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ESAF Program
Expanded and Sustained
Access to Financial Services

ESAF Voices from the Field

Delivering with Precision in a Changing Market



Photo by AED/ESAF

The Haddad Factory invested in a new plasma cutting machine with grant assistance from PIP. The machine precisely cuts sheet metal into specific parts and shapes, which has improved Haddad's efficiency, leading to higher revenues and profits and generating 19 new jobs.

The Expanded and Sustained Access to Financial Services (ESAF) program is a three-year \$36 million program, funded by USAID, designed to build a more inclusive financial sector in the West Bank and Gaza, for Palestinian households and enterprises. The program is implemented by AED in partnership with The William Davidson Institute at the University of Michigan, ShoreBank International, CHF International, CARE and Save the Children. ESAF is an Associate Award under USAID's FIELD-Support Leader with Associates cooperative agreement, which is managed by AED. www.microlinks.org/esaf. The content of this report is the sole responsibility of ESAF and does not necessarily reflect the views of USAID or the United States Government.



"The order was 15 days late," explains Joseph Daher Haddad, Deputy General Manager of **Ibrahim Haddad Agricultural Equipment Factory**. After winning a bid to make 300 water tanks in three months, Haddad worked tirelessly to fill the order. But with its obsolete and limited-capacity machinery, the factory could not meet its deadline.

Haddad, a family-owned and managed business, started in 1967 as a small workshop for repairing agricultural equipment and has become a major manufacturer of 25 types of agricultural equipment, including ploughs, farm trolleys, and irrigation water tanks. However, Haddad has recently struggled to keep up in an increasingly competitive market. Although demand for the factory's products was growing, orders required higher and more accurate product specifications that Haddad could not meet. With the company's limited on-site storage space, orders need to be completed and delivered on time so as to not cause backup. New high-performance machinery became necessary for Haddad to continue to grow under new market conditions.

In 2009, Haddad turned to the USAID **ESAF/Palestinian Investment Partners (PIP)**, which granted the company \$79,000, or about 40% of a total investment of S\$196,468 in new machinery. With assistance from PIP, Haddad invested in a new plasma cutting machine that raises production capacity and precision while reducing costs and turnaround time. PIP, managed by AED, was established to support small and medium enterprises (SMEs) in the West Bank that have the greatest potential to create jobs and help mitigate constraints associated with restrictions on the movement and access of people and goods. PIP's grants encourage fixed capital investments by SMEs that otherwise might be reluctant to invest due to the political and other risks that constrain the Palestinian private sector.

After installing the new machine, the number of requests for bids has risen and revenues are expected to increase 63% over the next three years. Haddad's profit margin has also gone up. With the old machines, precise cutting had to be outsourced to Israeli companies, but it can now be done in-house. As a result, the company is gaining business. The factory finished an order of 700 water tanks in the same three month period with no delays, and expects to complete a current order of 1,200 water tanks in the same time frame.

The additional orders have made it possible for Haddad to hire 19 new employees, six of whom were trained to use the plasma cutting machine. "We can now provide better bids than other competitors and have a strong presence in the market," he says.