

ACGF

EMPOWERING DEVELOPMENT

Institutional Profile

As of 30.09.2026

- ACGF has been driving the development of Afghanistan's private and financial sectors since 2004
- ACGF generates meaningful impact through international best practice and country-specific expertise
- ACGF is part of the Afghan financial sector and its systemic relevance is recognized locally and internationally

ACGF's Mission: Strengthen the private sector by improving access to finance for MSMEs

ACGF is a charitable foundation aiming at strengthening the private sector by enhancing access to finance for Afghan micro, small- and medium-sized enterprises (MSMEs). To this end, ACGF offers credit guarantees and comprehensive technical assistance (TA) to effectively mitigate risks and to build capacity of financial institutions for MSME lending. Furthermore, ACGF provides direct support to MSMEs in the form of matching grants and business development services.

Three lines of operation

Credit guarantees have always been at the core of ACGF's activities. Credit guarantees cover a share of the defaultrisk of loans provided by financial institutions to their borrowers. Through the extension of credit guarantees to partner financial institutions (PIs), ACGF aims at de-risking lending operations and ultimately increasing PIs' willingness and ability to lend to MSMEs. Credit guarantees also provide a solution for the lack of collateral of businesses, making them bankable or allowing more favorable conditions. ACGF's guarantees are silent; beneficiaries do not know about their facilities being guaranteed.

Technical assistance (TA) services are dedicated to strengthening the capacity of the PIs for more efficient and more accessible MSME lending. ACGF's comprehensive TA programs are tailored to individual PIs taking into account their institutional strengths and weaknesses. Through TA, ACGF's PIs have established MSME credit departments, introduced best practice lending policies and trained their staff on various hierarchical levels. Furthermore, ACGF supports the development of credit products, improves credit risk management and facilitates the introduction of environmental and social risk management systems.

Direct support services to MSMEs include grants provided by ACGF to MSMEs to support and stimulate the sector in times of crisis. Funded by the EU, ACGF has been implementing a matching grants program to enhance access to finance for MSMEs which to a large extent provide goods and services dedicated to the basic needs of the population. For the next phase of the grant program, the preferred target groups are women-owned or -led MSMEs, agri-businesses, returnees and green investments as well as SMEs with strong employment effects. MSMEs. Business development services, specifically dedicated to women, support their ability to apply for financing.

ACGF Strategy

After the regime change in Afghanistan in August 2021, the financial sector had suspended all lending operations. ACGF supported its PIs in the transition to a Sharia-compliant financial sector, amongst others helping with strategy and product development as well as with respective training activities. Backed by ACGF's (Islamic) guarantees, almost all the partner financial institutions have restarted MSME lending in 2023. Currently, ACGF provides credit guarantees to five active MFIs and banks. Two more financial institutions have expressed their interest to start cooperation with ACGF; respective preparations are being made.

ACGF is a private, charitable foundation set-up in Germany. As such, it exclusively works with private financial institutions in Afghanistan. ACGF's guarantees are recognized by the Afghan central bank, and the banks using them benefit from strong incentives in terms of provisioning and risk weight. ACGF's private and international character and its long-standing ties with the Afghan financial sector have positioned it well to contribute to the shift from exclusive humanitarian assistance towards supporting livelihoods, food security and the provision of basic needs to the population.

ACGF had received EUR 12m from the EU in late 2022 for the MALA project (MSME Access to Finance for Livelihoods in Afghanistan), comprising matching grants for MSMEs, technical assistance for financial institutions, and other activities to incentivize financial institutions to serve disadvantaged target groups such as women entrepreneurs, rural MSMEs and young entrepreneurs. Building on MALA I's success, which supported over 55k jobs and mobilized EUR 68m in financing, ACGF has subsequently received EUR 15m from the EU under MALA II, further expanding access to sustainable and affordable finance for Afghanistan's MSME sector, with a particular focus on certain strategic target groups.

ACGF has been awarded USD 7m by the World Bank for the EMERGe project (Empowering Microfinance and Enterprises for Resilience and Growth). Under this project, ACGF has been supporting several MFIs with capital support grants to strengthen their equity. Additionally, ACGF received a counter-guarantee from UNCDF/UNDP Afghanistan of USD 1.7m, which substantially strengthens ACGF's guarantee capacity.

