



USAID
FROM THE AMERICAN PEOPLE

AFGHANISTAN



USAID and the Afghan Government's commitment to economic growth have:

- Provided business development services to expand 400 SMEs investing \$41 million in equipment for 284 private enterprises and placed more than 31,000 people in permanent jobs;
- Improved trade by facilitating accession to the World Trade Organization and improved revenue collection from customs by 24% in 2015; and
- Helped more than 5,977 Afghan enterprises obtain over \$52 million in loans.

Photo credit: USAID/Afghanistan

Economic Growth

Three decades of conflict devastated Afghanistan's economy and drove more than 2.5 million Afghans away from their homes and livelihoods. Since that time, the Afghan economy has grown dramatically, with Gross Domestic Product rising to more than \$20 billion— five times higher than in 2002.

OUR WORK

Afghanistan continues to face economic hurdles as it remains one of the world's poorest countries. Insecurity and corruption threaten efforts to establish an inclusive, growing, and self-sustaining economy that attracts investment, promotes trade and creates jobs. USAID is committed to continue supporting the Afghan economic growth by providing access to credit, facilitating business expansion and job creation, increasing market access, encouraging regional trade and integration, and promoting legal and regulatory reforms that attract new domestic and international investment.

PRIVATE SECTOR DEVELOPMENT

USAID helps micro, small, and medium-sized businesses receive loans, connect to new markets, and acquire new skills. USAID is working to increase job placements and wages for 31,000 Afghans, 35 percent of them women, through increased access to quality technical and business education and training, job placement support services, and by facilitating access to credit and business development opportunities. By working to reduce compliance costs for businesses and promoting private-sector enabling legislation, USAID works to improve the business climate and transparency to make Afghanistan more attractive to domestic and international investors.

Since 2009, USAID has strengthened Afghanistan's private sector with management training, market information assistance, and public-private alliance grants. Through 2015, USAID generated over \$261 million in investment in 284 public-private alliances, 87 percent of which was from the private sector partners. These alliances on average achieved a 109 percent increase in sales. Between 2001 and 2014, over \$1 billion in microcredit was disbursed to borrowers nationwide. In 2015, there were 125,000 active microcredit borrowers, 36 percent of whom were women. USAID

interventions have generated more than \$354 million in sales and services for farmers and agribusinesses through improved value chains and productivity.

Since 2011, USAID facilitated more than \$52 million in loans to individuals and businesses, benefitting 43,646 families and generating 5,977 jobs. USAID provides critical financing for Afghan businesses through nearly \$24 million in loan guarantees. USAID is also supporting the development of mobile money as an innovative way to expand access to digital finance and reduce corruption through secure technology.

ECONOMIC GOVERNANCE AND TRADE

USAID has worked with the Afghan government, private sector, and international partners to implement laws and policies to support trade, increase exports, promote transparency, and reduce trade barriers. USAID helped the Afghan government negotiate the Afghanistan-Pakistan Trade and Transit Agreement and supports its implementation as well as Afghanistan's ongoing efforts to join the World Trade Organization requirements. Afghanistan's accession to the World Trade Organization is the culmination of more than a decade of legislative reforms and trade agreement negotiations. Since USAID began providing technical assistance for customs reform in 2009, average times for goods crossing Afghanistan's borders have decreased. Domestic revenues to the Afghan government grew by an average of almost 27 percent per year from 2002 to 2014, and during this period, revenue from customs, import duties and taxes on exports grew at an average rate of nearly 20 percent per year. Through improved processing and marketing, USAID has facilitated agriculture export sales of fresh and dried fruit, nuts, and cashmere worth over \$54 million to India, Pakistan, the United Arab Emirates, the United Kingdom and other countries, and is helping to expand the handcrafted carpet sector, which is Afghanistan's largest export by value.

USAID has provided technical and financial support to build the capacity of the Afghan Ministry of Communication and Information Technology and to support the growth of the telecommunications sector in Afghanistan, which has grown to a \$1.81 billion per year industry employing more than 135,000 people. USAID continues to promote critical legal and regulatory reforms to enhance the sector's growth.

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