan portfolio by ensuring the technical feasibility of the investments proposed by loan applicants, and providing ADF clients with technical assistance to increase the likelihood of success of production and trade operations. ACE also engaged in trade facilitation. These activities had a positive and direct impact on the quality of the loan portfolio, and distinguished the ADF as a truly agriculture-oriented institution.

While Components 1 and 2 defined the activities necessary for the establishment and management of the ADF, the Knowledge Management Component was crucial for collecting and analyzing data, interpreting results, and sharing them with a broader audience. Activities under this component included the establishment of PAYWAND, an all-encompassing database of information on Afghan agriculture, currently under MAIL management, and the promotion of ADF services through several media outlets. Promotional activities included agricultural credit shuras, an innovative form of provincial meetings for representatives of farmer organizations and agribusinesses to view a set of pre-packaged presentations.

The ACE program achieved 16 of its 19 performance targets. The shortcomings were primarily due to challenges beyond the area of influence of the Project, namely: the unwillingness of banking sector institutions to act as intermediaries of ADF funds, delays in the USAID vetting process, and the unavailability of functional Development Credit Authority facilities. This said, ACE succeeded in establishing, managing, and transferring to MAIL a financial institution that is fully operational, has a healthy and growing portfolio, and functions with a governance structure without precedent in Afghanistan.

Why Agricultural Credit?

During the past 13 years the donor community has actively supported the agricultural sector; investments have focused on upgrading production systems through the introduction of advanced crop production technologies, supporting the development of agricultural markets, and building agriculture related infrastructure. As a result of these interventions, the productivity of staple crops has more than doubled, area grown to fruit and nuts has increased by 600 percent; and farmers are increasingly making investment decisions based on sound market prospects, now that information asymmetry is substantially reduced.

Farmers are continuously enhancing their technical capacity, as evidenced by increased productivity and crop quality. Rural households are transitioning from subsistence agriculture to commercial crop production, in response to market signals. Nonetheless, rural economies are growing slowly due to lack of access to capital. Lack of access to finance is a binding constraint to agricultural development, and consequently to economic growth.

This problem derives from several factors;

- Lack of incentives for commercial banks to engage in agricultural lending, as made evident by the fact that less than one percent of loans provided by the banking system are directed to agriculture-related activities.
- Costly contract enforcement and ineffective land registration systems inhibiting the use of farm land as collateral for accessing finance.
- Security risks which prevent financial institutions from expanding their operations in rural areas.
- Loans and financial instruments which are not suitable for agricultural operations due to their scale, terms, and conditions. This continues to be a problem, despite the existence of a few microfinance institutions providing credit for agriculture and other activities.

Overcoming these challenges required the establishment a financial institution with in-depth understanding of agriculture, sufficient resources, and a flexible yet effective structure. In 2010 USAID launched the Agricultural Credit Enhancement (ACE) program, which constituted a bold response to the challenge of lack of access to finance in the agricultural sector. Fifty five months after its inception, the ADF is effectively responding to the credit needs of farmers and rural communities throughout Afghanistan.

Technical Achievements: Component I. Delivery of Credit Services

Delivery of credit services constitutes the core activity of the ACE project. For this purpose, and in the absence of financial institutions interested in engaging in agricultural lending, the project partners primarily with non-financial institutions and agribusinesses that on-lend to farmers.

Following the launch of the ACE project by USAID Administrator Dr. Rajiv Shah in July 2010, the efforts of the team were divided among two equally important sets of tasks: 1) credit activities such as conducting loan appraisals, designing lending structures and underwriting loans, and 2) organizational design activities such as establishing the structure of the ADF, and recruiting and training a cadre of young professionals to manage the institution.

Without a doubt, one of the most important challenges was negotiating the design and the governance structure of the ADF. At the time the Ministry of Agriculture, Irrigation and Livestock (MAIL) expected the institution to be directly under its domain, a claim which contradicted the intentions of the US Government and led to a lengthy negotiation process. At the same time, ACE was under substantial pressure to meet lending targets by December 2010.

During the period between the launch of ACE in 2010 and the registration of the ADF two years later, the independence of the fund was fragile, and risk was high. ACE managed lending operations based on draft credit policies and procedures and was subject to political pressure from many sources. For this reason, the registration of the ADF in December 2012 via Presidential Decree 6620 was a welcome development.

Thereafter, the ADF High Council was founded to provide strategic guidance to the Fund. Since its inception, the High Council has held eight meetings to discuss, and in some cases propose changes to, requests from the management team before making decisions and issuing resolutions.

From the launch of the ACE Project, the ACE Chief of Party managed both the credit process and the development of the ADF as an institution, formally assuming the role of Acting Chief Executive Officer of the ADF on November 28 2012. On June 25, 2014, the High Council appointed Mr. Joel Carter as CEO.

Governance

As of the date of this report, the High Council was composed of seven members, as shown in the table below.

Table 2 Members of the ADF High Council

H.E. Mr. Saleem Khan Kunduzi Acting Minister of Agriculture, Irrigation and Livestock Chairman	H.E. Mr. Mohammad Mustafa Mastoor Deputy Minister of Finance Vice Chairman
H.E. Mir Amanudin Haidari Deputy Minister of Agriculture, Irrigation and Livestock	Mr. Wayne Nilsestuen Director of the Office of Agriculture, USAID
Mr. Atiqullah Nusrat Chief Executive Officer, Afghanistan Chamber of Commerce & Industries	Ms. Manezha Sukhanyar Banking & Financial Services Expert
Mr. Moeen ud Din Siraj Agriculture Expert	

The High Council provides strategic guidance to the ADF through the Chief Executive Officer, who is currently employed by the fund. Three committees also serve specific roles within the governance structure.

- **Credit Committee.** This Committee assists the High Council in fulfilling its oversight responsibilities related to credit activities and the quality of the loan portfolio. The High Council has delegated authority to the Credit Committee to address all credit related matters which do not demand the High Council’s direct supervision.
- **Governance and Compensation Committee.** This Committee assists the High Council in fulfilling its oversight responsibilities related to strengthening and enforcing good corporate governance principles for the ADF, and to compensation related matters. The High Council has delegated to this Committee the authority to address matters pertaining to governance and compensation, on a regular basis.
- **Audit Committee.** The role of the Audit Committee is to assist the High Council in fulfilling its oversight responsibilities related to the integrity of financial statements and disclosures, compliance with legal and regulatory requirements, and internal controls and audit. The High Council has delegated authority to the Audit Committee to manage matters pertaining to auditing on a regular basis.

The High Council meets quarterly, and committees meet periodically when required. The most active committee has been the Governance and Compensation Committee, which played an important role in the recruitment of the ADF Directors and CEO. The recruitment of the CEO was an international effort that took over 13 months.

The governance structure of the ADF ensures the flexibility and oversight necessary to provide farmers and agribusiness entrepreneurs with financial products which are adapted to their specific needs, while still maintaining strict accountability.

The ADF is managed by the Executive Team, composed of the CEO and five Directors, as shown in the table below.

Table 3 Senior Management of the ADF

 <p>Joel O. Carter Chief Executive Officer</p>	<p>Mr. Carter is a financial services professional with extensive experience in banking, credit, investments, insurance and marketing. For over 25 years, Mr. Carter has provided retail, corporate and agricultural banking products and services. He has worked on three continents and has knowledge of banking operations in conflict and post-conflict environments. Before employment with the ADF, he served as an Advisor and Team Leader on the ACE program, playing an integral and strategic role in the establishment of the organization.</p>
 <p>Salahuddin Matani Business Development Director</p>	<p>Mr. Matani has Masters and Bachelor's degrees in Economics from the International Islamic University Islamabad, Pakistan; six years of experience in banking and five years of teaching experience at the university level. He joined the ADF in September of in 2010.</p>

Table 3 Senior Management of the ADF (continued)



Khalid Sarwary
Credit and Risk Director

Mr. Sarwary has a BA in Economics from Nangarhar University, in Nangarhar Afghanistan. He has five years of experience in banking and four years' experience in development. He joined the ADF in 2011 as a Lending Officer and was promoted to Supervisor of the Credit Management Units, prior to being appointed as Credit and Risk Director.



Eamal Arman
Technical Services Director

Dr. Arman has an MBA from ISBM, India, and a Doctor of Veterinary Medicine (DVM) from Nangarhar University, as well as specialization studies in Poultry, Aquaculture and Animal Nutrition from Wageningen University, in the Netherlands.

He has over fourteen years of experience in agriculture, livestock, and private sector development projects. He joined the ADF in 2012.



Nizam Jalala
Finance Director

Mr. Jalalla has a Masters in Economics from Peshawar University. He has eight years of experience in the banking sector, with more than five years at the managerial level. He joined the ADF in 2014.

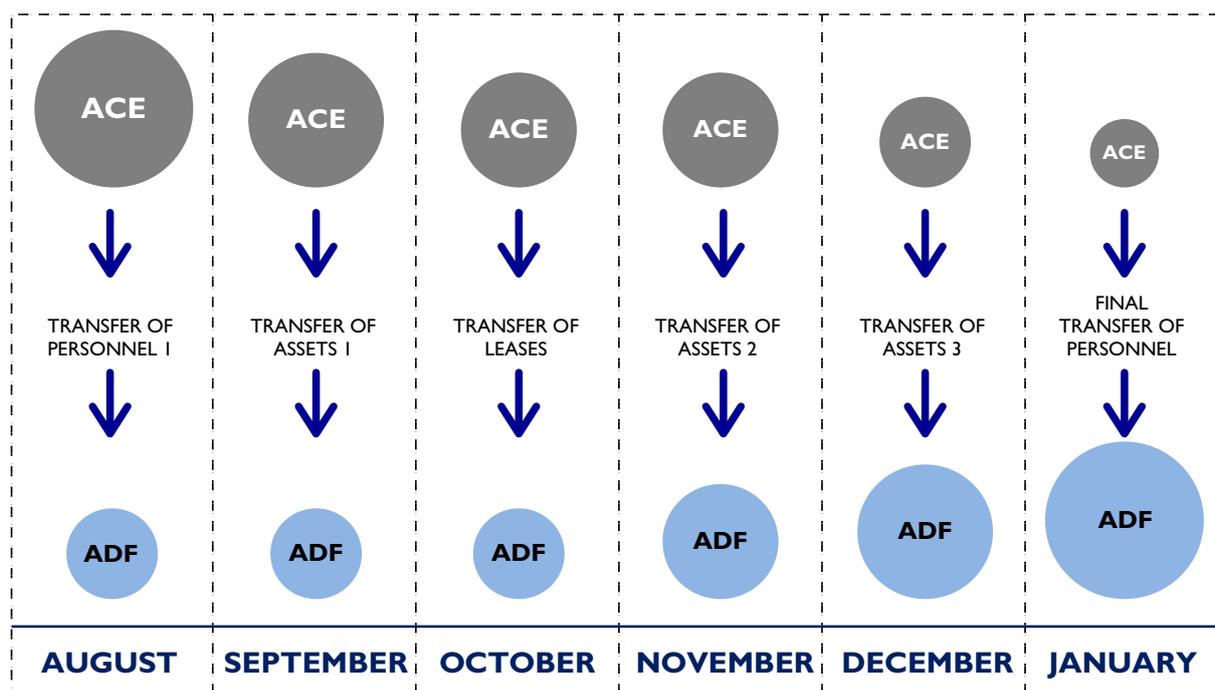
The ADF is currently recruiting an Operations Director, who is expected to join the institution during the first quarter of 2015.

The majority of the team managing the ADF, from the Directors to the support personnel, were selected, recruited and trained by the ACE program. Most of them were with ACE for over three years and were only recently transferred to the ADF.

Transition; Building the Institution

The transition of the ADF from a USAID-funded initiative to a Government owned financial institution was, from the outset, the main goal of the ACE project. The transition process integrated several dimensions; institutional, operational and technical. Specific steps included recruitment and training of local staff, production and enactment of policies and procedures, establishment of the High Council, recruitment of the CEO, and transfer of staff, assets and facilities. The process began with recruitment and training of staff in 2010, and was fully evident following the appointment of the CEO in June of 2014. The process of the transition from ACE to the ADF is conceptualized in the figure below.

Figure 1 Model of the Transition from ACE to ADF, 2014-2015



Recruitment

In 2010 the team implementing the ACE Project conducted a thorough recruitment effort which was distinctly different from that of a typical donor funded project. ACE embarked in a recruitment campaign to find and attract young, motivated and competent professionals interested in building and becoming part of a permanent institution.

Until August 2014, ADF personnel were legally DAI employees. Between August 2014 and February 2015, 46 ACE team members were transferred to the ADF as full time employees. Seventeen more staff were transferred to the ADF at the end of the ACE program. At that point the ADF was fully staffed and independently functional. The current staff of the ADF are listed in the table below.

Table 4 ADF Employees

Joel Carter, CEO	
Technical Department	
<u>Emal Arman, Director of Technical Services</u>	
Illahamuddin Foolad, Technical Evaluation Manager	Abdul Rahman Haqdoost, Technical Evaluation Specialist
Abdul Hakeem Hakeemi, Technical Evaluation Specialist	Gul Rahman Karimzoy, Technical Evaluation Specialist
Abdul Hameed Atayee, Environmental Compliance Manager	Nasratullah Pardis, Technical Evaluation Specialist
Najeebullah Seddiqui, Technical Advisory Officer	Mohammad Ajmal, Technical Evaluation Specialist
Finance Department	
<u>Sardar Nizam Ul Mulk Nijat Jalala, Director of Finance</u>	
Ahmad Qais Zahir, Finance Manager	Mumtaz Ahmad, Finance Specialist
Ahmad Fahim Wayland, Finance Specialist	
Business Development and Lending Department	
<u>Salahuddin Matini, Director of Business Development</u>	
Abdul Wahid Kohgadai, Manager of Credit and Marketing	Zabiullah Sunny, MIS Manager
Mohammad Ashraf Abdullah, Communications Specialist	Nasratullah Sarabi, Senior Lending Officer
Ahmad Jawid Khaibani, Regional Supervisor	Rahmat Shah, Regional Supervisor
Ahmad Shah Waziri, Lending Officer	Rohullah Darwesh, Lending Officer
Enayatullah Azimi, Loan Specialist	Saad Malook Sherzad, Regional Supervisor
Firoz Jan, Lending Officer	Hamid Rahman, Grants Development Officer
Ghulam Hussain Mohammadi, Loan Specialist	Zabiullah Hayat, Islamic Finance Manager
Jamshid Karimi, Regional Supervisor	Arzoo Obaidullah, Loan Operation Officer
Mirwais Azizi, Lending Officer	Samiullah Ehsas, Customer Service Supervisor
Mohammad Amin Sharifi, Lending Officer	
Operations Department	
Mohammad Amin Frotan, Sr. Operations Officer	Ahmad Shakeb, Sr. Facilities Officer
Mohammad Ramin Essa, Logistics Specialist	Saleema Shahbazi, Cleaner
Zahra Amiri, Procurement Assistant	Hamid, Cleaner
Mohammad Zubair, Procurement Clerk	Mohammad Naeem, Cleaner
Mohammad Rafi, Receptionist	Parwiz M. Halim, Cleaner
Muzhda Ghulam Mohammad, Admin Assistant	Mohammad Anwar, Cleaner
Zabiullah Noori, HR Officer	Shirin Sayed Ahmad, Cleaner
Froogh Sarwary, HR Officer	Mohammad Naser, Electrician and Plumber
Jawad Abbasi, IT Specialist	
Credit and Risk Department	
<u>Khalid Sarwary, Director of Credit and Risk</u>	
Mohammad Ismail Nawabi, Credit Management Unit Officer	Nawida Popal, Credit Administration Officer
Rabiullah Khwajazada, Credit Administration Assistant	
Internal Audit Department	
<u>Wafiullah Dehzad, Director of Internal Audit</u>	
Obaidullah Shahzad, Sr. Internal Auditor	Saifullah Zafari, Internal Auditor
Mohammad Edrees Dawarrie, Internal Auditor	
M&E Department	
Ahmad Fahim Safi, Monitoring and Evaluation Manager	Ataullah Mohmand, Monitoring and Evaluation Specialist
Ahmad Jalil Haqiqi, Monitoring and Evaluation Officer	Qais Ekrami, Monitoring and Evaluation Specialist

Capacity Development

Understanding that the performance and ultimately the sustainability of the ADF would depend largely on the technical capacity, commitment and competence of its staff, ACE made substantial investments in providing training of the highest quality. Training covered technical subjects, such as financial analysis, risk management and credit administration, but also had special emphasis on building leadership capacity. To achieve this, ACE worked with Dale Carnegie Foundation, an organization that has provided training services to executives of corporations the world over. Over the life of project, ACE provided 881 hours of training to 42 ADF staff, the majority of whom participated in several training programs. The training provided to ADF staff is summarized in the table below.

