



**USAID** | **IRAQ**  
FROM THE AMERICAN PEOPLE



**FOR IMMEDIATE RELEASE**

July 8, 2010

Contact: David DeVoss

Press Office: (964) 7901-112-804

Email: [ddevoss@tijara-iraq.com](mailto:ddevoss@tijara-iraq.com)

[www.tijara-iraq.com](http://www.tijara-iraq.com)

## PRESS RELEASE

### **USAID Study Details Advances by Iraq's Microfinance Industry**

**BAGHDAD** – USAID, through its Provincial Economic Growth Program, released ***State of Iraq's Microfinance Industry***, a 52-page report that describes the growth and emerging trends of a microfinance industry that rapidly is building financing systems accessible to all Iraqis.

Iraq's microfinance industry was established seven years ago with financial and technical assistance from the U.S. Agency for International Development. Today, the industry consists of 14 microfinance institutions (MFIs) that serve all 18 of the country's provinces. Since the industry's inception in 2003, more than 204,710 loans, collectively worth \$470 million, have been disbursed.

"The industry report released today clearly shows that low-income Iraqis have embraced microfinance as a way to build better lives for their families," says Paul Bruning, USAID's director of Economic Growth and Agriculture in Iraq. "The high level of public interest indicates that Iraqi MFIs are achieving their goal of providing the types of financing that a healthy economy requires."

Prior to 2003, Iraqis needing loans to build homes, expand businesses or improve farm production were forced to seek assistance from largely inaccessible state and commercial banks or exploitative money lenders. Today, low cost microfinance loans mean that Iraq's 7.1 million low-income people can finally build a base from which they can climb out of poverty. *Murabaha* Islamic loans that are structured to eliminate interest entirely also are available.

Iraqis receiving microfinance loans have a remarkable record of repayment. Ninety-nine percent of the loans are repaid in full on time. Only one percent have repayments delayed for more than 30 days. On time repayments by borrowers helped Iraqi MFI loan portfolios to grow 31% for the one-year period ending June 2010. Perhaps even more significant is the fact that 15% of the outstanding microfinance loans are held by women, many of whom operate cottage industries that had no access to business financing prior to the start of Iraq's microfinance industry.

Since 2009, the legal and regulatory framework for the microfinance sector improved with the issuance of the new NGO (non-governmental organizations) Law. The greatest accomplishment to date for the sector was the Central Bank of Iraq's recognition of microfinance as an effective intermediary for small and medium-scale enterprises (SMEs).

The ***State of Iraq's Microfinance Industry*** report highlights the important initiatives introduced at the industry level because of the MFIs' sector development approach. Taking the lead in donor coordination and creating stakeholder platforms for engaging with the Iraqi microfinance sector, USAID has been at the forefront of championing transparency, accountability, and technology-based solutions to directly benefit Iraqi families. Structural reforms based on internationally-accepted best practice standards are moving the microfinance industry into the mainstream of Iraq's recovering economy.

“Only by building a pro-poor financial system can Iraq ensure that disadvantaged groups such as youth, women and internally displaced persons will have access to financial services,” says Muhammed Junaid, USAID-*Tijara*’s director of microfinance.

The report concludes by describing the future directions for the sector. It lists the enabling environment measures policymakers, donors and other stakeholders can implement to assure the smooth transition of the Iraqi microfinance industry into its next phase of growth.

For further information about Iraq’s microfinance industry and a copy of ***State of Iraq’s Microfinance Industry*** please visit [www.imfi.org](http://www.imfi.org) or [www.tijara-iraq.com](http://www.tijara-iraq.com).



## STATE OF IRAQ'S MICROFINANCE INDUSTRY



June 2010

This publication was produced for review by the U.S. Agency for International Development (USAID). It was prepared by The Louis Berger Group, Inc. in association with its implementing partners.

###