



An International Center  
for Soil Fertility and  
Agricultural Development

# Success Story

## IFDC-Developed Voucher System Paves Way for Afghan Competitive Market

Afghanistan farmers are trading vouchers for fertilizer at local dealers' shops and, in the process, both the farmers and the entrepreneurs are learning how the free market system works. "In distributing the emergency supplies of fertilizer, IFDC devised a system of providing Afghan farmers with vouchers that they redeem for fertilizer to use for growing their wheat," says Ian Gregory, Director of IFDC's Market Development Division. "This system was first used in Afghanistan to supply emergency fertilizers for the spring wheat planting. For the fall planting, the needy farmers received a 50-kg bag of urea fertilizer, 25 kg of diammonium phosphate (DAP), and 50 kg of wheat seed from the private dealer. For the first time the distribution of seed was also covered by vouchers."



The voucher represents credit to allow the farmers to use modern inputs to increase their wheat yields. One month after the farmers harvest their crops, they use part of their wheat yield to repay the agreed price of the fertilizer and seed to the local "shura" or town committee, which uses the funds from the sale of the wheat for agriculturally related village development projects. The fertilizer dealers will be reimbursed in cash by IFDC, through nongovernmental organizations (NGOs).

"The fertilizer dealers make money through this system, which encourages them to obtain more fertilizers to supply to the farmers," says M. Feisal Beig, IFDC Senior Marketing Specialist. "Technical leaflets explaining in local languages how to properly use the fertilizer accompany the fertilizer supplies."

"Many of the Afghan farmers ride bicycles to the nearest village to redeem their vouchers at a farm supply dealer and peddle back home more than 6 miles with their fertilizer bags strapped to their bikes," says Beig.

IFDC's long-term goal is to restore Afghanistan's self-sufficiency in food production. A key to achieving this goal is to establish private sector agri-input supply systems that are market driven and commercially sustainable.

"About 20 years ago, Afghan farmers were able to grow enough food to feed the country's people and even export grains and fruit to neighboring countries," says Beig. "However, prolonged fighting and droughts have led to food shortages."

Afghanistan faces many challenges in rebuilding its agriculture sector. "The first problem is the lack of credit extended to farmers," Beig says. "The farmers do not have money and they need support during the growing season."

The enormous distances between farmers, suppliers, and markets create another challenge. "It is very difficult to move supplies," says Beig. "For one acre of land, for example, two or three 50-kg bags of fertilizer are needed. Fertilizers are very bulky and must be transported on trucks. The roads, however, are in bad condition, especially in areas primarily used for farming."

The third challenge is to overcome the current lack of knowledge regarding modern agricultural practices. "For example, the farmers do not know how to apply fertilizer," says Beig. "IFDC's plan is to not only provide hands-on training to some farmers but also to get the local dealers involved in training and informing their customers."

In summary, the IFDC project has benefited farmers, dealers, and most importantly consumers by providing the country with more food and support to stabilize the agricultural market. Agriculture is Afghanistan's only path to economic advancement. IFDC is providing the experience and expertise that it has gained in countries like Albania, Bangladesh, and Kosovo to help ensure that the dream of a better quality of life for the people of Afghanistan becomes a reality.