



*Nabi while preparing banana juice for a customer*



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.

## A Microfinance Client's Journey

# From Shoe-polisher to Restaurateur and Property Developer

By Matin Ezidyar

Nabi was not quite ten years old and was enrolled in fourth grade when his family decided to escape the deadly war that prevailed in Afghanistan for decades. After moving to Iran, Nabi's family soon realized that being far from gunfire and explosion did not necessarily end their struggle.

They remained on survival mode, living as refugees and being treated like second-class citizens. For young Nabi, the nearly five years the family spent in Iran robbed him of his childhood. He couldn't comprehend then why he had to polish shoes, while his Iranian peers were attending schools or enjoying playtime in city parks. And while he understood enough that he was contributing income to the family by polishing people's shoes, he was confused as to why other children were taunting him in the streets.



Hope for Life (HFL) has been a MISFA partner since 2010. HFL targets both female and male clients in urban communities with sufficient economic activity and potential. At present, HFL offers two core loan products, the Group Loan for female and male clients, and the Individual Loan for male and female clients. HFL operates in Kabul city.

After the Taliban collapse, the family returned home. By then, Nabi had become a solid income earner for the household, but he knew that shoe polishing and shoemaking could only go so far. Being back in his own country gave him the confidence to pursue his micro enterprise idea of putting up a mini-restaurant. The entire family's resources went to renting a very small space in the Dasht-e Barchi area of Kabul, where he served fresh juice and snacks and light meals.

Nabi is grateful for meeting the Hope for Life staff, who made him aware that ordinary people, such as himself, could have access to financial services outside of banks and the informal credit system, but he thinks borrowing must always be a serious decision.

"It is not for everyone," warned Nabi. "Loans are good if you have a business, and if you use it only for business purposes."

Nabi received his first loan worth AFN 6,000 from Hope for Life (HFL) in 2004. After repaying his loan in full, Nabi applied for a subsequent loan at a higher amount and kept expanding his restaurant, as well as exploring other business ventures. Nabi, who has been an HFL client for a decade now, has a current loan worth AFN 165,000 (USD 3,000).

Although his restaurant has a seasonal earning—peaking during spring and

summer—he has turned it into a profitable business with an annual income exceeding AFN 600,000 (USD 12,000).

The business, which he managed to keep expanding through his access to microcredit, enabled him to hire four employees, which he pays between AFN 4,500 and 6,000 a month, depending on skills and experience.

In addition, the restaurant's profits put him in a position to invest in another business venture: property development. Nabi constructs and sells houses and currently has three of them ready for sale in Dasht-e-Barchi.

More importantly, his school-age child is enrolled in a private school, with monthly expenses of AFN 3,000.

"I want all my children to study," said Nabi. "I don't want to see them prepare burgers and juices in the restaurant." Nabi is now 34, married, and with four children. He has plans to further upgrade the restaurant, although he is confident this may not require another loan.

This is the most important outcome of his access to finance and the subsequent growth of his microenterprise. Nabi's success as an entrepreneur has given his children the freedom that he never had as a street kid polishing shoes—the freedom to seek education and experience the joys of childhood. ♦