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MICROFINANCE INDUSTRY ELECTS FIRST BOARD OF DIRECTORS

ERBIL – The Iraqi Microfinance Industry Network elected its first board of directors last week, further solidifying the role of Iraq’s microfinance institutions (MFIs) that provide loans to entrepreneurs, small-scale farmers, internally displaced persons, and unemployed youths who live below the poverty line. Loans to these people and small enterprises, facilitated by the U.S. Government, help launch businesses and create jobs.

The election was held in Erbil under the auspices of the USAID-*Tijara* Provincial Economic Growth Program and attended by the representatives of all 12 Iraqi MFIs.

Abbas Saedy, general manager of the Al-Thiqa Small Business Loan Fund in Kirkuk, was chosen as the board’s chairman.

Board members are: Tamather Homad Kadhim, chief executive officer of the Al-Bashaer Iraqi Organization in Baghdad; Ahmed Abdul Karim, executive manager of the Izdiharona Microfinance Institution for Economic Development in the south-central provinces; Luay Eldeen, executive manager of the Al-Tadhamun Economic Development Center in Mosul; and Gaze Hamod Aftan, executive manager of the Al-Takadum Organization in Al-Anbar.

“Thousands of small- and medium-sized enterprises stand to benefit from the formation of the Iraq Microfinance Industry Network,” said Economic Development Advisor Michael Jordan of the U.S. Agency for International Development (USAID). “Improving the environment for microfinance institutions will help Iraqi entrepreneurs develop businesses and expand employment.”

The Iraqi Microfinance Industry Network provides access to finance for 1.4 million households subsisting below the poverty line of \$2.20 a day. The network has expanded rapidly since its foundation in 2003, disbursing 228,043 loans, worth \$523 million, over seven years. In August, it had 69,598 clients and an outstanding loan portfolio of \$98 million.

The MFIs offer a variety of loan products to individuals and groups. Six MFIs provide Islamic microfinance Al-Murabaha loans to religiously observant clients who require Shari’a-compliant financing.

“The formation of the network demonstrates that Iraqis from all walks of life can come together in the common interest, an effort the U.S. Government wholeheartedly supports,” USAID’s Jordan said.

Al-Takadum, an MFI member of the Iraqi Microfinance Industry Network, helped pioneered Islamic microfinance in the country. Al-Bashaer, another MFI in the network, focuses on small loans in the capital city of Baghdad. Al-Thiqa and Izdiharouna are two MFIs that provide micro-loans to small- and medium-scale enterprises across six provinces, building cohesion through group lending. Al-Tadhamun continues to operate in key areas around Mosul.

The network is contributing to the MFIs’ institutional capacities by emphasizing best practices. It will work with government regulators to advocate policies that will create an environment for financial sector expansion.

“Ensuring diversity in the Iraqi Microfinance Industry Network’s first board of directors was another critical step in building the Iraqi microfinance industry,” said USAID-*Tijara* Deputy Director Alaa Frangoul. “These MFIs will jointly leverage their leadership and diverse experiences to help generate more inclusive economic development.”

The Iraqi Microfinance Industry Network was established through seed funding provided by the U.S. government. Over the next two years, the USAID-*Tijara* program will build the capacity of the network’s secretariat, linking it to regional Arab microfinance associations such as Sanabel, the Consultative Group to Assist the Poor (CGAP), and the United Nations Development Program (UNDP).

Although the Erbil event marked a milestone for Iraq’s microfinance industry, its most important business is in places where Iraq’s poor could not hope for financing without the network.

People like Salwa Noori Elyas, 42, of Ninawa, have turned to the Iraqi Microfinance Industry Network to found or revitalize small businesses. Salwa’s dress shop earns \$800 a month, enough to support 15 family members.

A \$2,500 loan from Al-Tadhamun saved Salwa’s shop two years ago when it faced a cash flow problem. The new stock, fashion accessories and higher-quality textiles that Salwa purchased with her loan sold out so quickly that she repaid the loan and then applied for another \$2,000 loan to buy a new line of children’s clothing just before the start of a new school year.

With the profits she has earned, Salwa plans to pay off her second loan early and purchase more stylish fabrics that can be made into her own line of designer dresses.

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USAID-Tijara's microfinance director Muhammed Junaid asks Iraq's microfinance industry leaders to vote for its first board of directors. *Photo: David DeVoss, USAID-Tijara*



Ninawa entrepreneur Salwa Noori Elyas reviews her business ledger at her shop in Talafar. *Photo: Mohammed Hussein Ali, USAID-Tijara*