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SNAPSHOT

## Farmers Get the Credit They Deserve

***USAID-funded farmer credit helps cooperative members earn more income***



Photo: USAID/Marc Bender/ACE

*Folari Valley farmer harvesting potatoes. Higher yields resulted from agricultural inputs purchased with cooperative loans.*

***Despite a drought, farmers enjoyed better-than-expected yields due to the high-quality seeds and fertilizers made possible by timely distribution of low-interest ADF loans.***

The Bamyán Provincial Reconstruction Team, in close cooperation with USAID, implemented a successful pilot program in the province that offered loans to potato farmers in 2011, enabling them to boost productivity and raise farm earnings.

Seven potato cooperatives in Bamyán borrowed some \$270,000 from the Ministry of Agriculture's Agricultural Development Fund to enable 380 farmers to purchase crop-related supplies.

The Agricultural Development Fund functions in partnership with USAID. The fund acts as a wholesale lender, channeling credit through financial and non-financial institutions, such as farmer cooperatives and associations. A credit management unit in Bamyán promotes micro-credit to all farmers. The financial intermediaries, like the one in Bamyán, lend to commercial farmers and agribusinesses engaged in distributing agricultural inputs, producers of high-value crops, processors, and exporters of agricultural products.

The Bamyán cooperatives charged farmers only seven percent interest on the loans, instead of the 60 percent demanded by the usual lenders at the local Bamyán bazaar.

Farmers brought in larger yields by using timely purchase of better quality seeds and fertilizers. The total market value of the potatoes harvested by Bamyán cooperatives involved in the pilot project is estimated at \$4.2 million.

Despite widespread drought in the province, the USAID project staff predicts that cooperatives and their borrowing members will repay the loans on time or ahead of schedule. The Directorate of Agriculture, Irrigation, and Livestock and the head of its cooperatives office in Bamyán are leading the repayment process.

In September, as the Bamyán farmers reaped their potato harvest, they began paying back the loans.