Achievements: ACGF plays a pivotal role for the Afghan financial sector and for access to finance for MSMEs



Outstanding Guaranteed Financing Portfolio: USD 52m[1] - rebuilding after major crisis



Business Volume: Around 55,209 MSME financings have been guaranteed and USD 394m in guaranteed financings have been disbursed since inception[1]



Portfolio Quality: PaR 30 of new portfolio (post 2021): 0,6%[1]



ACGF Capital Base: Total capital USD 13.5m[2]



Employment Effects: Approx. 186k jobs have been retained and created by financings[1]



Coverage in SME Sector: Approx. 71.6% of ACGF PIs outstanding SME financings are backed by ACGF guarantees[1]



Support to MSME Departments through TA: Up-scaling and down-scaling support for four banks and three MFIs, establishing and/or developing their MSME credit departments with all related policies and procedures, trained more than 2,952 staff[1]



Specific TA Activities: Introduction and further development of best practice MSME credit technology, establishment of environmental and social risk management standards, improvement of compliance activities etc.

ACGF's Success Factors

The approach. ACGF employs a unique approach of providing guarantees coupled with technical assistance to holistically strengthen financial service delivery by PIs, as well as providing direct support to MSMEs. ACGF runs its operations based on business principles, not like a donor intervention.

Expertise. ACGF unites international best practices and country-specific expertise. The diverse team of international experts combined with the expertise of ACGF's Kabul based International NGO-Office and the subsidiary SCSA – SME Credit Support Afghanistan LLC provide the required skills. Benefitting from twenty years of institutional experience and knowledge of the Afghan financial sector, ACGF provides highly sophisticated technical solutions adjusted to the country-specific conditions and needs.

[1] Data as per end of 26Q3

[2] Data as per the end of 2024

ACGF's Success Factors (continued)

Quality. ACGF maintains rigorous standards of quality in all its actions. ACGF cares deeply aboutits work and about providing excellent solutions to the market, achieving the best possible results for financial institutions and MSMEs in Afghanistan.

Reputation and trust. Over the years, ACGF has gained a remarkable reputation among international and national stakeholders. ACGF's guarantees enjoy the highest credibility by the Afghan financial sector. ACGF is commonly known as a trusted and highly sophisticated organization in the financial services sphere in Afghanistan.

Relationships. Since 2004, ACGF and its predecessor - the Credit Guarantee Facility for Afghanistan (CGF-A) - have been building long-lasting relationships. Mutual trust and dedication to common objectives have been the basis for successful cooperation with its stakeholders and partners in Afghanistan.

Long-term commitment. ACGF is committed to the long haul. As part of the financial sector, ACGF uses its instruments to continue developing and expanding the MSME lending market with a long-term perspective.

Focus Areas

ACGF is dedicated to developing and expanding the MSME lending market, specifically focusing on:



Islamic Finance



Women in Finance



Returnee Financing



Agriculture



Green Energy Financing



Digitalization

Given its substantial expected portfolio growth, specifically in micro-finance, ACGF seeks additional guarantee capital in order to back-up the growing guarantee exposure.

Institutional Background

CGF-A was established in 2004 by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by DEG (Deutsche Investitions- und Entwicklungsgesellschaft mbH, a member of the KfW Group). Since September 2014, ACGF has been registered as charitable foundation under German law in Cologne, Germany.

ACGF and CGF-A received funding from the BMZ (EUR 7.4m), DEG (EUR 5.7m, partly funded by USAID), the World Bank/ Ministry of Finance (USD 28.4m), KfW (EUR 7.4m) and the EU (EUR 26.8m).

Governance and Management

Board of Trustees (BoT)

Mr. Roger Peltzer (Chairman)

Ms. Bibiana Bolsenkötter (Deputy Chair)

Ms. Francis Toomey Mys (Member)

Management Board

Mr. Bernd Leidner
Chairman of the Management Board

Mr. Dirk Josef Thiesen
Vice Chairman of the Management Board

ACGF Foundation

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