Table 5 Training Provided to ADF Staff

Type of Training	Participants	Location	Start Date	Hours
Human Relations and Public Speaking	12	India	Aug-11	64
Value Chain Finance	20	Kabul	May-14	56
Sharia Lending Training	12	Kabul	Nov-11	14
Basic Accounting and QuickBooks Training	5	Kabul	Dec-11	22
ADF Credit Program Training	13	Dubai	Nov-11	55
ADF Credit committee Executive Seminar	2	Dubai	Dec-11	16
ACE Value Chain Training Workshop	14	Kabul	Apr-12	21
Islamic Finance Training for Lending Team	9	Kabul	Apr-12	27
PAYWAND-Agromet Training	28	Mazar-e-Sharif	Jun-12	11
Micro Banker Training	7	Kabul	Apr-12	31
MS Access Database Development Training	7	Kabul	Jun-12	36
MIS Study Tour to Ghana	5	Accra, Ghana	May-12	48
Communication Skills for Managers	16	Kabul	Aug-12	14
Building Great Team	19	Kabul	Aug-12	7
Creating professional image	20	Kabul	Aug-12	14
Creating a Professional Demeanor	17	Kabul	Aug-12	7
How to Develop Sales Presentations	18	Kabul	Aug-12	14
Data Analysis and Economic Writing	20	Kabul	Jul-12	30
Advance Credit Training II	11	Kabul	Jul-12	45
Loan Performer Training	10	Kabul	Nov-12	96
Islamic Finance Training	5	Kabul	Sep-12	19
Cooperatives and Access to Credit	13	India	Dec-12	72
Developing Management Skills	1	Dubai	Feb-13	40
Internal Audit and Control	3	Kabul	Feb-13	15
Grants Management and Report Writing	11	Kabul	Jan-13	19
Advance Microbanking System Software	6	Kabul	Jun-13	18
World Class Customer Service	15	Kabul	Aug-14	8
Leadership Advantages	13	Kabul	Aug-14	24
High Impact Presentation	13	Kabul	Aug-14	16
Creating Professional Demeanor	17	Kabul	Aug-14	16
Business Execution	15	Kabul	Aug-14	8
Strategic Business Planning	4	Dubai	Nov-15	16
Business Correspondence	4	Dubai	Feb-15	16
Corporate Credit Risk Analysis	4	Dubai	Feb-15	24
Microbanking System Software Training	10	Kabul	Jan-15	52

Mentoring

In addition to promoting formal training programs, the international staff made structured efforts to transfer practical knowledge to the ADF team through mentoring activities. This four year process led to outstanding results. Mentorship focused not only on the technical aspects of lending, but also extended to leadership, personnel management, corporate accountability, and business ethics.

As a result, ADF staff have refined their skills, demeanor, and capacity for analysis, and have developed solutions-oriented mindsets. They have refined their strategic planning skills and become polished professionals able to interact at any level.

Transfer of Assets

The transition of assets from the ACE Project to the ADF began in May 2014 and ended in February 2015. During this period USAID issued three asset disposition instructions resulting in the transfer of 1671 items with a total current value of US\$ 204,163. The transfer of assets to the ADF had two important objectives: to ensure that the organization had the material means to carry out operations, and to strengthen the balance sheet of the institution. When the ACE Project ended, the majority of assets were transferred to the ADF, and the remainder was dispositioned to three other USAID funded projects.

Another important element of the transition from Project to Institution was the transfer of leases and service contracts. The leases for the offices in Jalalabad, Mazar-e-Sharif, Bamyan, Herat and Kandahar were transferred to the ADF in August 2014, together with the utility contracts. Other service contracts were transferred in the third week of February 2015.

As this report was going to print, personnel, assets, leases and service contracts had been transferred to the ADF and, in accordance with planning, ACE advisors and support personnel became guests at the ADF headquarters. This is an example of a well-planned institution building process, characterized by clear vision, direction and oversight, which gave rise to a truly independent financial institution.

Review of Achievements

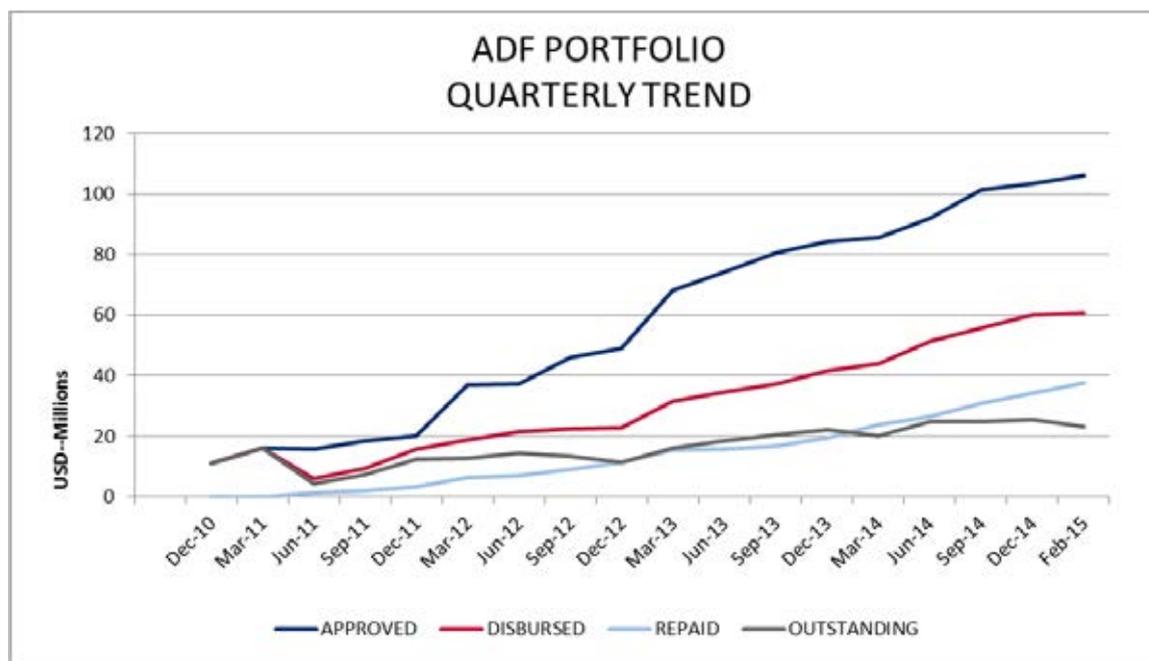
In July 2010, USAID launched an unprecedented initiative to establish a financial institution serving the agricultural sector. This constituted a bold response from the US Government to a binding constraint on the growth of agriculture in Afghanistan.

While in the 1970s and 1980s the Afghan Government operated an Agricultural Development Bank, it was a highly subsidized institution mainly aimed at channeling inputs to farmers. In contrast, the ADF was designed as an institution specialized in lending; the ADF was not to take deposits, or engage in small scale retail lending. From the outset, the focus of the ADF was on the provision of credit, through intermediaries, to small commercial farmers operating in strategic value chains. The focus on small commercial farmers derives from vast evidence in economic development literature underscoring the returns on development investments derived from supporting commercial ventures. This approach also complements other development initiatives targeting subsistence farmers in Afghanistan.

ACE designed the ADF's business strategy to balance investments in the supply and demand sides of the agricultural development equation. This includes the provision of operating capital for input supply, crop production, livestock husbandry, and trade, balanced with the provision of credit for capital investments in agro processing. This approach is aimed at increasing productivity and overall agricultural output, developing rural markets, and increasing effective demand from agro processors, thus ensuring that increased supply translates into increased incomes with concomitant and positive impact on rural economies.

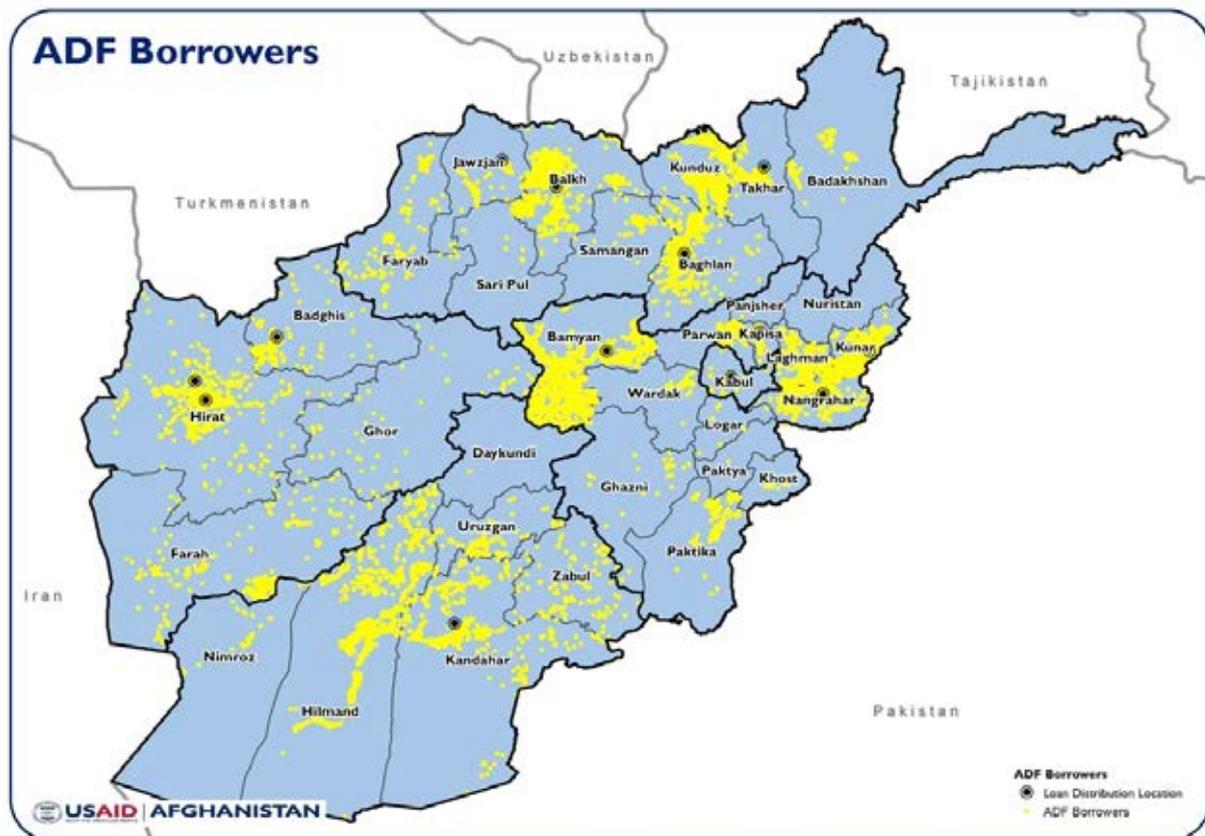
The portfolio of the ADF has consistently grown over the last four years, with obvious seasonal oscillations, as shown in Figure 2.

Figure 2 Growth Trend of the ADF Portfolio



The slower rate of growth of the outstanding portfolio curve in Figure 2 results from three contributing factors: a) slower than average disbursement rate due to the anxiety of clients operating in a context of political uncertainty, b) normal seasonal patterns, and c) delays in the registration of collateral. While political uncertainty is beyond the control of the ADF, the advent of the planting season and recent arrangements with provincial courts regarding the registration of title deeds will likely lead to a faster disbursement rate and thereby contribute to the growth of the portfolio. The geographic distribution of ADF lending activities is shown in Figure 3.

Figure 3 Geographic Distribution of ADF Borrowers



Innovation

Innovation is the core guiding principle of the ACE program. Innovation was necessary for the provision of loans in one of the world's most volatile environments, where ensuring development impact and collecting repayments were nearly insurmountable tasks. The innovations developed and launched by ACE put the project, and the ADF, at the forefront of rural finance in conflict affected environments.

Since inception, the ADF has approved 234 loans valued at a total of US\$105.9 million, and disbursed US\$60.7 million, thereby directly benefiting 31,013 farmers through a series of intermediaries, including trade associations, microfinance institutions, agri-input suppliers, farmer associations and cooperatives. The ADF has also lent to agribusinesses for both capital investments and operating capital. In the latter case a large number of farmers received advanced payments and loans. This model is substantially different from the original program design and results from the need to adjust the implementation strategy in order to overcome three fundamental challenges:

- According to the original design of the task order, the ACE program, and subsequently the ADF, was to issue a small number of loans to financial institutions, which would in turn lend to farmers and other actors in agricultural value chains. At that time financial institutions had excess liquidity, and relied on income generated from capital placements and from a very small numbers of loans. For

these reasons, financial institutions had neither the capacity nor the incentives to participate in agricultural lending.

