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A Microfinance Client Story

Welding his path to success

The Microfinance Investment Support Facility for Afghanistan (MISFA) was set up in 2003 at the invitation of the Afghan government — to get donor coordination right from the start and avoid the counter-productive efforts that have emerged from conflicting donor objectives in other post-conflict situations. It was established as a vehicle through which the Afghan Government and international donors could channel technical assistance and funding to build microfinance in Afghanistan.

In March 2006, MISFA was registered as a limited liability non-profit company whose sole shareholder is the Ministry of Finance of the Islamic Republic of Afghanistan. MISFA Ltd is an independent apex organization with a select group of implementing partners on the ground.

Abdul Wahab, 46, overcame the daily struggles from his disability through hard work and determination. Banking on the metalworking and entrepreneurial skills he acquired from his father, Abdul Wahab did not let his speech impairment get in the way of success and opened his own small welding shop.

Nowadays, he runs a medium-sized metalwork workshop in the Qala-e-Fathullah area of the Afghan capital, Kabul. He produces metal doors, windows, fences, and other metal products.

However, there were times when Abdul Wahab had been presented with opportunities to expand his business, but lacked financial capacity. He could not buy raw material in bulk, which would have cost him considerably less than purchasing in retail. As such, it had

OXUS Afghanistan was created in 2007 with funding from the Microfinance Investment Support Facility for Afghanistan (MISFA).

OXUS Afghanistan is a part of the OXUS Development Network, a global network of Microfinance Institutions created by ACTED, a leading international NGO operating in 25 countries with headquarters in France. OXUS Afghanistan began operations in January 2007 and currently has a portfolio of over US\$ 10.8 million with an outreach of more than 13,500 customers managed through 13 branches in 10 provinces.

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been difficult for him to cater to the large orders of clients he had managed to get purchase orders from.

To meet the demand, Abdul Wahab approached several commercial banks to take a loan but he always fell short of their requirements and criteria. He was ready to give up, but thankfully he was referred to OXUS. Given his past experiences with banks, he did not want to keep his hopes high. He submitted an application and assumed it would take some time before OXUS decides as to whether he and his business were credit worthy.

To his surprise, within ten days of submitting the SME loan application, he was approved to receive a loan worth AFN 2 million. "I was shocked," said Abdul Wahab. "I was expecting the process would take at least two to three months."

Since getting the significant capital he needed, Abdul Wahab has been able to gain competitive advantage: buying raw materials wholesale at much lower prices, and having adequate supply

in stock to fulfill orders from a larger clientele of national and international companies.

Abdul Wahab's income has increased considerably. He invests part of his earnings on the education of his four children. "I want my kids to become doctors and engineers to not only help me but serve the society," he said. All of his children are enrolled in private schools. Although Afghanistan's public schools are free, there is a wide perception that they are not well-resourced enough to be able to provide good quality education.

Abdul Wahab intends to steadily grow his business over time and turn it into a full-scale welding factory with a much larger share of the market. Already, his business has come a long way, employing eight people. His success story is just one example of how financial inclusion of the typically unbankable could stimulate job creation and income generation; and how access to finance could contribute to Afghanistan's economic growth.