



SUCCESS STORY

Hot Weather Brings Cool Profits

Small and medium enterprise (SME) loan helps Baghdad entrepreneur achieve his potential and earn his living



Photo by USAID-Tijara

Baghdad Mechanic Ahmed Saad Hamoody repairs an auto air conditioning motor with assistance from an employee. He used a \$6,000 loan to buy a compressor to refill car air conditioning systems.

“Iraq’s economy is improving, people are driving new air conditioned cars and my work and investments are starting to pay off.”

Amid all the uncertainties of modern Iraq there is one immutable constant: when summer arrives temperatures in Baghdad soar to more than 120° F and stay there for several months. This seasonal reality is especially discomfiting for motorists mired in traffic. Today, however, comfort levels are rising as thousands of Baghdadis trade in their old clunkers for late model air conditioned cars. This burst of conspicuous consumption results, in part, from improved security, an economy growing at 12.6 percent a year, and increased credit and bank financing provided through private commercial banks working with the USAID- *Tijara* Provincial Economic Growth Program.

Some Baghdadis worried about increased traffic when they saw all the new cars. But mechanic Ahmed Saad Hamoody sees auto air conditioners that eventually will need fixing. He applied for and received a \$6,000 loan from Gulf Commercial Bank and immediately began expanding his auto air conditioning repair facility on one of Baghdad’s bustling streets. “I took over the shop when the previous owner left the country,” says Ahmed. “Now Iraq’s economy is improving, people are driving new air conditioned cars and my investments are starting to pay off.”

Expanding access to bank credit is a priority of the USAID- *Tijara* Provincial Economic Growth Program. Since the program began in the spring of 2008, more than 7,700 Iraqi entrepreneurs have borrowed more than \$140 million from 12 private banks. Loans range from \$5,000 to \$250,000, but the average amount is \$18,000.

Ahmad’s auto air conditioning repair shop is so successful that this year he received a second SME loan for \$8,000 that will allow him to start trading auto parts and increase the salaries of his three employees. “Ahmad Saad has a good reputation, great location and a sound business plan,” says Gulf Bank credit officer Alaa Faiq Dhair. “And he knows how to take advantage of a business opportunity.” It’s no surprise that Ahmad’s opportunities are rising along with Baghdad’s temperatures. Recently, he signed contract with Iraq’s Ministry of Water Resources to keep their 40 cars cool all summer.