- While large-scale entrepreneurs were for the most part not adverse to interest bearing loans, the majority of farmers and rural entrepreneurs were not receptive to conventional financial products; a factor which limited the growth of the portfolio.
- Women, although identified as a key subset of clientele during program design, proved to be unable and sometimes unwilling to apply for loans. Major constraints included the fact that women do not own assets, and are therefore functionally excluded as borrowers, and that the majority of women are confined to work within residential compounds, unable to visit a financial institutions and apply for a loans.

These challenges gave rise to three innovations that not only supported the growth of the ADF portfolio, but also defined it as an innovative leader of financial institutions in Afghanistan and throughout the region. These innovations are described below.

Credit Management Units

The fact that existing financial institutions were not interested in providing credit to the agricultural sector challenged the ACE team to find ways to use non-financial institutions, especially farmer associations and cooperatives, as conduits for credit. The main difficulty was the inherent ineffectiveness of these organizations, most of which had been established only to access donor funding, were poorly managed, and had no credibility. ACE/ADF had limited formal interest in farmer associations, but needed conduits for reaching rural communities and achieving economies of scale in the appraisal of credit applications, and the disbursement and collection of loans.

Therefore ACE developed the concept of Credit Management Units, which were small teams of two to five people embedded within farmer associations and cooperatives with three fundamental objectives: a) to analyze and process credit applications, b) to disburse loans to members, and c) to execute collections. CMUs are relevant for three reasons: a) ACE/ADF has provided loans to over 30,000 Afghan farmers, out of which some 10,000 have received loans through CMUs; b) CMUs are a transformational intervention with the potential to change the nature of local institutions, making them purpose driven, value added organizations promoting the growth of rural economies, and c) CMUs constitute a replicable model for countries in which high risk levels discourage the participation of the formal financial sector in the provision of credit to agriculture.

Islamic Finance

While Islamic Finance has been in use for centuries, especially in trade, adapting it to agriculture in Afghanistan required significant efforts. In order to comply with religious and cultural norms, ACE hired renowned specialists in the field of Islamic finance to adjust existing models, produce the ADF's Islamic finance policies and procedures, establish a Sharia Advisory Board (SAB) which would oversee the process and approve financial products, and provide technical guidance. To date, the ADF is one of only three financial institutions in Afghanistan providing legitimate Islamic financial products.

The products have been so successful that today over half of the ADF loan portfolio is Sharia compliant. The distribution and type of loans are shown in the graphics below.

Figure 4 Geographic Distribution of Islamic and Conventional Loans

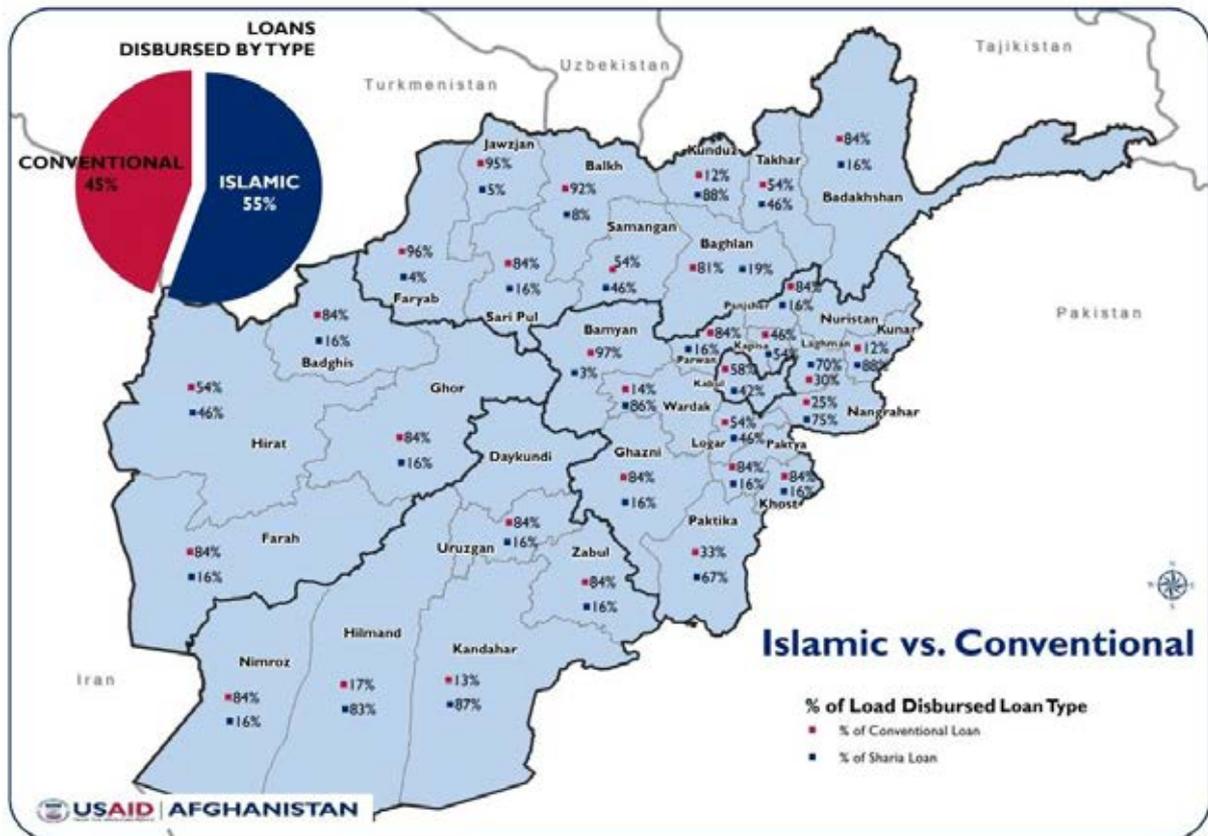


Table 6 Summary of Loans by Type

Type of Loan	Loans Approved	Loans Disbursed
Conventional	\$ 47,972,361	\$ 25,290,591
Islamic	\$ 57,958,256	\$ 35,432,628
Total	\$ 105,930,617	\$ 60,723,219

The Islamic finance products were designed for agricultural, are free of interest and *gharar*, and abide by fundamental principles of Sharia such as openness, transparency, and fairness. Initially *murabaha* was the only Islamic financial structure offered and in October 2011, work started on the definition of four Islamic financial products which, aside from being compliant with the fundamental principles of Sharia, had to be transparent, easy to apply, and easy for both borrowers and ADF staff to understand. The ADF developed *ijara*, and *salam* for short term production finance, and also *wakala*. During the first half of 2012, *qard al hassan*, was added to the portfolio. The needs of ADF clients drove the design of these instruments.

These products were subsequently translated into highly standardized client documentation that make it easy to apply for Islamic finance. Next, a set of policies and procedures was put in place to ensure that not only the transactions, but also their processing, were compliant with Sharia principles. The Islamic principles followed by the ADF are Hanafi, which is the predominant school of thought in Afghanistan.

One of the main challenges in developing these instruments was to identify and appoint of Afghan nationals to participate in the Sharia Advisory Board (SAB), and to serve as the internal Islamic Finance Specialist. The ADF's Islamic Finance Specialist effectively acts as the first point of contact for all Islamic finance related issues, and also as the intermediary with the SAB.

Following a protracted search, three Afghan individuals were selected and appointed to the SAB, one of whom is a representative of the Ministry of Hajj. Their inaugural meeting took place in July 2012. At that time they approved the product structures. At a subsequent meeting they also approved the policies and procedures. The Islamic Finance Specialist who was ultimately selected was an ACE staff member who was promoted internally.

Knowledge about the practical implementation of these products was limited, as the products offered by other financial institutions are effectively thinly disguised interest-based loans. In order to ensure operational readiness, extensive training was provided to Lending Officers and to support departments. The focus of these trainings was on the underlying principles of Sharia finance, and on how the product structures meet these principles and conform to the needs of ADF clients.

Specific Mechanisms to Lend to Women

Given the constitutional right of Afghan women to participate in and benefit from economic development; and the unique opportunity the ADF provides for the Government of Afghanistan to support women entrepreneurs, ACE designed Zahra, a Sharia financial product catering specifically to women farmers and agribusiness entrepreneurs. Adapted from the name of Prophet Muhammad's daughter, Saidatina Fatima Zahra, Zahra means "The Shining One." The Zahra product line is based on the following principles:

- Zahra is a Sharia compliant financial product specifically for female agribusiness entrepreneurs already operating medium-scale enterprises, individually or in groups
- The Zahra product line includes Murabaha, Wakala, Ijara and Qard Hassanah
- The main subsectors Zahra products focus on are annual and perennial horticulture, livestock husbandry and agro-processing
- The loans are managed by a local financial institution, integrating a special set of incentives, but in commercial terms
- The individual loan amounts range from US\$100,000 and above for commercial agribusinesses and from US\$1000 to \$20,000 and above for SMEs. (All amounts are delivered in the Afghani currency equivalent)
- Collateral is 100% of the loan amount, provided by male family members

- A strict monitoring program is used to avoid the use of women as “fronts” for accessing loans

Thanks to ZAHRA, women in rural Afghanistan, one of the most conservative societies in the world, have access to finance for the first time. The ADF has achieved this in a way that is culturally and socially acceptable, and on a scale that ensures significant economic impact.

To date the ADF has approved ZAHRA loans valued at US\$1.37 million to 8 commercial scale enterprises and to 46 SME clients around the country. ZAHRA has also been reviewed by various international development organizations interested in replicating the model in countries such as Iraq and Yemen.

Figure 5 shows the geographic distribution of female borrowers. The regional clusters are associated with the location of intermediaries. The borrowers in Bamyan and Takhar obtained their loans through carpet weaver cooperatives. Those in Balkh province accessed credit through Rabia Maryam Textile Company. Women in Kabul received direct loans from the ADF and from the ADF’s grantee and partner OXUS Afghanistan. Women in Herat received credit mainly through 2 organizations: the Ghoryan Women Saffron Association, and Herat Empowered Women’s Association.

Figure 5 Geographic Distribution of Female Borrowers



Lending to female agribusiness entrepreneurs has been a priority for ACE and the ADF since the outset. To date, 779 rural women have received US\$ 1.36 million in loans. Similarly, loans provided to both male and female-owned enterprises have created 1,356 full-time jobs for women throughout Afghanistan.



In addition to the three major implementation innovations listed above, ACE utilized an operationally innovative procedure for addressing the problem of late payments. ACE conducted an “Innovation Challenge” exercise to develop solutions for this problem. All members of staff were presented with the problem and given a week to come up with solutions. It was the team lead by Miss Raihana Kamal, Gender Officer, that proposed an SMS-based system to remind clients of their payments 10, 5 and 2 days before their payments were due. When implemented, the US\$400/month system reduced the repayment delays (in the 0-30 delay range days) by 34 percent.

MOBILE MONEY

The ACE Program was driven by innovation. However, not all innovations were a success. In 2011, USAID requested that ACE integrate mobile money services into the lending process. This seemed like a logic step forward, especially for serving farmers in less secure areas.

The project conducted a controlled trial with 500 out of 1,850 members of the Eastern Region Fruit Growers Association (ERFGA), all of whom were ADF borrowers, so they could make loan repayments using mobile technologies. Considering the purpose of the exercise, ACE selected 13 districts in Nangarhar, Kunar and Laghman provinces and randomly selected the subsamples (n=39 in 7 districts and n=38 in 6).

ACE provided a grant to M-PAISA, the mobile money subsidiary of Roshan Telecommunications, so that the company could provide the following services: A) Establish the ecosystem in the target districts; B) Provide mobile phones and sim cards to the participants; C) Open E-accounts for all the participants; D) Provide three hours of training to each group; and E) Provide on demand customer service

None of the 500 participants used their payments using M-PAISA, and instead they decided to walk long distances to make their payments in cash. ACE conducted a follow up survey of 100 users to determine why this occurred. (Note that some respondents cited more than one explanation, hence the response percentages exceed 100). The results were as follows:

- Fifty seven percent of users did not trust the use of mobile phones for sending money
- Thirty two percent found it unnecessarily complicated
- Twenty one percent felt confused using SMS and interactive voice system (IVR)
- Eight percent found it challenging to write an SMS
- Two percent did not trust the M-PAISA agent in their village

These findings were consistent with those of the feasibility study for the Agricultural Development Bank, also conducted by ACE in 2012. They confirm that contrary to conventional wisdom; the cultural norms, literacy level and household dynamics in Afghanistan are not at this point, conducive to the use of mobile money. One-way transfers, such as salary payments have been somewhat successful in Afghanistan because they reduce transaction costs and corruption, but nonetheless recipients tend to withdraw those funds immediately in one single transaction, further reinforcing the notion that they do not yet trust the system.

Client Retention

Economic research shows that client retention has a strong effect on institutional costs, which decrease due to the reduced need to repeat investment in marketing activities and client orientation. Client retention also increases staff productivity, as employees work with established clients; and it generally decreases loan risk as clients with established credit history tend to repeat their strong repayments record.

For the ADF, 'repeat clients' are desirable because they typically represent low risk propositions. Their reputation is already established, and by virtue of their commercial and social networks, they often lead to new connections with creditworthy clients.

Currently the ADF has an 81 percent client retention rate, meaning that 81 percent of clients that have received a loan thereafter receive at least one additional loan. This is notable because clients are only eligible to apply for a second loan after having fully repaid the previous one. It is also worth noting that the best established banks in Western countries also have client retention rates of around 85 percent.

Some of the most reliable 'repeat clients' of the ADF include:

- **Salehi Daikundiwal Brothers Agriculture Service Company.** Located in Kabul, this company is a major producer of greenhouse cucumbers for the local market. The operation initially had 37 greenhouses, but with a loan from the ADF they grew their operation to a total of 56 greenhouses in the first year alone, introduced food safety standards and created 28 additional full time jobs.
- **Uddin Wardak Wool Washing and Carpet Company.** The company used an initial loan of US\$300,000 to purchase wool from herders in southern Afghanistan. They repaid this loan and the ADF is currently processing a second loan for US\$1 million to purchase additional raw wool and increase the scale of their operation.
- **Bakhtar Flour Mill.** This company was one of ADF's first clients. They initially utilized a line of credit of US\$1.5 million to purchase wheat from local producers. At that time, their production line operated at only 40 percent of capacity. They utilized and repaid their first loan, as well as a second loan. They have now applied for a third loan valued at US\$2 million, which will ensure that they achieve maximum production capacity.



2010

Before and After



2012

Sanaizada Edible Oil Production Company is based in Mazar-i-Sharif, Balkh province. An ACE/ADF loan of US\$300,000 made it possible for the company to transform their rudimentary and inefficient production line into a state of the art production facility.



2011

Sayel Chips, a company based in Jalalabad, received a loan for US\$100,000, along with a small grant and technical assistance from both ACE and IDEA-NEW. The company transformed their rudimentary and unsanitary operational design into an automated production line, meeting food safety standards and substantially expanding their sales.

