



PRESS RELEASE

FOR IMMEDIATE RELEASE

April 25, 2012

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ICF-SME TOPS \$26 MILLION IN LOANS

BAGHDAD - Executives from nine private Iraqi banks serving as shareholders in the Iraqi Company for Financing Small and Medium Enterprises (ICF-SME) will gather in Baghdad next week to celebrate a significant milestone: the awarding of business development loans in excess of \$26 million or ID 30.18 billion

Founded in May 2009 with an initial \$6 million grant from the USAID-*Tijara* Provincial Economic Growth Program, the ICF-SME is designed to funnel donor grants in the form of loan capital to participating shareholder banks that operate specialized SME lending units. The SME units lend the money to small and medium enterprises in order to stimulate private sector growth.

ICF-SME's member banks have been remarkably successful at recycling USAID funds. Loan principal that first generation borrowers repay to the banks is recycled into new SME loans. This, plus loan cofunding from the banks that add money from their own resources, has allowed \$7 million of USAID grant funds to produce 1,374 loans averaging \$19,000 in size for a cumulative loan value exceeding \$26 million. ICF-SME loans - used exclusively to develop or expand small businesses - have created just over 1,200 new jobs.

Private Iraqi banks appreciate ICF-SME because it is a stable, long-term source of funding that is available at a fixed cost. So do Iraqi entrepreneurs who can borrow ICF-SME funds through its network of banks at 10 percent, a rate substantially below prevailing market interest that ranges up to 16 percent.

"Iraqi businesses need an enormous amount of working capital and new equipment financing that will allow them to expand and some day begin to compete on an international level," says ICF-SME Managing Director Wisam Noori. "ICF-SME helps finance these purchases through bank loans made increasingly from recycled grant money. As loans are paid pack the lending pool grows making more funds available for new entrepreneurs."

The nine private Iraqi commercial banks controlling ICF-SME are Gulf Commercial Bank, Sumer Commercial Bank, Ashur International Bank, North Bank, Iraqi Middle East Bank for Investment, Baghdad Bank, National Bank of Iraq, Mosul Bank for Investment and Development and Basra International Bank for Investment.