

RALF 01-08

***Innovative financial mechanisms for improving the livelihoods of rural Afghans currently economically dependent on poppy production***

---

**Purpose:**

**Identify, assess and disseminate financial mechanisms that enable rural households economically dependent on opium poppy to adopt alternative natural resource options.**

## ***The project addresses***

---

- ❑ The rapid expansion of poppy cultivation**
  - ❑ Negative effects on rural livelihoods through drought and political instability**
  - ❑ Indebtedness and asset depletion**
  - ❑ Lack of access to affordable credit**
  - ❑ Exploiting informal credit systems**
  - ❑ Accessibility to economically viable natural resource alternatives**
-

## ***Outputs:***

---

- To determine the present formal and informal financial services situation, the incidence and importance of indebtedness, and its influence on the decision to be involved in poppy production.**
  - To identify a range of potential financial mechanisms for the provision of micro-finance, credit and savings, appropriate to rural Afghans, using experiences from Afghanistan, and elsewhere.**
  - To use participatory methods, involving communities, NGOs and government staff to rigorously monitor, evaluate and document the process and impact of implementation of chosen financial mechanisms.**
  - To disseminate experiences as they emerge, using user-friendly formats and media, so that the lessons from successes and failures can be rapidly incorporated into government and NGO policies and programmes.**
-