Before and After



2013



The ADF made substantial investments in support of the wheat subsector; it provided over US\$ 9 million in credit to 2,700 certified wheat seed producers and to 4 large-scale flourmills. These interventions ensured both increases in productivity and effective demand for wheat, thereby supporting both the supply and demand sides of the wheat production and distribution systems.



The ADF has been providing loans to potato producers in Bamyan Province since 2011 in a program which began with loans amounting to US\$ 270,000 for 7 cooperatives, representing 382 farmers. By 2014, the ADF was providing financing of US\$ 2.2 million to 1,742 Bamyan farm households grouped into 55 cooperatives, while maintaining zero a default rate. ADF borrowers realized on average a 22.3 percent increase in yield, a 39 percent reduction in production costs, and a 67 percent increase in annual household income.



Javed Afghan Thresher Company is a client of the ADF since 2010, when the company obtained its first loan for US\$300,000. Four years later, the company is paying its third loan of US\$1.2 Million. Having access to finance has allowed the Javed Afghan Thresher Company to increase the number of wheat threshers and farm trailers it produces by 40 percent, and its sales volume by 64 percent, while creating 64 additional full time jobs.



At the end of the ACE Program, the ADF is a standalone, independent and thriving financial institution. The ADF brand is recognized by 17 percent of rural households, and ADF services have the potential to grow at a rapid pace. There are however challenges to address if the ADF is to realize its full potential. These include: a) consolidating the ADF's governance structure and processes to ensure the continued protection of the fund; b) expanding the loan portfolio through the incorporation of financial intermediaries while introducing organizational, institutional and technological innovations, and c) ensuring the capitalization of the fund to US\$170 million as a precondition to ensure its sustainability.

Technical Achievements: Component II. Value Chain Strengthening

The purpose of ACE's Value-Chain strengthening unit is to provide technical support to the lending team and to ADF clients. The Technical Unit leads the assessment of production, processing and marketing activities as proposed by loan applicants, and also provides technical assistance for the implementation of loan funded activities.

As stated above, one of the key success factors of the ACE project is in-depth knowledge of value chains. Far from a simplistic two dimensional construct depicting the organization of the agri-food system, ACE understands that value chains are dynamic wealth creation systems, and that actors at each node of the chain have different sets of endowments and face different sets of challenges. Therefore in order to be effective, value chain interventions must respond, to the extent possible, to the specific needs of each actor. This concept can be extended to value chain finance.

The international team implementing the ACE project impressed these concepts on the Afghan professionals working in the lending and technical departments, thereby ensuring that they perceive value chains as tridimensional, dynamic and interlinked constructs, understanding that investments at one level—or node—will in the majority of cases require adjustments at other levels in order to maximize returns on investment. Contrary to the staff of conventional financial institutions, which look at firms in isolation, ADF staff learned to look at them as parts of complex production and distribution systems. By virtue of this approach they learned to analyze the implications that finance could have at other levels of the chain, and how to minimize risks and harness growth potential.

This understanding of value chain structure, performance and optimization allowed ACE to succeed at strengthening value chains, identifying the nodes in which returns on investment are highest, and increasing the likelihood of success by providing ancillary technical and material support.

A representative example is that of Bakhtar Flour Mill, one of the first clients of the ADF. The company purchases and processes wheat from the Northern provinces. When Bakhtar Flour Mill first approached the ADF in 2010, they were operating at 40 percent capacity, mainly due to the fact that they lacked the financial resources to purchase larger quantities of raw material. ACE/ADF provided the company with a line of credit that allowed the company to provide cash advances to their suppliers. The flour mill is currently working at 80 percent capacity and has the potential to fully utilize its installed capacity in the next six months.

Working with a broad vision of the market, ACE/ADF also provided loans to Fine Foods Company, a women owned, semi-industrial bakery supplying supermarkets in Kabul, and to Shamshad Noodle Company, based in Jalalabad. These loans were complemented by small grants to Fine Foods and Shamshad Noodles designed to improve their processes, packaging materials and marketing skills. ACE provided important support to establish supply arrangements between Bakhtar Flour Mill and these companies. This arrangement yielded significantly greater results than if the three loans had been treated independently.

Following this integrated approach, Component II activities focused on three key areas for support for the provision of credit:

- Conducting technical assessments of credit applications. This refers to verifying the reliability of technical assumptions, especially those related to crop and livestock production, markets and agro-processing.
- Identifying complementary activities that could maximize the impact of credit.
- Providing technical assistance, training and material support to increase the likelihood of success of agricultural enterprises, and thereby the likelihood of repayment.

ACE's incorporation of expert technical knowledge in the areas of crop and livestock production, market development and agro-processing into the analysis of credit applications demonstrates the essence of an informed and integrated agricultural lending process. This capacity for integrating expert technical knowledge into lending is absent in the Afghan banking sector. This problem is a major constraint on the banking sector's ability to understand and respond to the demand for credit in agriculture.

During the life of the project, the team conducted 211 pre-approval technical assessments, and 133 post-disbursement technical reviews. The latter served to ensure that clients adhered to best practices in crop production, animal husbandry, post-harvest handling, agro processing and marketing.

In addition to supporting credit decisions and providing technical and material assistance to ADF clients, the Technical Team also managed Value Chain Modernization grants, and ensured that all loans, grants and technical assistance activities complied with environmental regulations specified in USAID 22 CFR-216. Since inception, the project has produced 57 environmental review reports. The purpose of these assessments was to both identify potential sources of negative environmental impact derived from the activities financed by the ADF, as well as to develop, introduce and enforce corresponding mitigation measures.

The provision of technical support constituted a major element of the ACE project; the team of agronomists, veterinarians and agro processing specialists managing this component of the project provided technical assistance to clients at different levels of the production process. In Bamyan province the technical team provided assistance in potato production to over 2000 producers. ACE also established nine demonstration plots showing the impact of different production practices on productivity and crop quality. The main outputs of this activity were demonstrations and practical training to farmers, as well as a research report with detailed analysis of the relative influence that fertilizer application regimes, irrigation regimes and seed selection have on productivity and produce quality.

Another major Component II activity was the facilitation of trade through arranging for ADF clients to participate in local and international trade events, and also through the establishment of local arrangements between producers, agro processors and traders.

On multiple occasions, ACE facilitated the participation of ADF clients in local, regional and international trade events, and in the majority of cases this resulted in concrete trade transactions.

Table 7 Local Trade Events and Participants

Event	Year	Location	ADF Clients
Afghanistan Agricultural Fair	2011	Kabul	19
Farmers' Day Celebration	2012	Jalalabad	21
Mazar Business Fair	2012	Mazar	9
Afghanistan Agricultural Fair	2012	Kabul	17
Afghanistan Agricultural Fair	2013	Kabul	17
Afghanistan Agricultural Fair	2014	Kabul	16

Table 8 International Trade Events and Participants

Event	Date	Location	ADF Clients
India International Trade Fair	November 14-27, 2010	India	10
India International Trade Fair	November 14-27, 2011	India	31
Azerbaijan International Exhibition	May 15-17, 2012	Azerbaijan	12
Ingredients Russia Exhibition	March 11-17, 2012	Russia	11
Ingredients Turkey Exhibition	September 6-9, 2012	Turkey	16
Women Owned Cooperatives	August 2012	India	13
Tajikistan Potato Market Exploration	September 27-October 1, 2014	Tajikistan	8

The Technical activities embodied in Component II are relevant for three fundamental reasons:

- 1) Knowledge of agriculture is essential for making informed credit decisions and supporting borrowers to increase the efficiency of their enterprises. It has positive implications for both the borrower and the lender as it improves the borrower's operations while also reducing credit risk.
- 2) Environmental compliance is a major element of corporate social responsibility and the ADF is ideally positioned to introduce, encourage and enforce environmental mitigation measures.
- 3) The ancillary technical support the ADF provides makes the organization different from any other financial institution. The combination of financial services, technical advice, and facilitation of market linkages results in improved efficiency, increased profitability and reduced risk.



Afghanistan Pavilion at the 2011 India International Trade Fair. ACE sponsored the pavilion in 2010 and 2011, giving Afghan entrepreneurs the opportunity to showcase their products and close business deals.

Recognizing the importance of the role that in-house agricultural expertise has for the functioning an agricultural lending institution, the transition plan designed by ACE included the establishment of an ADF Technical Services Unit to be staffed by the local professionals previously working under ACE. The unit is currently led by Dr. Eamal Arman a doctor of veterinary medicine with post graduate studies in business administration.

Recognizing that the capacity to conduct value chain analysis was scant among MAIL personnel and that most studies were carried out by expatriate consultants, ACE embarked in a two pronged initiative including: a) providing formal, in class and practical training to MAIL staff on value chain analysis methodologies, and b) having MAIL trainees conduct fifteen value chain studies as their class project.

The program was a success, fourteen out of the fifteen trainees finished the course, which included two weeks of class training, a month of supervised fieldwork, and the public defense of their reports in the presence of their peers and supervisors.

Technical Achievements: Component III. Knowledge Management

The Knowledge Management Unit integrates market and production information from an array of sources, transforming it into market intelligence applicable to diverse audiences within the agriculture sector, while at the same time building the capacity of MAIL staff. This Unit also collects and analyzes impact data through a structured monitoring and evaluation program, and disseminates information using an integrated and strategic communications strategy.

The main project deliverable under the Knowledge Management Component of the Project was the PAYWAND knowledge management facility, described in Figure 6.

Figure 6 PAYWAND Brochure



The Agriculture Knowledge Management Facility PAYWAND is a collaborative effort of the Ministry of Agriculture, Livestock and Irrigation, and The Agricultural Credit Enhancement (ACE) Program. PAYWAND integrates and archives existing agricultural data into reliable and applicable products making them accessible to a wide range of actors involved in the agriculture sector; Supporting the soundness of agribusiness decisions.

Search and Find What You Are Looking For With PAYWAND!

- Prices Time Series. Selective price information!**
Prices of commodities in markets within and outside Afghanistan integrated in a single database, browsable commodity, market and period.
- Trade Flows Time Series. For those who want to dig further!**
Imports and exports of agricultural products retrievable through customized queries with selection of trade direction, period, time frequency, Harmonized System Code, partner country and currency.
- Secondary Source Data.**
Agriculture related studies searchable based on specific criteria such as commodity, report type, source and year of publication.
- Meteorological Data Time Series.**
Data on weather and crop conditions available through customized queries, including frequency, period, province, weather features and specific crop.
- Geo-referenced Agricultural Data.**
Maps by commodity, province, village or landmark.
- Paywand Products. Use our knowledge!**
Paywand capitalizes on existing agriculture market information such as price, production, trade flows and other data to produce user friendly briefs and studies, available through the Ministry of Agriculture and the Paywand website.
- Paywand Website. Our virtual presence on the internet!**
<http://paywand.mail.gov.af/> constitutes the home for all agriculture market information available in Afghanistan, making it widely accessible. The website is available in three languages: English, Dari and Pashtu.

PAYWAND IS a comprehensive and interactive on-line database, which constitutes MAIL's main repository of agricultural data. PAYWAND was developed in 2011 and was handed over to MAIL at the end of 2012. The database is currently being managed by MAIL's Management Information System (MIS) staff.

Since the transition of PAYWAND to MAIL, ACE has been providing MAIL-MIS with technical advice for the production of commodity market briefs, quarterly and annual agricultural trade reports, and ad-hoc research outputs required to support policymakers, mainly at MAIL.

As part of the ancillary activities to support the transition and strengthening of PAYWAND, ACE provided a high-level training course on data analysis and technical writing to eight MAIL employees. The project also organized a study tour which brought MAIL MIS staff to Ghana, where they had the opportunity to analyze the structure of similar market information platforms and data dissemination mechanisms.

As of February 2015, PAYWAND had produced 16 Market Briefs, 14 Trade Reports and 3 ad-hoc MIS products. As of the same date, PAYWAND had been accessed by over 36,000 people, as per the website counter.



MAIL-MIS and ACE specialists during a meeting with users of commodity price data via mobile phones in Tamale, northern Ghana.



MAIL and ACE representatives meet with ESOKO in Ghana to learn about data collection and dissemination systems.

It is important to note that while MAIL is genuinely interested in managing, using and sharing the information available in PAYWAND, they lack the necessary human resources. ACE provided training, equipment, software infrastructure and technical support until the end of the project, but the future of the program is in question, due to the expectation that donors should continue supporting these types of initiatives.

Another issue affecting the sustainability of the PAYWAND is the high cost of data collection, which is also seen as a cost that should be covered by donors. For a long time WFP, MAIL, RMSLP and IDEA-NEW collected the data. Unfortunately after 2013 their investments in data collection declined and MAIL did not fill the gap.

In view of this, the ADF will continue providing limited support to PAYWAND until the follow on project to ACE is launched and can at that time engage with MAIL and other development programs. Table 9, shown below, summarizes the output of the PAYWAND system.

