



SUCCESS STORY

Kosovo Farmers Get Much-Needed Credit Line

AgriCard – provides credit to 1,000 users in its first five months



Photo: USAID, Bridget Nurre

Dairy and grain farmer Baki Gashi became the 1,000th agribusiness owner to receive the card.



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The AgriCard allows small business owners to purchase inputs when they are needed – before growing season – and pay once their products are harvested.

Access to finance is a constant challenge for Kosovo’s small farming businesses, with profits from a low sales year often drying up before they can be put to use in growing the following year’s bumper crop. To address this, USAID recently partnered with TEB Bank to unveil the AgriCard – a credit card specifically designed to increase cash flow for farmers before the spring growing season.

“Every farmer in Kosovo has a difficult time getting enough money each spring to buy the necessary materials to start the growing season,” said dairy and grain farmer Baki Gashi, who was the 1,000th agribusiness owner to qualify for TEB’s AgriCard. “This card will make a real difference for my business.”

Though farming runs in Gashi’s family, he has only been operating his current farm for the past six years, with the help of family members and one local worker. In that time, he has successfully expanded his dairy herd from three cows to 36, but is now hoping the AgriCard will give him the boost he needs to expand his corn and wheat business.

“Fuel is the biggest cost at the beginning of the growing season,” Gashi explains. “I will use the card to buy the fuel, seeds, and fertilizer I need to expand my crop next spring.”

Gashi lives in the agriculture-rich region of Rahovec/Orahovac in western Kosovo. Like many Kosovo farmers, he has had difficulty securing a loan through the banking system to expand his business. Currently, only 4 percent of lending goes to the agriculture sector.

USAID’s New Opportunities for Agriculture program has worked in Kosovo’s agriculture sector since 2011 to help agribusinesses like Gashi’s grow. Seeing the impact that a line of credit could have on the cash flow of a small farming business, the program reached out to TEB Bank in 2013 to partner in developing the card. A participant of USAID’s Development Credit Authority guarantee for agriculture with an experienced agro-finance staff, TEB was engaged immediately.

The AgriCard was launched in February 2014 and made available to agribusinesses who had maintained a strong credit rating with Kosovo’s Credit Register for the previous two years. The card carries 0 percents interest with a grace period of up to six months during the key growth season from March to August.

The card is the latest tool in USAID’s innovative approach to providing financial support to Kosovo’s agriculture sector – men and women farmers alike. Through regular skills training and technical support, the New Opportunities for Agriculture program works closely with local farmers to understand their cash flow projections and translates that into training for bank

loan officers to better understand the agriculture cycle. Agriculture was long considered too risky a sector for lending among Kosovo's banks.

TEB is one of six Kosovo banks now provided a 50 percent risk guarantee for agricultural lending through USAID's Development Credit Authority (DCA) with funding from Kosovo's Ministry of Agriculture, Forestry, and Rural Development. Since the agreement was signed with the banks in September 2012, they have disbursed \$12 million in loans to the agriculture sector.