



USAID | **IRAQ**
FROM THE AMERICAN PEOPLE

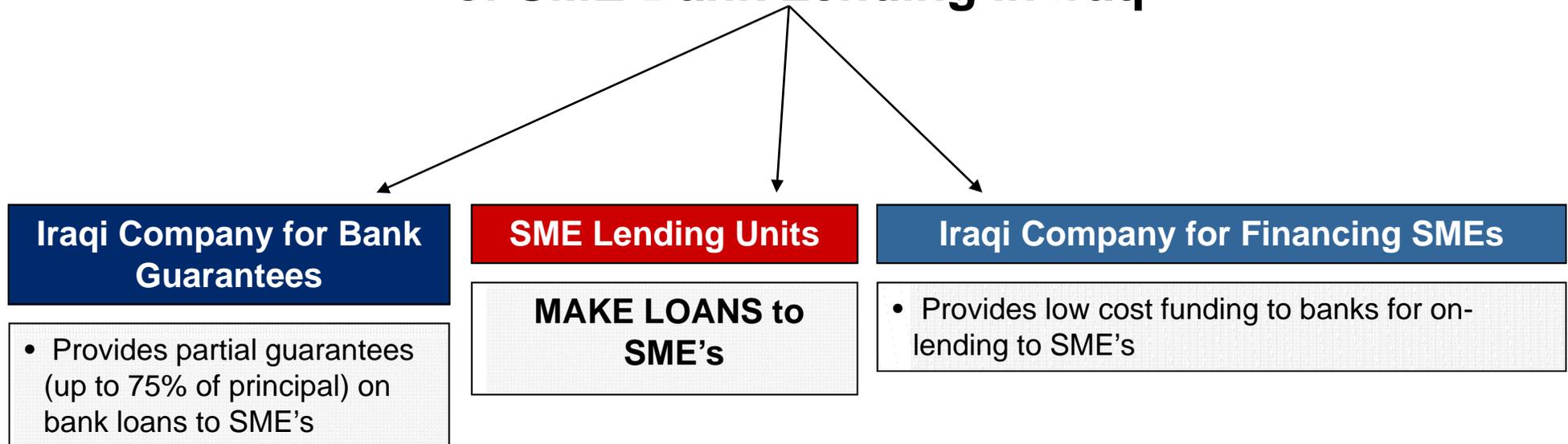
USAID-*Tijara*

Provincial Economic Growth Program

2009



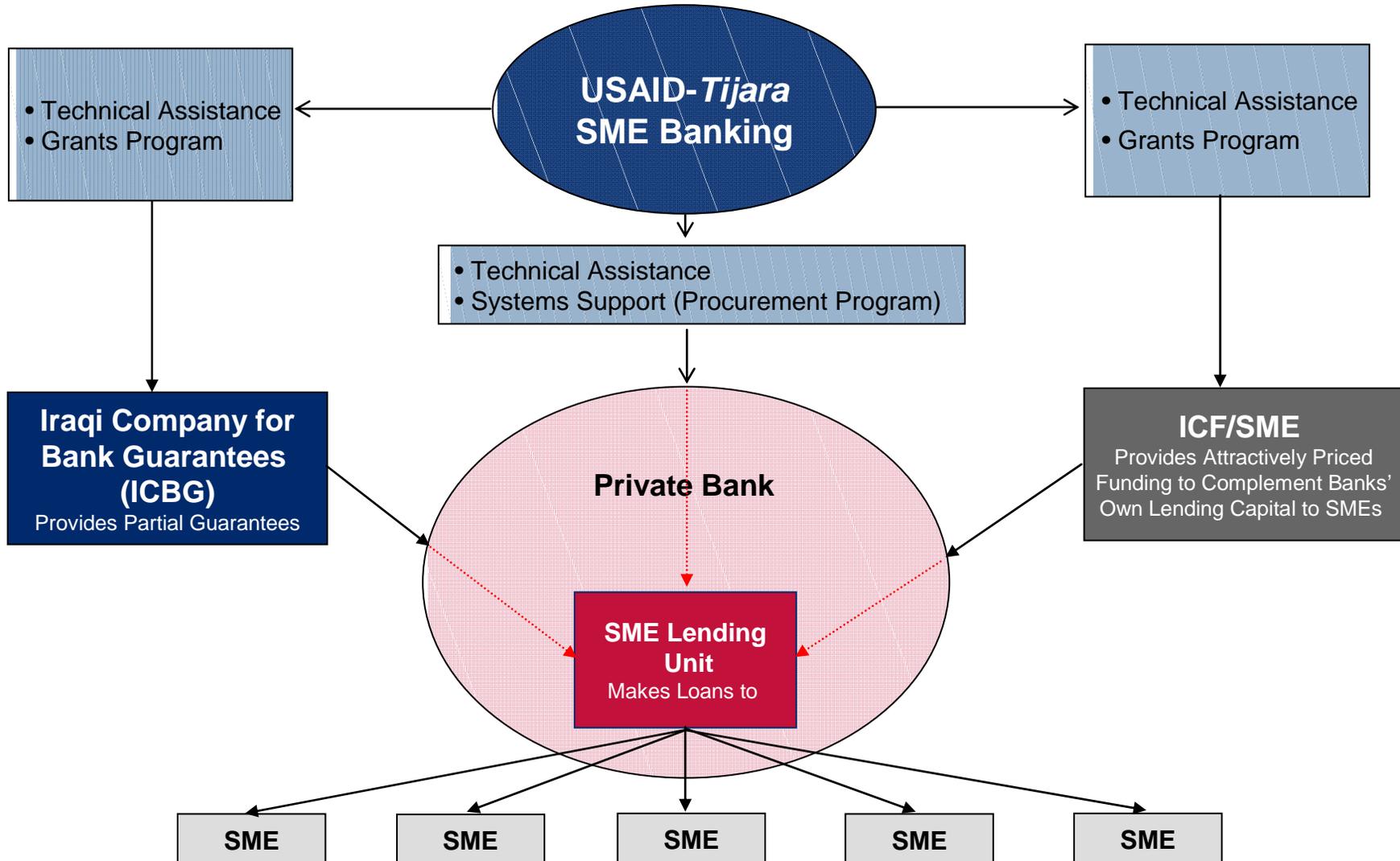
Holistic Approach to Development of SME Bank Lending in Iraq