Table 9 Market Information Products Produced

No	Name of Product	Type of Product	Platform for Distribution
1	Agriculture Trade Report Q1, 1390 English, Dari, Pashto	Agriculture Trade Brief	Internet, Meeting with stakeholders
2	Market Brief: Raisins, the Prospects for Export Potential (Pashto)	Market Brief	Internet, public events, direct distribution to MAIL
3	PAYWAND Website	Internet Platform	Internet
4	Raisins: The Prospects for Export Growth	Publication	Internet, public events, direct distribution to MAIL
5	KMF-PAYWAND Database	Database	Internet, public events, direct distribution to MAIL
6	Grapes: The Prospects for Export Growth	Publication	Internet, public events, direct distribution to MAIL
7	Melons & Watermelons: An Overview of Export Potential Pashto	Market Brief	Internet, public events, direct distribution to MAIL
8	Market Brief: Raisins, an Overview of Export Potential (Dari)	Market Brief	Internet, public events, direct distribution to MAIL
9	Market Brief: Almonds An Overview of Export Potential (English)	Market Brief	Internet, public events, direct distribution to MAIL
10	Rice Production Calendar	Production Calendar	Website
11	Edible Oil Sector Overview	Presentation	Workshop
12	Market Brief (Corn)	Agriculture Crop Calendar	Internet, Agricultural exhibitions, and meetings with stakeholders
13	Agricultural Trade Report Q2, 1390-Dari, Pashto	Agriculture Trade Brief	Internet, Agricultural exhibitions, and meetings with stakeholders
14	Agriculture Trade Report 1390	Publication	Email, Website
15	Agriculture Trade with Russia 1389	Publication	Moscow Exhibition, Website
16	Agricultural Trade Report Q2, 1390-English	Agriculture Trade Brief	Internet, Agricultural exhibitions, and meetings with stakeholders
17	Wheat Production Calendar	Production Calendar	Website
18	Corn Production Calendar	Production Calendar	Website
19	Pomegranate Workshop Presentation	Presentation	Workshop
20	Market Brief: Grapes, the Prospects for export growth (Dari)	Market Brief	Distribution at public events and directly to MAIL Directorates
21	Agriculture Trade Report 1389	Publication	PAYWAND website (eminent), direct distribution to MAIL (eminent)
22	Market Brief: Grapes, the Prospects for export growth (Pashto)	Market Brief	Distribution at public events and directly to MAIL Directorates
23	Market Brief: Melon & Watermelon (English)	Publication	PAYWAND website (eminent), direct distribution to MAIL (eminent)
24	Agriculture Trade Report Q3 1390	Publication	Edible Oil Workshop, Ag-fair, Website
25	Agriculture Trade Report Q1 1391	Trade Report	Website
26	Market Brief: Wheat	Agriculture Crop Calendar	Internet, Agricultural exhibitions, and meetings with stakeholders
27	Fresh and Dried fruits, Export Procedures	Export Procedure map	Internet, Agricultural exhibitions, and meeting with stakeholders
28	Agricultural Trade Report Q2, 1391-English	Agriculture Trade Brief	Internet, Agricultural exhibitions, and meetings with stakeholders
29	Apples Export Parity Price	Market Brief	MAIL Website, PAYWAND Website
30	Pomegranate: An Overview of Export Potential	Market Brief	Internet, public events, direct distribution to MAIL
31	Melon & Watermelon: An Overview of Export Potential (Dari)	Market Brief	MAIL Website, PAYWAND Website, Workshops and Meetings with MAIL
32	Agriculture Trade Report Q2, 1390 English	Agriculture Trade Brief	Internet, Meeting with stakeholders
33	Market Brief: Rice	Agriculture Crop Calendar	Internet, Agricultural exhibitions, and meetings with stakeholders
34	Agricultural Trade Report Q3, 1391-English	Agriculture Trade Brief	Internet, Agricultural exhibitions, direct distributions to DALLS
35	Agricultural Trade Report Q1, 1392-English	Agriculture Trade Brief	Internet, Agricultural exhibitions, direct distributions to DALLS
36	Agricultural Trade Report Q2, 1392-English	Agriculture Trade Brief	Internet, Agricultural exhibitions, direct distributions to DALLS
37	Agricultural Trade Report Q3, 1392-English	Agriculture Trade Brief	Internet, Agricultural exhibitions, direct distributions to DALLS
38	Agricultural Trade Report Annual, 1392-English	Agriculture Trade Brief	Internet, Agricultural exhibitions, direct distributions to DALLS
39	Marketing Plan for Rabia Mariam	Market Brief	Website

Communications

Public awareness and communications were at the center of the ACE program. A well-articulated communications strategy developed in 2010 allowed the ADF to achieve three essential objectives: a) promoting the financial services provided by the ADF and generating business for the institution, b) communicating impact to different audiences, including GIRoA, private sector organizations, financial institutions and the USG, and c) sharing lessons learned with the broader development community through international media.

Agricultural credit shuras, an innovation of the ACE program discussed earlier in this report, were instrumental in meeting the ambitious lending targets of the task order. A branding waiver provided by USAID in late 2010 proved invaluable for positioning the ADF as a financial institution owned by GIRoA. The waiver allowed ACE to ensure that the ADF was not perceived as a donor funded project and thereby to effectively collect outstanding loans, and enhance the legitimacy of the Afghan Government, a task which was a performance target of the ACE contract.

Agricultural credit shuras allowed the ADF to reach rural communities, selecting audiences in collaboration with the DAILs, ACCI and other USAID implementing partners. The ADF was able to conduct agricultural credit shuras in 33 provinces, and in the majority of cases to hold more than 3 shuras per province. ACE carefully selected the participants according to criteria reflecting the likelihood that they would qualify for ADF loans. The shuras included brief presentations by ADF staff, a session of questions and answers, and the distribution of credit applications.

Throughout the life of the project, ACE also produced ADF Monthly News Briefs presenting important information, and the success stories of selected ADF clients. The Monthly News Briefs were distributed by email to ADF borrowers, MAIL officials, the ADF High Council, DAILs and USAID. Printed versions were distributed via the ADF's regional offices.

ADF success stories were also presented in 39 news spots on Afghan television. This included spots on Ariana TV, which is broadcasted in Europe and in the United States. ACE also sponsored media events and created commercials. In 2012-13 ACE sponsored Salaam Watandar, a radio talk show aimed at the farming community. In early 2015, ACE launched an aggressive TV and radio campaign aimed at generating business for the ADF in anticipation to the planting season.

At the international level, ACE succeeded in sharing news of ADF, within the context of US foreign assistance, to a broad audience. Between 2011 and 2015 there were 27 international articles published in a broad spectrum of media formats, ranging from The Guardian UK and the Chicago Tribune, to USAID Front Lines, Islamic Financial News, and a large number of print, and online publications. In each of these publications the ADF is recognized as a beacon of innovation in the areas of agricultural credit and Islamic finance. One such publication, was "An Overview of Islamic Micro Finance Worldwide," produced by GIZ, which presented the ADF as a strong model that can be replicated in other conflict affected environments.

This constitutes a brief summary of the success of ACE's structured and targeted communications strategy. The strategy played an important role in generating business for the ADF, communicating the success of US foreign assistance in Afghanistan, and communicating lessons learned.

Monitoring and Evaluation

Monitoring and evaluation (M&E) was a key element in the implementation of the ACE program. ACE management recognized the importance of M&E beyond the mere counting of beneficiaries and recordkeeping, to serve as a tool to identify the factors influencing the efficiency of the development process. ACE therefore invested substantial resources in conducting periodic, large-sample baseline and impact surveys, field verifications and special investigations.

This emphasis led to a robust M&E system producing and analyzing reliable data, and allowed for informed management decisions and improved efficiency in the implementation of a large scale development initiative. Efficiency refers not only to development impact, but also to the responsible use of USG resources.

The following section is a summary discussion of results based on the ACE Task Order performance targets. Note that some background assumptions of the project design, such as willingness of banks to lend to the agricultural sector, did not materialize. It is only due to the rapid reaction of USAID and the project management team to implement a radical change of strategy, that the project was able to deliver strong results. These results are summarized in Table 10.

Table 10 Results against Performance Targets

Indicator Name and Number	Baseline (date)	FY 2011		FY 2012		FY 2013		FY 2014		LOP Achievements		LOP Targets		%
		Actual		Actual		Actual		Actual		Actual	Target	Target		
1.1 Value of finance accessed through lending	0	\$16,746,562		\$46,010,957		\$80,542,655		\$101,247,547		\$105,930,618		\$100,000,000		106%
		-		\$45,325,957		\$78,731,638		\$99,436,530		\$104,119,601				
Female	0	-		\$685,000		\$1,811,017		\$1,811,017		\$1,811,017				
1.1 - a Values of Loans Disbursed	0	\$9,515,771		\$22,319,454		\$37,256,268		\$55,841,302		\$60,723,219		\$85,000,000		71%
		-		\$22,021,458		\$35,976,515		\$54,561,549		\$59,365,676				
Female	0	-		\$297,996		\$1,279,753		\$1,279,753		\$1,357,543				
1.2 No of individuals benefiting from financial agreements	0	8,720		15,233		21,574		29,413		31,013		60,000		52%
		8,717		15,089		21,080		28,634		30,234		57,000		
Male	0	3		144		494		779		779		3,000		26%
Female	0	94,162		101,711		124,231		148,657		158,357		140,000		113%
1.2 -a Number of individuals benefiting from ACE or ADF financial agreements/ Indirect	0													
1.3 Percent annual increase in household income by assisted direct beneficiaries	Oct, 11, Avg \$580 per Household	-		56%		50%		65%		N/A		10%		N/A
1.4 Net total increase in Full-Time Equivalent jobs created by USG sponsored agriculture activities	0	171		856		1,987		3,611		4,016		3,000		134%
		171		749		1,667		2,366		2,660		2,200		
Male	0	0		107		320		1,245		1,356		800		170%
Female	0	0												
2.1 Value of challenge/ innovation and agriculture modernization grants app	0	\$732,345		\$1,267,072		\$2,020,031		\$2,220,375		\$2,590,555		\$16,685,858		16%
		\$124,375		\$1,240,281		\$1,974,434		\$1,978,165		\$2,289,882				
Male	0	0		\$26,791		\$45,597		\$242,210		\$300,673				
Female	0	0		\$783,099		\$1,186,780		\$1,211,080		\$1,211,080		\$15,000,000		6%
2.1 - a Value of Challenge/Innovation (ADF) Grants	0	\$0		\$759,108		\$1,162,789		\$1,187,089		\$1,187,089				
		\$0		\$23,991		\$23,991		\$23,991		\$23,991				
Male	0	0		\$483,973		\$833,251		\$1,009,295		\$1,379,475		\$1,685,858		82%
Female	0	0		\$481,173		\$811,645		\$791,076		\$1,102,793				
2.1 -b Value of Agricultural Modernization (ACE) grants approved	0	124375		\$2,800		\$21,606		\$218,219		\$276,682				
		0		0		0		0		0				
Male	0	14		50		85		116		116		27		430%
Female	0	0		47		80		111		111				
2.2 No. of participating Financial Intermediaries and Private Intermediaries on-lending funds	0	-		3		5		5		5				
		-		3		5		5		5				
Male	0	-		47		80		111		111				
Female	0	-		3		5		5		5				

Table 10 Continued—Results against Performance Targets

Indicator Name and Number	Baseline	FY 2011	FY 2012	FY 2013	FY 2014	LOP Achievements	LOP Targets	%
2.3 Number of innovative lending products established by Private Intermediaries and Financial Intermediaries	0	3	9	9	9	10	10	100%
2.4 Percentage of loan losses resulting from ACE lending recommendations	0	-	1.32%	3.86%	3.58%	3.59%	<5%	100%
3.1 Percentage change in value of exports of Afghanistan agricultural products for firms supported by ACE	\$3,048,355 (Oct,2011)	-	61%	30%	52%	NA	10%	NA
3.2 : Number of loans approved under USAID's Development Credit Authority (DCA) mechanism	0	0	0	0	0	0	4	NA
3.3 Number of public-private partnerships formed as a result of USG assistance (including GDAs)	0	0	0	0	0	0	4	NA
4.1 Number of individuals trained by ACE in credit policy and operations, value chain strengthening, and market information sys	0	15	189	450	635	647	200	324%
Male	0	15	175	339	474	484	150	323%
Female	0	0	14	111	161	163	50	326%
4.2 Number of person hours of training: including formal and practical training and technical visits	0	74	525	843	1,056	1,096	1000	110%
5.1 Number of conferences, workshops and other initiatives designed to foster increased credit to the agricultural sector while addressing the value chain constraints	0	5	9	11	19	19	20	95%
5.2 Number of market information and market intelligence products created and disseminated by the established Knowledge Management	0	13	25	33	39	39	50	78%

- All indicators are expressed quarterly net, except for indicators 1.1 and 1.1(a) which are always expressed in cumulative figures.
- While the PMP description of indicator 2.1 refers to the value of “approved” grants, in this case ACE is reporting amount “disbursed” as it provides a more accurate indication of the Project’s performance following the closing of all grants.
- The 3.59 percent default rate factors in adjustment for doubtful debt. However the net default rate never surpassed 4.5 percent.

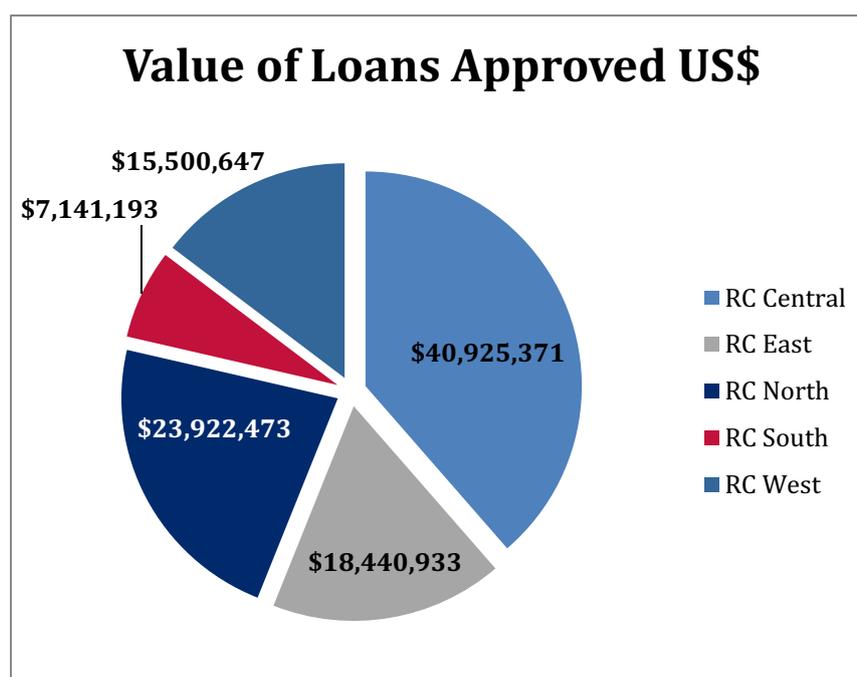
Discussion of Results

The discussion below presents a brief analysis of the achievements of the Project relative to the performance targets established in the Task Order. In summary, ACE met or exceeded the targets for 16 of 19 performance indicators. Three performance targets were not met due to institutional and regulatory constraints, as explained below.

1.1 Value of Finance Accessed Through Lending

The USD equivalent of loans approved by the ADF was expected to reach US\$100 million during the life of the project. A week before the end of the project the ADF had approved loans valued at a total of US\$105,930,618, meaning that ACE exceeded the target by 6 percent. This was the result of an aggressive public awareness campaign implemented by the project, in addition to the assignment of targets and deadlines to loan officers.

Figure 7 Value of ADF Loans Approved by Regional Command



The majority (39 percent) of approvals were for borrowers located in the Central Command, followed by 23 percent in the Regional Command North, 17 percent in the East, 15 percent in Regional Command West and 7 percent in the Regional Command South. The latter reflects obvious difficulties in operating effectively in the most volatile areas of the country. The amount of loans approved in the Central Command derives from the large number of agro processing firms operating in the area, most of which have large loans.

1.1.a Value of Loans Disbursed

The disbursement target was set at US\$85 million, and total loan disbursements amounted to \$60,723,219, or 71 percent of the target. The reasons behind this shortfall included: a) delays in the registration of collateral, b) the seasonal requirement of disbursements, and c) a significant delay in disbursement requests, resulting from political uncertainty.