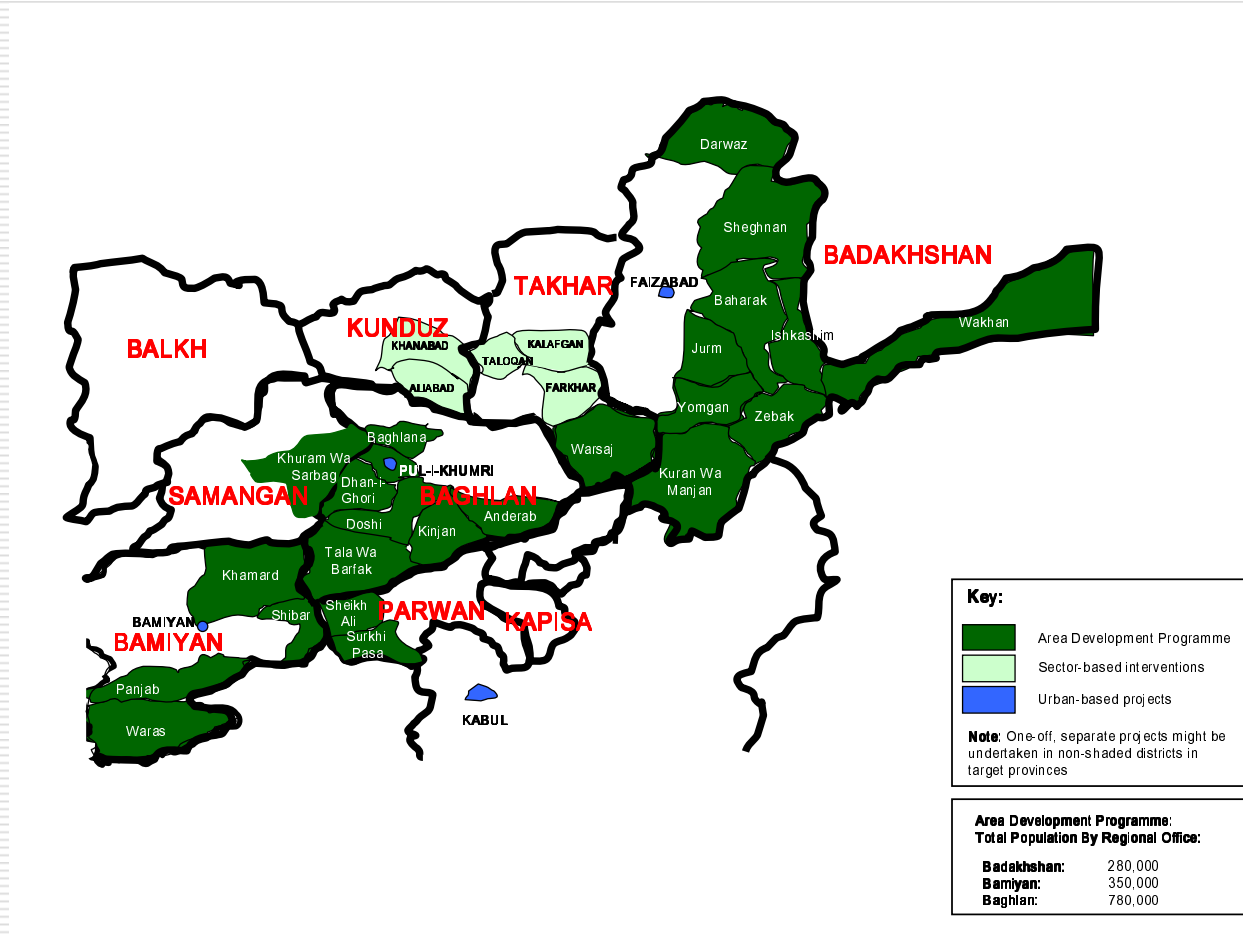
## ***The Project Partners***

---

- **NRI**, Natural Resources Institute, Chatham, Kent, UK
  - **AKF**, Aga Khan Foundation - Afghanistan
-

# Geographical Area of Concentration

## □ Province of Badakhshan



## ***Target Group & Stakeholders***

---

- ❑ Rural Afghanis affected by, involved in or potentially involved in the opium poppy economy.
  - ❑ Government departments involved in natural resource management, economic development and social welfare at the policy and implementation levels.
  - ❑ International and local NGOs involved in NRM, and economic and social development, including those specialising in Women's Affairs.
  - ❑ UN agencies, including FAO (Projects such as the FAO "Eastern Hazarajat Livelihoods Project").
  - ❑ Those involved in the provision of financial services – local and external. Some of these, such as opium traders, shop-keepers, etc. may be negatively affected by project activities.
-

# ***Financial Product Ideas***

---

**Household debt restructuring models using p.ex.**

- Reconversion loans**
- Combined reconversion loans**
- Microleasing**
- Loans for trade**

**Access of clients to S&C / Village banking/Insurance schemes...**

**Access of clients to BDS, VT (supported seasonal migration)**

---

## ***Where we are....***

---

**Y1 Investigation**

Y2 Piloting

Y3 Dissemination

### **Done by February 2005:**

- Baseline study
  - Start-up problems resolved
  - Livelihood baseline
  - Finance capital, financial mechanisms and economic vulnerability study
  - Data analysis ongoing
-



## Next steps

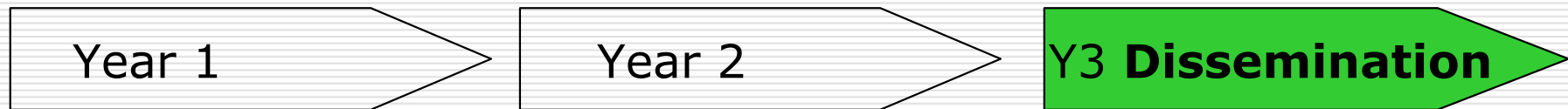
---



- **Identification of innovative financial mechanisms**
    - **Final product descriptions/op. manuals by May**
  - **Piloting of products & participatory monitoring**
    - **Household budget rehabilitation is conceptualised**
    - **Microleasing/loans for trade/reconversion loans, staff coaching and piloting ongoing**
  - **Stakeholder meetings/exchange of experience**
  - **Mid term evaluation**
- 
- **Innovative finance product design for dissemination**

# Outlook

---



- **Financial mechanisms/product verification (in & ex sito)**
  - **Stakeholder meetings/exchange of experience**
  - **Dissemination**
-

***Thank you for your attention!***

---

□ For linking up, address to:

AKF-Afghanistan, Wazir Akbar Khan, Kabul  
[henri.suter@akdn-afg.org](mailto:henri.suter@akdn-afg.org)

---