



*“I want my kids to be educated,” said Fahim “Look at me, how long could I continue to work? Maximum 10 more years?”*

## **A Microfinance Client Story**

### **From retailer to wholesaler**

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.

Fahim and his uncle have been partners in a cart production enterprise located in the Pul-e-Tasadi area of Mazar-e-Sharif. When they started out in this business, they had lacked the capital to further expand it.

The scenario started changing gradually after Fahim heard about microfinance services available in the city. Fahim approached OXUS Afghanistan for his first loan worth AFN 50,000.

The loan helped Fahim purchase more raw materials at a less expensive price. Following the repayment of his first loan, Fahim applied for a total of six more loans, each larger than before.

Fahim’s last loan is worth AFN 200,000. The microfinance loans

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\$ 13 million with an outreach of more than 23,500 customers managed through 24 branches in 10 provinces.

*The microfinance loans allowed them to keep expanding their business and eventually transform it from a retailer to a wholesale business which accepts only large orders.*

allowed them to keep expanding their business and eventually transform it from a retailer to a wholesale business which accepts only large orders. Fahim's daily production ceiling reaches to around 75 carts. Fahim's income has increased from AFN 15,000 to AFN 30,000 in a month.

Although, some basic machinery are being used for the business, production is done manually to a great extent and requires a lot of manpower. Fahim knows the potential for the business to thrive with more machines that could speed up production, not only to meet increasing market demand, but also to expand market coverage. Currently, Fahim supplies cart to Balkh and neighboring provinces Baghlan, Samangan, Kunduz and Jawzjan . In addition to Fahim and his uncle, six more people are now working at the business, each being paid a monthly salary

of no less than AFN 10,000.

Once repayment of the third loan is completed, Fahim is planning to apply for an SME loan with a larger credit line to purchase metal sheets in bulk. This would allow him and his uncle to continue expanding their cart production business, but also have enough to sell some metal sheets to water tank manufacturers.

Understanding the importance of education, Fahim has invested heavily on the education of his two children. "I want my kids to be educated," said Fahim " Look at me, how long could I continue to work? Maximum 10 more years?" Fahim recognized that the loans address not only the need for capital to expand his business, build savings and assets, but most importantly, it is giving his children a better chance at having a bright future.