Figure 8 Regional Distribution of Loan Disbursement and Beneficiaries

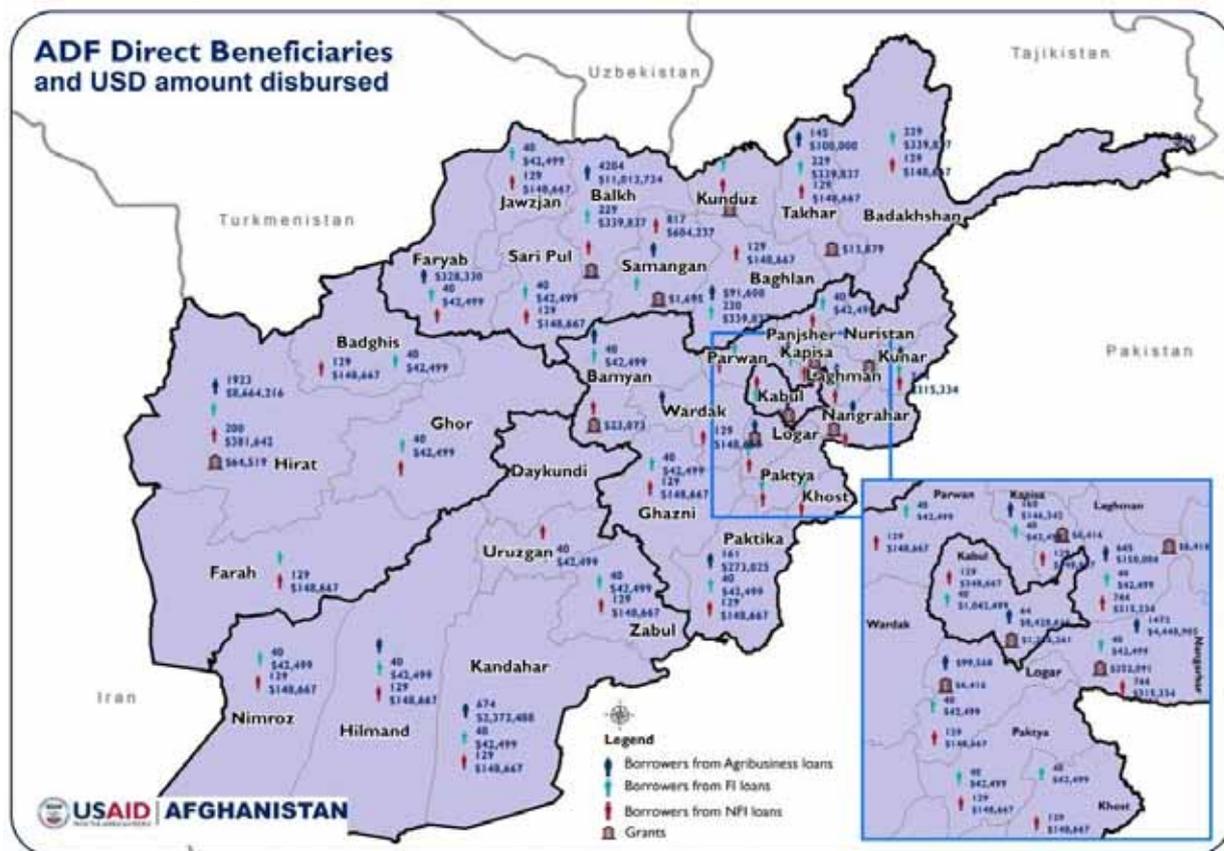


Table II Value of Loans Disbursed by Regional Command

Region	Loan Disbursed (\$)
RC Central	\$10,928,737
RC East	\$14,136,888
RC North	\$21,878,764
RC South	\$4,115,588
RC West	\$9,663,242
Total	\$60,723,219

Compared with the regional distribution of loan approvals, loan disbursements more accurately reflect seasonal finance requirements and the relative perceptions of political uncertainty. The North has the highest proportion of loan disbursements with 36 percent, followed by the Regional Command East with 23 percent, and the Central and Western

regions with 28 percent each. Of all regional commands, the South is the only one showing the same share of approvals and disbursements. Table 14, at the end of this report, shows complete detail on loan execution.

1.2 Number of Individuals Benefiting from Financial Agreements

This indicator represents the total number of borrowers. ACE reports figures which record end borrowers who have received loans, in cash or in kind, the receipt of which has been confirmed by the project's M&E department. This figure does not include funds that have been disbursed to agribusinesses and other financial intermediaries and which are still making their way to farmers.

The target for this indicator was 60,000 end borrowers, however the total number of verified borrowers reached only 31,013. This shortfall derived from several factors: a) the target assumed greater engagement by financial institutions, a circumstance which did not materialize due to the risks inherent to agricultural lending and over liquidity of the banking system, b) the ADF followed a proactive, yet prudent approach to lending, conducting thorough and responsible analysis of credit applications, which resulted in a smaller number of borrowers, and c) the inability of the majority of loan applicants to provide title deeds.

Despite this shortfall, the 31,013 farmers that received credit from the ADF did so thanks to the innovations introduced by the ACE program to lend through non-financial intermediaries. Without such proactive interventions, the funds would not have reached borrowers.

1.2.a Number of Individuals Benefiting from Financial Agreements – Indirect

This indicator refers to the number of farm households that indirectly benefited from the ADF's lending activities. This refers to farm households that had access to agricultural inputs, mechanization services, and markets as a result of the loans ADF provided to other actors in the agricultural chain.

The target in the performance monitoring plan for this indicator was 140,000. ACE/ADF exceeded this target by 18,357 farm households, or 13 percent. This surplus is the result of the emphasis ACE management put on loans that had positive spillover effects on rural communities, as consistent with the development bias of the ADF.

1.3 Percent Increase in Household Income by Assisted Direct Beneficiaries

ADF borrowers were expected to increase their household income by a minimum of 10 percent in the year following the utilization of the loans. The data was verified through household surveys, one at the time of disbursement to determine the baseline, and one at the end of the year.

These surveys found that income increases exceeded targets. Average increases in household income were 56 percent in 2012; 50 percent in 2013, and 65 percent in 2014. The reasons for the higher than expected results are: a) focus on investment in value chains with the highest potential to promote economic growth, b) close monitoring of the

utilization of loan proceeds, and c) the Project's provision of technical assistance in crop production and market development.

1.4 Increase in Full-Time Equivalent Jobs Created by USG Sponsored Activities

Job creation is an unbiased indicator of economic growth and a primary objective of the ACE project. The target for this indicator was set at 3,000—following an upward adjustment in January 2015. At the end of the project 4,016 jobs had been created, a figure 34 percent above the target.

While many development interventions to introduce agricultural technologies tend to result in unintended job losses, ACE's interventions adhered to basic economic development theory. "Induced Innovation Theory" provided the guiding principles for the selection and introduction of agricultural production technologies to replace costly factors of production. This contrasts with other approaches based on the arbitrary introduction of mechanization and automation technologies, which often have little impact on productivity and competitiveness, and result in lost jobs.

2.1 Value of Challenge/Innovation and Modernization Grants Approved

For reasons discussed below, the total value of grants awarded by ACE and the ADF was substantially lower than expected. However it is important to consider that grant funds were used strategically and judiciously, and only in cases which contributed to achieving the project's goals. By economizing on grants funds, ACE was able to enhance the scope of its activities and provide technical assistance to the ADF for an additional 45 days. The savings in ADF grants are likely to be carried over to a follow on activity in support of the ADF.

Note that while disbursing grant funds is a relatively easy endeavor, the ACE management team was committed to using USG funds strategically, responsibly and judiciously. This was to avoid wastage and loss. This attitude was reflected in all project activities, including especially ADF lending.

2.1.a Value of Challenge/Innovation (ADF) Grants

Challenge and innovation grants support financial institutions to help them bear the risks of lending to the agriculture sector, and to equip them with the required technical capacity, infrastructure and systems. The fund was set at US\$15 million. As mentioned previously, existing financial institutions were reluctant to intermediate agricultural lending funds. Despite the efforts of the Project team it was not possible to interest them, even with grant money. In order to move ahead, the ACE team therefore developed the concept of Credit Management Units (CMUs), which allowed the ADF to lend to farmers through non-financial intermediaries. The grant funding used to establish and operate CMUs was substantially less than what would have been required if the banking sector had taken on the activity. In addition to CMUs, ACE supported two micro finance institutions using grants funds. At the end of the project only US\$1.2 million had been used for this purpose.

2.1.b Value Chain and Agricultural Modernization (ACE) Grants Approved

Value Chain Modernization grants supported ADF clients (borrowers) in their efforts to improve the efficiency of their enterprises. This served a development purpose, and acted as a risk reduction mechanism. The typical grant process included identification of sources of inefficiency in crop production, post-harvest handling, agro processing, and marketing. ACE specialists would then prioritize the issues affecting the competitiveness of the enterprise and design interventions consisting of technical assistance, or material support.

The ACE Task Order included an allocation of US\$5 million for Value Chain Modernization grants; a figure which was twice reduced during contract budget realignments. The life-of-project target was reduced to US\$1,685,858, out of which US\$1,379,475, equivalent to 82 percent, was disbursed.

2.2 Financial Intermediaries and Private Intermediaries On-Lending Funds

The performance monitoring plan assigned a target of identifying 27 financial and private intermediaries of ADF funds. Despite the fact that private banks were not interested in lending to the agricultural sector, innovations introduced by the management team enabled the Project to reach farmers through 116 organizations of varying types, a result corresponding to 430 percent of the target.

2.3 Innovative Products Established by Private and Financial Intermediaries

From the outset, innovation was at the core of the ACE program, and constituted a key success factor for the initiative. Innovation enabled ACE to generate business for the ADF, to channel loans through non-financial intermediaries, to offer culturally acceptable loan products, and to develop loans structures meeting the specific requirements of different agricultural enterprises. Table 12 lists the financial products developed and implanted by ACE. The number of products matches the target established in the performance monitoring plan.

Table 12 Financial Products Developed

Product Name	Description	Innovation
Ijara	In an ijara transaction, the client undertakes a lease and owns the asset. The ownership of the asset will be transferred to the client when payments are finalized.	This product had not been used previously in Afghanistan, and also the ADF adapted it to leases of agricultural machinery.
Murabahah Return on Investment Sharing	Murabahah Return on Investment Sharing is based on the ex-ante calculation of return on investment, on the basis of which the lender and borrower agree on the return for each party.	The product was designed and used for the first time by ACE/ADF.
Parallel Istisna Product	In Istisna contracts the borrower receives finance to manufacture goods (typically machinery or buildings). In this case the second contract is referred to as parallel istisna'a. The paralleling practice is similar to offsetting in conventional finance transactions.	This product had not been used previously in Afghanistan. The ADF adapted it to the manufacturing of agricultural machinery.
Factoring with Sharia compliant provisions	Factoring allows companies and individuals to sell their receivables at a discount as a way to increase their cash flow and thereby accelerate the rate of growth of their enterprise. The ADF produced an Islamic version to support suppliers of agro processing firms and food retailers.	This product had not been previously used in Afghanistan. In other regions of the world it has not been used for agricultural produce.
Murabahah Markup - Sharia Product	In this model, the ADF and the borrower share markup and profit on a finance venture, but do not share losses. It is a short term lending product which can easily be adapted.	While this product had been previously used in Afghanistan, its application to agricultural inputs and produce is new.
Wakala with Arbun	The Wakala with Arbun transaction is similar to conventional Wakala with the difference that the client agrees to make advance payment to the farmers from whom he purchases raw materials.	While this product had been previously used in Afghanistan, its application to agricultural inputs and produce is new.
Murabaha	This transaction, perhaps one of the most common Islamic financial products used worldwide, is normally used to finance the purchase of large items such as real estate and vehicles.	ADF adapted this product for use by finance cooperatives and farm stores in purchasing raw materials and agricultural inputs for onward sale to farmers.
Salam	The Salam product is used for short-term project finance activities such as the construction of buildings and manufacturing processes, in which the lender pays directly to the builder/manufacturer. The client obtains ownership of the asset on completion and pays the lender in accordance with the agreed payment schedule. Salam can be also used to provide cash advances on crops before harvest.	The Salam model was traditionally used in rural communities, and ADF modified it to for use in financial institutions.
Wakala	In a Wakala transaction the lender appoints the client to undertake a specific business activity. A specified estimated return benefits the lender and any additional return benefits the client.	Before its adoption by the ADF and the approval of the Sharia Advisory Board, this financial product was not offered by financial institutions.
Murabahah Profit - Sharing	Murabahah profit sharing was adapted by the ADF to provide loans to food processing firms, and to partially cover the costs of raw materials and operations. This is different from conventional Murabahah. Rather than charging a markup, the lender benefits from a pre-agreed portion of the profit generated through the loan.	Prior to its adoption by the ADF, this financial product was not offered by Afghan financial institutions.

2.4 Percentage of Loan Losses Resulting From ACE Lending Recommendations

The ACE Task Order requires that total loan losses remain below 5 percent. ACE concluded with cumulative loan losses amounting to 4.5 percent, thereby meeting the requirement. However this achievement must be contextualized in order to be fully appreciated.

- a) The 5 percent target is substantially below the average loan losses in agriculture in many developed countries.
- b) It is common practice among financial institutions to write off bad debt on an annual basis, thereby resetting the PAR counter back to zero every year.

For these reasons, keeping a 4.5 percent default rate in Afghanistan, a context characterized by insecurity, nascent rule of law and high transaction costs, is a substantial achievement. Considering that this default rate was cumulative over four and a half years, it serves as a testament to the sound implementation approach undertaken by the project.

3.1 Percent Change in Value of Exports for Firms Supported by ACE

The performance monitoring plan set the target of increasing the value of exports by ten percent in the companies ACE supported. Rather than monitoring the value of exports of the same set of companies throughout the life of the project, ACE collected baseline and impact data for incoming clients every year, so that the impact of the support provided by ACE could be measured once for every company and then averaged.

The average increase in the value of exports of companies financed by ACE/ADF was 61 percent in 2012, 30 percent in 2013 and 52 percent in 2014, with a weighted average of 47.7 percent, a result which exceeds the target by over 300 percent.

Table 13 Exports of Companies Supported by ACE – Weighted Average

Year	Baseline Sales	Impact Sales	Weighted Average
2013-2014	\$ 9,409,816	\$9,802,965	52%
2012-2013	\$3,383,638	\$4,161,331	30%
2011-2012	\$ 3,048,355	\$ 3,593,274	61%

3.2 Loans Approved Under USAID’s Development Credit Authority Mechanism

The Task Order set a target of having four loans approved under Development Credit Authority mechanisms. This target was not met due to the following reasons:

- a) At the time which ACE commenced operations, only Bank Alfallah had a DCA, and this bank was clearly not interested in engaging in agricultural lending, even with grant support.

- b) At the time the ACE Project was designed, it was assumed that the FAIDA project would establish additional DCAs. However it was not until the end of the ACE project that there were indications of a DCA becoming operational at the Afghanistan International Bank.
- c) Regardless of the existence of functional DCAs, private banks were clearly not open to lending to farmers, even given the safeguards proposed by ACE.

3.3 Number of Public-Private Partnerships Formed (Including GDAs)

ACE was expected to structure and launch four Global Development Alliances (GDAs). During the first two years of operation the Project prioritized establishing the ADF and making credit available to farmers, and work on the GDAs then began in 2013.

