



USAID
FROM THE AMERICAN PEOPLE

AGRICULTURE DEVELOPMENT CREDIT AUTHORITY



Goals

Reduce discrimination against Roma people

Improve Roma inclusion in society

Duration

October 2015 – September

USAID Funding

\$127,597

Government of North Macedonia Funding

\$406,000

Partners

- ProCredit Banka
- Komercijalna Banka AD Skopje
- Stopanska Banka, Bitola
- Moznosti Savings House
- FULM
- Community Rights

USAID Contact

Margareta Lipkovska Atanasov
mlipkovska@usaid.gov

BACKGROUND

Access to finance is one of the consistent impediments to the growth of micro, small and medium enterprises. It is even more difficult for farmers and agricultural producers to obtain the necessary financing due to lack of adequate collateral. USAID contributes to North Macedonia's efforts to improve economic security and growth, including increasing access to finance for businesses.

PROGRAM DESCRIPTION

USAID has two Agriculture Development Credit Authorities (DCAs) that have provided loan portfolio guarantees (LPGs) to lending institutions. The DCAs mitigate the risks faced by participating banks and microfinance institutions in North Macedonia that provide loans for agriculture development and diversification of rural economies. The total loan portfolio that can be covered by these guarantees is \$26 million.

Our active agriculture DCA is a 13-year LPG with our partner financial institutions. The Government of North Macedonia is co-financing this guarantee to increase the utilization of the Instrument for Pre-accession Assistance for Rural Development (IPARD) funding provided by the EU. The guarantee provides 50 percent coverage for loans of up to \$250,000 and 40 percent coverage for loans between \$250,000 and \$500,000.

These loans support capital investments for agriculture and rural development, while up to 20 percent of each individual loan may be used for working capital. The targeted borrowers are primarily farmers, cooperatives, sole traders, and micro-, small- and medium-sized private enterprises operating in primary agricultural production, food processing, and any non-agriculture sector with operations in rural areas, including rural tourism, craftsmen, and processing facilities.

With this partnership, USAID is further strengthening the relationship between individual farmers, food processors, and the country's financial sector. Increased trust among these stakeholders will ensure a long-term increase in agricultural lending.

ACHIEVEMENTS AND IMPACT

- From October 2015 through September 2021, the active guarantee program has supported 868 loans valued at more than \$9,731,000. As a result of the improved trust between the financial institutions and agricultural borrowers, interest rates and collateral requirements are gradually decreasing. These loans were used to purchase farming and storage equipment (e.g., tractors, harvesters, and fruit storage) and construction (e.g., a pig breeding facility).
- ProCredit Banka was the sole financial institution involved in the other agriculture DCA, which began in 2015. Loan disbursement ended in September 2020 and borrowers have until September 2025 to repay their loans. Through that DCA, we supported 33 loans valued at \$3,356,611.



usaid.gov/north-macedonia



[USAIDNorthMacedonia](https://www.facebook.com/USAIDNorthMacedonia)



[USAIDNMacedonia](https://twitter.com/USAIDNMacedonia)

09/2022