

# INCREASING ACCESS TO CREDIT

**Duration:** January 2014 – December 2021

**Budget:** \$500,000

**Implementing Partners:** [Bai Tushum Bank\(link is external\)](#), [Demir Kyrgyz International Bank\(link is external\)](#)

**Key Partners:** Farmers, agro-processors and small and medium enterprises working in textiles, tourism and construction materials

**Activity Locations:** Nationwide with emphasis on Batken, Jalalabad, Naryn and Osh.

## Activity Goal

Working through the Development Credit Authority (DCA) USAID is providing portfolio guarantees to two Kyrgyz banks to increase access to loan capital for small and medium enterprises (SMEs), farmers and agricultural businesses in the Kyrgyz Republic.

## Activity Focus Areas

Access to credit remains one of the main constraints for private businesses to invest in their operations, improve efficiency and expand. Banks and microfinance institutions have historically been reluctant to lend larger amounts for long-term investments in Kyrgyzstan due to the increased risks associated with capital investments in a dynamic economic environment.

USAID is supporting two Kyrgyz banks to address this constraint by partially guaranteeing loans made to farmers and agricultural businesses such as processing, packaging, storage and logistics. USAID is supporting development of these businesses through the Agro Horizons project that will select agricultural value chains with the greatest opportunities for employment and competition. Guarantees for loans to farmers and agribusinesses will be available nationwide with a heavy focus on Batken, Jalalabad, Naryn and Osh oblasts.

In addition to agriculture, the banks will also be expanding access to small businesses operating in priority sectors including tourism, textiles and construction materials sectors. These areas are also being supported by USAID's Business Growth Initiative that will increase the competitive status of individual firms and entrepreneurs.

## Expected Results

By combining technical assistance with increased access to capital, USAID anticipates continued strong growth in the selected agriculture and non-agriculture value chains. The guarantees will expand local sources of finance for SMEs, particularly in rural areas where access to finance is limited.

Already in the first three months, through the guarantee program, 9 loans for over \$63,000 were disbursed for agriculture in rural areas of the Kyrgyz Republic. The loans will be used to purchase livestock and agricultural equipment.

<https://www.usaid.gov/kyrgyz-republic/fact-sheets/increasing-access-credit>