The process was affected by a series of challenges related to lack of mutual trust among the participants, risk aversion derived from insecurity, and land rights issues. Unfortunately by the time ACE had structured the DCAs, signed the tripartite MOUs and made arrangements for the procurement of machinery from Turkey, China and the UAE, USAID's vetting process suffered unprecedented delays. In November 2014, 11 months after submitting the vetting requests, ACE still had not received a response. ACE management, in consultation with the COR, was forced to cancel the GDAs.

4.1 Individuals Trained in Credit, Operations, Value Chain Theory and MIS

ACE's emphasis on capacity development for the future managers of the ADF, and also for MAIL employees, the staff of partner institutions, and ADF clients; drove the team to make substantial investments in training of the highest possible standard.

While the performance monitoring plan set a target of training 200 individuals, ACE trained 647 people, exceeding the target by 224 percent. Of the total number of individuals trained, 75 percent were male and 25 percent were female.

4.2 Person Hours of Training

The target for this performance indicator was 1,000 person hours. Through a series of activities which included farm visits, field days, food safety, quality management and marketing training, ACE recorded 1,096 person hours, slightly exceeding the target.

5.1 Initiatives to Foster Credit and Address Value Chain Constraints

ACE conducted a series of industry meetings and workshops to identify and prioritize issues constraining access to credit for different subsectors. The purpose of these activities was to produce action plans and to inform ADF's business strategy.

While the target for this performance target was 20 workshops, ACE organized and facilitated 19, representing a shortfall of 5 percent.

5.2 Market Information and Intelligence Products Created and Disseminated

As detailed above, ACE established PAYWAND, a knowledge management facility for agriculture. In 2012, ACE provided extensive training both in Afghanistan and abroad for the MAIL employees responsible for managing the facility. Unfortunately, personnel turnover at MAIL and budget limitations at MAIL-MIS disrupted the production of reports in 2013. Despite these challenges, and with additional support provided by ACE, the knowledge management facility produced 39 of the 50 reports required by the performance monitoring plan.



Table 14 ADF Loans Approved and Disbursed to End Beneficiaries

No	Borrower	Loan Type - NFI, FI, or Agribusiness	Province	Loan Approved	Loan Disbursed	Amount Repaid (with)	Direct Benef	Loan Start Date	Loan End Date	Status
1	Advance Building Systems	Agribusiness	Kabul	\$120,000	\$120,000	\$122,484	-	10/5/2010	12/7/2010	Complete
2	Javed Afghan Wheat Thresher Comp	Agribusiness	Nangarhar	\$300,000	\$300,000	\$315,000	-	10/31/2010	10/31/2011	Complete
3	Sanaizada Edible Oil Extraction	Agribusiness	Balkh	\$200,000	\$200,000	\$79,553	-	5/24/2011	4/24/2014	Active
4	Hamid Flour Mill	Agribusiness	Kabul	\$1,970,000	\$1,280,000	\$1,448,449	-	12/20/2010	4/5/2014	Complete
5	Kunar Farm Service Store	Agribusiness	Kunar	\$312,000	\$312,000	\$323,669	625	12/20/2010	12/15/2011	Complete
6	Helmand Farm Service Store	Agribusiness	Helmand	\$242,000	\$242,000	\$251,050	1,364	12/19/2010	1/1/2012	Complete
7	Osioy Hamkorlik	Agribusiness	Balkh	\$121,000	\$121,000	\$125,137	-	3/28/2011	10/28/2011	Complete
8	Season Honey Processing Factory	Agribusiness	Nangarhar	\$100,000	\$100,000	\$106,692	-	5/11/2011	5/11/2012	Complete
9	Dr. Wakil Farmers Association	Agribusiness	Wardak	\$230,000	\$230,000	\$241,652	-	9/19/2011	6/19/2012	Complete
10	Sayed Jamal Flour Mill	Agribusiness	Balkh	\$1,977,597	\$1,977,597	\$2,212,251	1,625	9/29/2011	9/29/2014	Complete
11	Samsoor Ban Company	Agribusiness	Wardak	\$224,000	\$224,000	\$189,704	-	9/28/2011	3/28/2013	Active
12	Javed Afghan Company (2nd loan)	Agribusiness	Nangarhar	\$900,000	\$900,000	\$946,837	109	10/22/2011	4/30/2013	Complete
13	Yaqoobzada Company	Agribusiness	Kabul	\$715,000	\$715,000	\$75,356	-	12/27/2011	9/27/2012	Active
14	Advance Building Systems (2nd loan)	Agribusiness	Kabul	\$250,000	\$250,000	\$263,836	-	11/30/2011	11/30/2012	Complete
15	Rana Seeds Company	Agribusiness	Kabul	\$375,000	\$375,000	\$27,252	-	12/28/2011	2/28/2013	Active
16	Hariwa Habibzadah Company	Agribusiness	Herat	\$273,000	\$273,000	\$268,143	-	12/27/2011	5/31/2012	Active
17	Habib Omid Ltd	Agribusiness	Herat	\$700,000	\$700,000	\$84,509	600	1/2/2012	1/9/2014	Active
18	Tyoran Ayobi Company	Agribusiness	Herat	\$425,000	\$425,000	\$97,961	-	1/27/2012	2/27/2013	Active
19	Ghoryan Women Saffron Association	Agribusiness	Herat	\$155,000	\$155,000	\$166,000	117	1/27/2012	1/27/2013	Complete
20	Kunar Farm Service Store (2nd loan)	Agribusiness	Kunar	\$538,579	\$538,579	\$180,335	688	4/2/2012	4/2/2015	Active
21	Logar Farm Service Store	Agribusiness	Logar	\$99,568	\$99,568	\$101,809	-	2/14/2012	2/14/2013	Complete
22	Qarizada Tomato Paste	Agribusiness	Balkh	\$1,250,000	\$1,250,000	\$385,170	780	3/27/2012	3/27/2013	Active
23	Salahe Dekundiwal Company	Agribusiness	Kabul	\$101,317	\$101,317	\$113,589	-	3/25/2012	11/25/2012	Complete
24	Helmand FSC (2nd loan)	Agribusiness	Helmand	\$435,298	\$435,298	\$255,932	-	4/12/2012	4/12/2013	Active
25	Laghman FSC	Agribusiness	Laghman	\$150,004	\$150,004	\$134,613	645	3/15/2012	3/15/2013	Active
26	Afghan Rice Mill	Agribusiness	Nangarhar	\$200,000	\$200,000	\$220,000	219	5/16/2012	11/16/2013	Complete
27	Apple Association	Agribusiness	Wardak	\$195,018	\$195,018	\$40,241	-	5/12/2012	5/12/2013	Active
28	Ghulam Dastagir Food Production	Agribusiness	Nangarhar	\$130,000	\$124,308	\$57,548	-	2/6/2013	8/6/2014	Active
29	Sayel Food Processing Company	Agribusiness	Nangarhar	\$125,000	\$125,000	\$26,500	-	7/3/2013	7/2/2015	Active
30	Taje Telayee Development Poultry Farm	Agribusiness	Balkh	\$302,000	\$287,428	\$239,544	2	3/3/2013	8/3/2015	Active
31	Nangarhar Nursery Growers' Assc.	Agribusiness	Nangarhar	\$100,000	\$95,238	\$54,286	18	1/31/2013	1/31/2016	Active
32	Rabia Mariam Handicraft Company	Agribusiness	Balkh	\$230,000	\$222,996	\$123,434	-	7/3/2012	7/3/2015	Active

Table 14 ADF Loans Approved and Disbursed to End Beneficiaries

No	Borrower	Loan Type - NFI, FI, or Agribusiness	Province	Loan Approved	Loan Disbursed	Amount Repaid (with	Direct Benef	Loan Start Date	Loan End Date	Status
33	Dr. Abdul Wakil Farmers Ass: (2nd loan)	Agribusiness	Wardak	\$224,390	\$224,390	\$111,610	-	7/10/2012	6/10/2013	Active
34	Kapisa Farm Service Center	Agribusiness	Kapisa	\$146,342	\$146,342	\$150,341	160	7/28/2012	7/28/2013	Active
35	Tanin Herat Industrial Food Comp.	Agribusiness	Herat	\$400,000	\$399,416	\$239,257	70	7/25/2015	1/25/2015	Active
36	Takhar Trader Women Comp.	Agribusiness	Takhar	\$100,000	\$100,000	\$26,667	145	12/31/2012	12/31/2014	Active
37	Ghulghula Ag. and Livestock Co-op	Agribusiness	Bamyan	\$200,000	\$134,542	\$75,496	1,500	1/31/2013	1/31/2015	Active
38	Sayed Ahmad Khushakyar	Agribusiness	Kandahar	\$500,000	\$500,000	\$528,000	569	1/31/2013	1/31/2014	Complete
39	Dehqan Roz	Agribusiness	Kabul	\$150,000	\$97,276	\$67,720	-	1/26/2013	1/26/2015	Active
40	Herat Ice Cream	Agribusiness	Herat	\$1,300,000	\$1,290,518	\$593,185	761	3/14/2013	3/14/2016	Active
41	Heri Biscuit	Agribusiness	Herat	\$700,000	-	-	-	-	-	Active
42	Sudais Saud Trading Co	Agribusiness	Herat	\$800,000	\$765,478	\$809,311	59	5/5/2013	5/6/2013	Active
43	Tokhe Oil Producing Co	Agribusiness	Kandahar	\$100,000	\$88,862	\$65,115	-	5/17/2014	5/18/2015	Active
44	Hafiz Ebad Wool Mill and Carpet Production Company	Agribusiness	Faryab	\$350,000	\$328,330	\$100,720	-	5/5/2013	5/5/2014	Active
45	Fine Food Factory	Agribusiness	Kabul	\$100,000	\$54,929	\$10,514	-	-	-	Active
46	Momen Khan Ag Input	Agribusiness	Balkh	\$144,000	\$135,085	\$144,955	245	4/27/2013	4/27/2014	Complete
47	Afghanistan Social Poultry & Animal Farmer Association (ASPFAFA)	Agribusiness	Kabul	\$200,000	\$94,546	\$59,429	18	5/30/2013	5/30/2015	Active
48	Shoab Faisal Rice Company	Agribusiness	Kunduz	\$1,000,000	-	-	-	-	-	Active
49	Nangarhar Edible Oil Processing Cooperative	Agribusiness	Nangarhar	\$200,000	\$187,618	\$196,998	1,100	4/27/2013	4/27/2014	Active
50	Hussain Zada Ltd.	Agribusiness	Nangarhar	\$1,000,000	-	-	-	-	-	Active
51	Jawid Kohnawardan Co. Ltd	Agribusiness	Balkh	\$250,000	\$227,274	\$185,145	-	6/19/2013	6/19/2014	Active
52	Saadq Mateen Afghan Ltd	Agribusiness	Kandahar	\$200,000	\$181,818	\$50,202	-	6/11/2013	6/11/2014	Active
53	Javed Afghan Wheat Thresher Manufacturing Company (3rd Loan)	Agribusiness	Nangarhar	\$1,200,000	\$1,114,734	\$550,136	-	3/18/2013	3/18/2015	Active
54	Motmaheen Agriculture / Livestock Retailing Association	Agribusiness	Samangan	\$100,000	\$100,000	\$108,000	837	1/9/2013	1/9/2015	Complete
55	Herat Empowered Women's Social Association	Agribusiness	Herat	\$187,000	\$175,100	\$88,288	14	5/30/2013	11/30/2014	Active
56	Rawnaq Agricultural and Livestock Cooperative	Agribusiness	Herat	\$100,000	\$100,000	\$40,434	-	1/29/2014	12/29/2015	Active
57	Uddin Wardak Wool Washing	Agribusiness	Kabul	\$300,000	\$272,232	\$291,107	-	5/9/2013	5/9/2014	Active

Table 14 ADF Loans Approved and Disbursed to End Beneficiaries

No	Borrower	Loan Type - NFI, FI, or Agribusiness	Province	Loan Approved	Loan Disbursed	Amount Repaid (with)	Direct Benef	Loan Start Date	Loan End Date	Status
58	Mustafa Jamal Flour Mill	Agribusiness	Balkh	\$700,000	\$700,000	\$749,000	-	6/29/2013	6/29/2014	Complete
59	Farah Gostar Ltd	Agribusiness	Herat	\$2,000,000	\$995,914	\$56,002	63	4/1/2014	4/2/2016	Active
60	Hamesha Bahar	Agribusiness	Nangarhar	\$100,000	-	-	-	-	-	Active
61	Amin Karim Carton Manufacture	Agribusiness	Kandahar	\$500,000	-	-	-	-	-	Active
62	Stana Gul Poultry Farm	Agribusiness	Nangarhar	\$138,607	\$83,164	\$19,590	-	9/4/2013	1/31/2015	Active
63	Raqib Plastic Packaging Complex	Agribusiness	Kabul	\$630,000	\$600,000	\$82,624	-	6/25/2013	3/13/2016	Active
64	Herat Delta Packaging Company	Agribusiness	Herat	\$480,503	-	-	-	-	-	Active
65	Aziz Farid Cotton Processing	Agribusiness	Balkh	\$1,390,176	\$1,390,176	\$1,500,000	900	13/10/2013	13/10/2014	Active
66	Attae Export and Import Ltd	Agribusiness	Kandahar	\$273,025	\$273,025	\$293,502	105	6/25/2013	6/25/2014	Active
67	Hikmat Feed Factory	Agribusiness	Kandahar	\$200,218	-	-	-	-	-	Active
68	Paktika Urgan Pine Nuts Association	Agribusiness	Paktika	\$273,025	\$273,025	\$157,716	161	18/07/13	18/07/14	Active
69	Koshkak Talokan Cooperative	Agribusiness	Kandahar	\$174,008	-	-	-	-	-	Active
70	Takhar Province Dry Fruit Processing and Social Association	Agribusiness	Takhar	\$544,563	-	-	-	-	-	Active
71	Azimyan Macaroni, Biscuit, and Salty Snack Producing Company	Agribusiness	Herat	\$270,709	\$270,709	\$289,572	128	19/09/2013	19/12/2014	Active
72	Baghlian Dairy Company	Agribusiness	Baghlan	\$99,260	\$91,608	-	-	7/26/2014	4/26/2017	Active
73	Al Faqeer Oil Cotton Factory	Agribusiness	Kandahar	\$360,946	-	-	-	-	-	Active
74	Frangis Food and Non-Alcoholic Beverage Production Company	Agribusiness	Balkh	\$318,000	\$254,400	\$21,214	-	5/7/2014	5/31/2016	Active
75	Nawi Heena Company	Agribusiness	Nangarhar	\$98,708	\$98,708	\$11,127	26	31/07/2013	31/12/2014	Active
76	Sama Poultry Firm	Agribusiness	Balkh	\$246,770	\$246,770	-	-	28/11/2013	31/08/2015	Active
77	Morvarid Food Industries	Agribusiness	Herat	\$987,078	\$839,017	\$83,260	-	21/09/2013	21/09/2015	Active
78	Nangarhar Afghan Training Center (NATC) Company	Agribusiness	Nangarhar	\$116,156	\$116,156	\$25,322	-	7/8/2014	1/8/2016	Active
79	Takana Sefla Brothers Co. Ltd	Agribusiness	Kabul	\$193,594	\$193,594	\$101,637	46	21/09/2013	21/05/2014	Active
80	Khushbakht Brothers Co. Ltd	Agribusiness	Kabul	\$1,000,000	\$1,000,000	\$712,351	-	26/10/2013	2/12/2014	Active
81	Bidak Sharif Brothers Carpet Yarn Production Company	Agribusiness	Balkh	\$96,797	\$96,797	\$52,270	-	11/9/2013	11/9/2014	Active
82	Omar Farooq Food Products Limited	Agribusiness	Nangarhar	\$483,985	-	-	-	-	-	Active
83	Kabul Packages Company	Agribusiness	Kabul	\$2,000,000	-	-	-	-	-	Active
84	Bakhtar Flour Mill Pvt Ltd. (2nd loan)	Agribusiness	Kabul	\$3,000,000	\$2,500,000	\$1,143,021	-	8/13/2014	8/13/2015	Active

