



RI's Microfinance Program in Iraq

Founded in 1990, **Relief International** is a humanitarian, non-profit agency providing emergency relief, rehabilitation, and development assistance to vulnerable communities worldwide. Relief International endeavors to bridge the gap between immediate emergency relief and long-term community development through innovative programming that is multi-sectoral and grassroots-based.

RI is solely dedicated to reducing human suffering and is non-political and non-sectarian in its mission.



RI's Microfinance Program in Iraq

It is our mission to:

Serve the needs of the most vulnerable - particularly women and children, victims of natural disasters and civil conflicts, and the poor – with a specific focus on neglected groups and cases.

Provide holistic, multi-sectoral, sustainable, and pro-poor programs that bridge emergency relief and long-term development at the grassroots level.

Empower communities by building capacity and by maximizing local resources in both program design and implementation.

Promote self-reliance, peaceful coexistence, and reintegration of vulnerable groups.

Protect lives from physical injury or death and/or psychological trauma where present.

Uphold the highest professional norms in program delivery, including accountability to beneficiaries and donors alike.



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RI began operations in Missan in May 2003 with one international volunteer and one Iraqi engineer. A year later, **RI** had performed over \$5 million of rehabilitation and new construction. Work was performed in the education, agricultural, water supply, municipal, and civic sectors.



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Improving the Lives of Returnees and IDPs in Southern Iraq

In August 2006, RI signed an agreement with the U.S. Department of State, Bureau of Population, Refugees, and Migration (PRM) to assist the Iraqi returnees in the governorates of Wasit, Missan and Basrah. This project will:

- (a) Install five compact water treatment plants in communities with high numbers of returnees in Missan.**
- (b) Construct six schools in communities of high return in Basrah.**
- (c) Assist, establish, and train personnel of grassroots organizations in communities of high return.**
- (d) Establish a new vocational training center in Missan.**
- (e) Monitor and assess the needs of the returnees/IDPs in Missan and Wasit.**
- (f) Establish two legal aid and information centers (LAICs) in Missan and Wasit.**



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Microfinance for Low-Income Iraqis

With Izdihar's assistance, **RI** is beginning a multi-year microfinance initiative.

Specifically targeting underprivileged sectors of society, RI's microfinance activities in Iraq focus on low-income individuals and families (e.g., rural returnees, urban female entrepreneurs, farmers, and urban MSEs).

Presently, the program spans three governorates in Iraq (Missan, Sulaymaniyah, and Wasit) with plans to expand in both the north and the south.



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Establishing a Microfinance Institute in Iraq

After a five-year transition which will include extensive training in both microfinance and NGO management, 100% of the MFI's governance and operations will be handled by Iraqi citizens.



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Targets:

Governorates:

Missan, Suleymaniyah, and Wasit
*(Three offices in each governorate;
one main branch and two satellites)*

Loans:

Active portfolio of at least 4,525
borrowers at the end of 18 months.

Populations:

Farmers, agricultural cooperatives, women
entrepreneurs, widows, retailer/trades people,
returnees, existing small businesses.

Monthly Loan Portfolio Indicators

ITEM	OUTPUT
Methodology	Individual & Group Lending
Effective interest rate	Loans less than 9 months = 1.25% per month Loans more than 9 months (not more than 1 year) = 1% per month



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Monthly Loan Portfolio Indicators (continued)

As of November 14, 2006

ITEM	TOTAL
Number of Loans Disbursed	105 (33 Individuals + 14 Groups)
Value of Loans Disbursed (USD)	69,000 USD (\$33,000 Individual + \$36,000 Group)
Number of Active Loans	105
Outstanding Portfolio (USD)	64,170 USD
Number of Active Loans for Female Clients	5
Outstanding Portfolio for Female Clients (USD)	2,834 USD
Portfolio at Risk (over 1 day)	0
Value of Loans at Risk	0



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Initial Loan Product Criteria

Loan Product Types

Individual and Group Loans

Loan Size

Varying loan sizes starting from \$500 or \$1,000 up to \$2,500

Loan repayment Period

Up to 12 months (no grace period)

Select Criteria

- 18-60 years old
- For group lending, 5-8 members (self-selected)
- Local
- Income is sufficient to repay the loan installments



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Initial Loan Product Criteria (continued)

Guarantors & Collateral

In the case of individual loans, no collateral is needed; one guarantor (governmental employee) is required.

In the case of group lending, individual group members will guarantee each other.

Interest rates

Fees	Loans less than 9 months	Loans more than 9 months (up to 1 year)
Admin Fees	0.75%	0.6%
Legal services fees	0.50%	0.40%
Total	1.25% per month	1% per month

Challenges, Lessons Learned, & Successes

(March – October 2006)

1. Challenges:

- (a) Recruiting qualified staff for Missan offices
- (b) Promoting the microfinance products in Missan
- (c) Religious issues concerning interests
- (d) Security issues
- (e) Encouraging women to take out loans

2. Successes:

- (a) Providing micro credit services in marginalized areas
- (b) Establishing 2 branches and 4 satellite offices within 5 months
- (c) Integrating microfinance and relief activities
- (d) Providing in-house training for local staff
- (e) Providing group loans

Needs of the Microfinance Industry in Iraq

1. Technical and microfinance training
2. Building modern MFIs
4. Legislation supporting MFIs
5. Financial support of government
6. Expanding microfinance services
7. Networking among MFIs
8. Attracting donors within Iraq .



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Summary

We are here to share our experiences and to coordinate our efforts with your MFIs.

RI is targeting low-income people and not the middle class.

RI is in process of establishing a local, independent MFI.

RI is focusing its efforts in the area of group lending.



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Summary (continued)

RI plans to expand the coordination between our microfinance and relief/development activities.

While RI is new to the microfinance field within Iraq, we have significant experience in other countries (e.g., Azerbaijan).

RI is seeking additional donors to support our microfinance activities in Iraq.



**THANK
YOU**