Table 14 ADF Loans Approved and Disbursed to End Beneficiaries

No	Borrower	Loan Type - NFI, FI, or Agribusiness	Province	Loan Approved	Loan Disbursed	Amount Repaid (with)	Direct Benef	Loan Start Date	Loan End Date	Status
85	Meran Gozargah Cold Storage Service Company	Agribusiness	Balkh	\$336,010	\$336,010	\$356,970	-	26/10/2013	26/10/2014	Active
86	Sadeq Hamid Badghisi Ltd	Agribusiness	Herat	\$288,008	\$288,008	\$52,191	150	18/11/2013	18/11/2014	Active
87	Central Aibak Dry Fruit Seller Association	Agribusiness	Samangan	\$350,000	-	-	-	-	-	Active
88	Kamel Dairy Production Company	Agribusiness	Herat	\$200,000	\$200,000	\$53,382	-	27/11/2013	27/03/2015	Active
89	Hope Agriculture Company	Agribusiness	Nangarhar	\$150,000	-	-	-	-	-	Active
90	Khulm Bastan Nursery Grower Association	Agribusiness	Balkh	\$100,000	-	-	-	-	-	Active
91	Shir Poor Sultani Flour Mill	Agribusiness	Balkh	\$1,221,218	\$1,083,636	\$653,673	35	1/5/2014	1/5/2015	Complete
92	Gholami Brothers Ltd	Agribusiness	Herat	\$183,273	\$183,273	\$149,367	-	2/18/2014	5/18/2015	Active
93	Omid Khurshid Noor Ltd	Agribusiness	Balkh	\$200,000	\$199,869	\$89,067	-	1/7/2014	7/7/2016	Active
94	Qurbankhail Mawlana Brothers Company	Agribusiness	Kabul	\$500,000	\$412,281	-	-	-	-	Active
95	Mia Sahib Farm	Agribusiness	Kandahar	\$180,000	\$179,579	\$34,633	-	5/18/2014	5/18/2016	Active
96	Masroor Food Processing Company	Agribusiness	Nangarhar	\$200,000	\$200,000	\$87,818	-	11/18/2013	5/18/2015	Active
97	Sahil Aminzada Ltd	Agribusiness	Kabul	\$230,000	\$230,000	\$67,439	-	2/12/2014	9/12/2016	Active
98	Sayed Jamal Flour Mill (2nd loan)	Agribusiness	Balkh	\$2,553,286	\$2,553,286	\$627,141	350	5/20/2014	6/20/2015	Active
99	Nangarhar Edible Oil Processing Cooperative (2nd loan)	Agribusiness	Nangarhar	\$1,065,719	\$1,065,719	\$563,943	-	9/15/2014	9/15/2015	Active
100	Ariana Saffron Cultivation, Processing, and Packaging Co.	Agribusiness	Herat	\$202,487	\$202,487	\$152,755	-	3/24/2014	3/24/2015	Active
101	Brotherani Samadi Gen and Press and Edible Oil Production Company	Agribusiness	Balkh	\$253,108	-	-	-	-	-	Active
102	Natural Cooking Spices Company	Agribusiness	Kandahar	\$99,703	\$99,703	-	-	9/28/2014	1/28/2016	Active
103	Sayed Ahmad Khushkyar (2nd loan)	Agribusiness	Kandahar	\$1,049,501	\$1,049,501	-	-	5/21/2014	8/22/2014	Active
104	Salihe Daikundiwal (2nd loan)	Agribusiness	Kabul	\$279,843	\$252,171	\$149,379	-	4/1/2014	1/1/2015	Active
105	Haji Baba Agricultural Cooperative	Agribusiness	Balkh	\$97,953	\$97,953	\$893	-	-	-	Active
106	Momen Khan Ag Input (2nd loan)	Agribusiness	Balkh	\$299,527	\$299,527	\$12,558	267	7/3/2014	1/3/2016	Active
107	Armin Food Production Company	Agribusiness	Balkh	\$191,493	-	-	-	-	-	Active
108	Herat Ice Cream Company (2nd loan)	Agribusiness	Herat	\$898,581	-	-	-	-	-	Active

Table 14 ADF Loans Approved and Disbursed to End Beneficiaries

No	Borrower	Loan Type - NFI, FI, or Agribusiness	Province	Loan Approved	Loan Disbursed	Amount Repaid (with)	Direct Benef	Loan Start Date	Loan End Date	Status
109	Brotheran Mohsini Seed Production and Agriculture Services Company	Agribusiness	Faryab	\$273,568	-	-	-	-	-	Active
110	Sheraz Ayaz Textile and Clothing Manufacturing Company	Agribusiness	Nangarhar	\$96,339	-	-	-	-	-	Active
111	Uddin Wardak Wool Washing Company (2nd loan)	Agribusiness	Kabul	\$499,212	\$499,212	\$41,163	-	5/17/2014	5/17/2015	Active
112	Haji Sayed Karim and Brothers Co	Agribusiness	Kabul	\$105,097	\$93,116	-	-	8/30/2014	8/30/2015	Active
113	Sudais Saud Ltd (2nd loan)	Agribusiness	Herat	\$1,497,635	\$1,401,296	\$579,993	-	6/9/2014	7/14/2015	Active
114	Bakhtar Flour Mill (3rd loan)	Agribusiness	Kabul	\$2,015,915	-	-	-	-	-	Active
115	Esmatullah Hameedi Industrial Oil Production Co	Agribusiness	Mazar	\$99,027	\$99,027	\$715	-	-	-	Active
116	Zeyarat Jah Ltd	Agribusiness	Herat	\$1,007,958	-	-	-	-	-	Active
117	Kamil Farid Group Cotton Production	Agribusiness	Kandahar	\$265,252	\$265,252	-	-	-	-	Active
118	Afghan Cashmere and Wool Ltd	Agribusiness	Herat	\$1,511,936	-	-	-	-	-	Active
119	Silab Sohail Technic & Production	Agribusiness	Jalalabad	\$145,889	\$97,259	-	-	-	-	Active
120	Meran Guzargah Cold Storage Co (2nd loan)	Agribusiness	Mazar	\$398,811	\$298,811	-	-	-	-	Active
121	Abaadgaran Nawin Company	Agribusiness	Herat	\$99,703	-	-	-	-	-	Active
122	Mustafa Jamal Flour Mill (2nd loan)	Agribusiness	Mazar	\$905,195	\$905,195	-	-	-	-	Active
123	Afghan Rice Mill	Agribusiness	Jalalabad	\$252,130	\$252,130	-	-	-	-	Active
124	Atayi Ltd	Agribusiness	Kandahar	\$434,707	\$434,707	-	-	-	-	Active
125	Ghulam Mohammad Uddin Ltd	Agribusiness	Kabul	\$495,566	-	-	-	-	-	Active
126	Aziz Farid Company (2nd loan)	Agribusiness	Mazar	\$1,465,012	\$732,506	-	1,560	12/13/2014	12/13/2015	Active
127	Brotheran Etfiq Agricultural and Livestock Cooperative	Agribusiness	Mazar	\$96,518	-	-	-	-	-	Active
128	Motmaheen Association (2nd loan)	Agribusiness	Mazar	\$98,242	\$48,259	-	-	-	-	Active
129	Sadafe Shar Washing Materials Production Factory	Agribusiness	Kabul	\$99,459	-	-	-	-	-	Active

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No	Borrower	Loan Type - NFI, FI, or Agribusiness	Province	Loan Approved	Loan Disbursed	Amount Repaid (with)	Direct Benef	Loan Start Date	Loan End Date	Status
130	Touleed Roghan Achak Insaf	Agribusiness	Kandahar	\$198,918	-	-	-	-	-	Active
131	Insaf Muradi Ltd	Agribusiness	Kandahar	\$198,918	-	-	-	-	-	Active
132	Touleed Roghan Sabon wa Konjara Masoud Hikmat	Agribusiness	Kandahar	\$119,351	-	-	-	-	-	Active
133	Tarhe Naw Food Industries	Agribusiness	Herat	\$397,836	-	-	-	-	-	Active
134	Pesaran Sayed Ghulam Haider Sadat	Agribusiness	Kabul	\$99,459	-	-	-	-	-	Active
	SUB-TOTAL Agribusinesses			\$64,082,204	\$43,625,676	\$22,742,453	16,061			
135	Afghanistan Almond Industry Development Organization (AAIDO)	NFI	Balkh, Kunduz,	\$92,652	\$92,652	\$92,652	212	3/9/2011	12/31/2011	Complete
136	EFGA	NFI	Nangarhar	\$500,000	\$500,000	\$366,105	1,845	3/31/2011	6/30/2012	Active
137	Durukhshan Bamyam Co-op	NFI	Bamyam	\$46,600	\$46,600	\$47,965	15	4/11/2011	11/11/2011	Active
138	Kawe Tajik Bamyam Co-op	NFI	Bamyam	\$53,543	\$53,543	\$55,114	47	4/11/2011	11/11/2011	Active
139	Koh-e-Baba Bamyam Co-op	NFI	Bamyam	\$25,469	\$25,469	\$26,692	10	4/11/2011	11/11/2011	Complete
140	Shahemardan Bamyam Co-op	NFI	Bamyam	\$31,265	\$31,265	\$32,176	59	4/11/2011	11/11/2011	Complete
141	Katway Bamyam Co-op	NFI	Bamyam	\$76,993	\$76,993	\$76,835	155	4/11/2011	11/11/2011	Active
142	Shanbul Bamyam Co-op	NFI	Bamyam	\$21,561	\$21,560	\$22,086	74	4/11/2011	11/11/2011	Complete
143	Khawaja Sabz Posh Bamyam Co-op	NFI	Bamyam	\$14,479	\$14,479	\$15,091	22	4/11/2011	11/11/2011	Complete
144	ANSOR	NFI	All	\$4,757,345	\$4,757,345	\$4,866,657	4,140	6/23/2011	6/23/2012	Complete
145	Exporters Loan (AAIDO)	NFI	Kabul	\$300,000	\$200,000	\$163,015	-	10/10/2012	8/10/2013	Active
146	AAIDO (2nd loan)	NFI	Balkh	\$1,600,000	\$1,274,058	\$1,184,379	1,852	3/28/2012	12/31/2012	Active
147	Bamyam Cooperatives	NFI	Bamyam	\$1,320,000	\$1,307,607	\$1,320,813	656	3/15/2012	12/14/2012	Complete
148	ANSOR – 2012	NFI	Kabul	\$6,715,105	-	-	-	-	-	Active
149	Farm Service Center Association of Afghanistan (FSCAA)	NFI	Kabul	\$3,000,000	-	-	-	-	-	Active
150	Khalifa Sahib Agricultural and Livestock Cooperative	NFI	Kabul	\$100,000	-	-	-	-	-	Active
151	Afghan Women Saffron Growers' Assc.	NFI	Herat	\$250,000	\$232,975	\$177,778	71	5/5/2013	11/5/2014	Active
152	Bamyam Cooperatives 2nd Loan	NFI	Bamyam	\$2,069,858	\$1,856,189	\$1,912,448	1,236	5/16/2013	4/16/2014	Active
153	Bakhtar Agriculture and Livestock Secondary Cooperative	NFI	Mazar	\$261,741	\$261,741	-	350	-	-	Active

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No	Borrower	Loan Type - NFI, FI, or Agribusiness	Province	Loan Approved	Loan Disbursed	Amount Repaid (with)	Direct Benef	Loan Start Date	Loan End Date	Status
154	Bamyan Central District Cooperatives	NFI	Bamyan	\$1,258,037	\$1,246,485	\$970,998	771	5/15/2014	3/15/2015	Active
155	Bamyan Panjab and Waras District	NFI	Bamyan	\$509,593	\$508,280	\$420,097	600	5/21/2014	3/21/2015	Active
156	Bamyan Yakawlang District Cooperatives	NFI	Bamyan	\$466,753	\$444,923	\$165,373	371	6/16/2014	3/16/2015	Active
	SUB-TOTAL NFI			\$23,470,994	\$12,952,164	\$11,916,274	12,486			
157	IIFC Group, WOCCU Project	FI	North	\$1,784,027	\$1,784,027	\$1,947,735	1,137	12/19/2010	12/31/2014	Active
158	BRAC Bank	FI	Kabul	\$1,000,000	\$1,000,000	\$1,018,521	-	11/30/2010	5/21/2011	Complete
159	Afghan Growth Finance (AGF)/SEAF	FI	All	\$10,000,000	-	-	-			Active
160	IIFC, WOCCU Project (2nd loan)	FI	All	\$3,630,000	\$896,588	\$76,180	571	3/6/2013	6/6/2016	Active
161	OXUS Afghanistan	FI	All	\$324,374	\$324,374	\$30,873	500	7/2/2013	7/2/2018	Active
162	OXUS Afghanistan – Zahra	FI	All	\$139,018	\$139,018	\$6,024	206	1/25/2014	7/25/2018	Active
163	OXUS Afghanistan (LoC)	FI	All	\$1,500,000	-	-	-	-	-	Active
	SUB-TOTAL FI			\$18,377,419	\$4,144,007	\$ 3,079,334	2,414			
	TOTAL ADF LOANS			\$105,930,617	\$60,723,219	\$37,738,060	31,013			

A group of women, dressed in traditional purple and white patterned clothing, are harvesting purple flowers in a field. They are using baskets and trays to collect the flowers. The scene is set outdoors in a field with many purple flowers in bloom.

Lending to women is fair and promotes equality, but more importantly it drives rapid economic growth, and is therefore central to smart development.