SUSTAINABLE and INTEGRATED SME FINANCE PLATFORM



Interaction Model



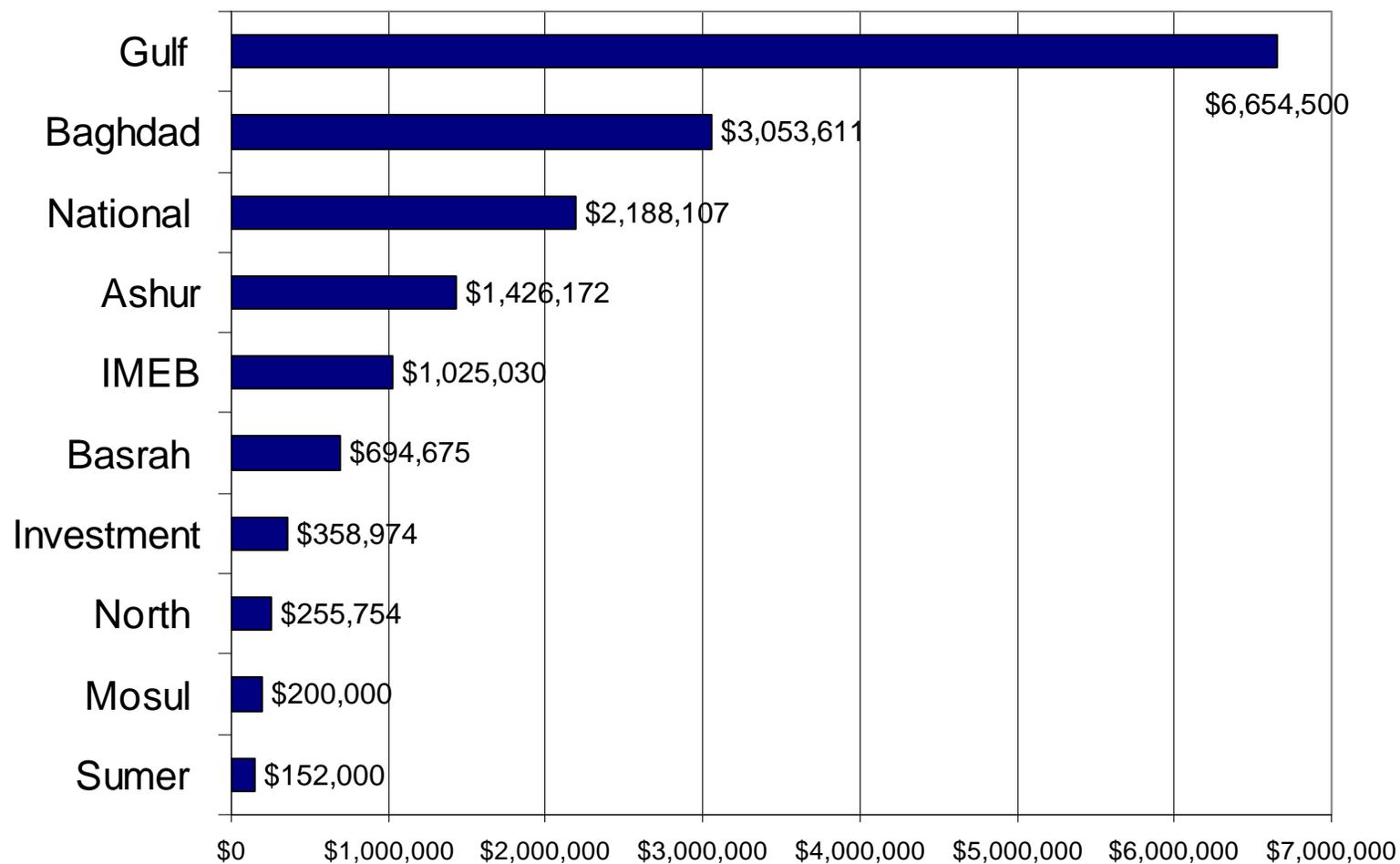


Iraqi Company for Bank Guarantees

- Established March 2006
- Issuing guarantees since March 2007
- 1150 loans disbursed (as of 31 Jan 2010) – with up to 75% of Principal Guaranteed
- 16 members, 15 shareholder banks plus 1 participating bank
- \$ 6.0 million paid-in capital
- USAID grant of \$ 5 million
- Licensed by Central Bank of Iraq as Non-Banking Financial Institution (Joint Stock Company)

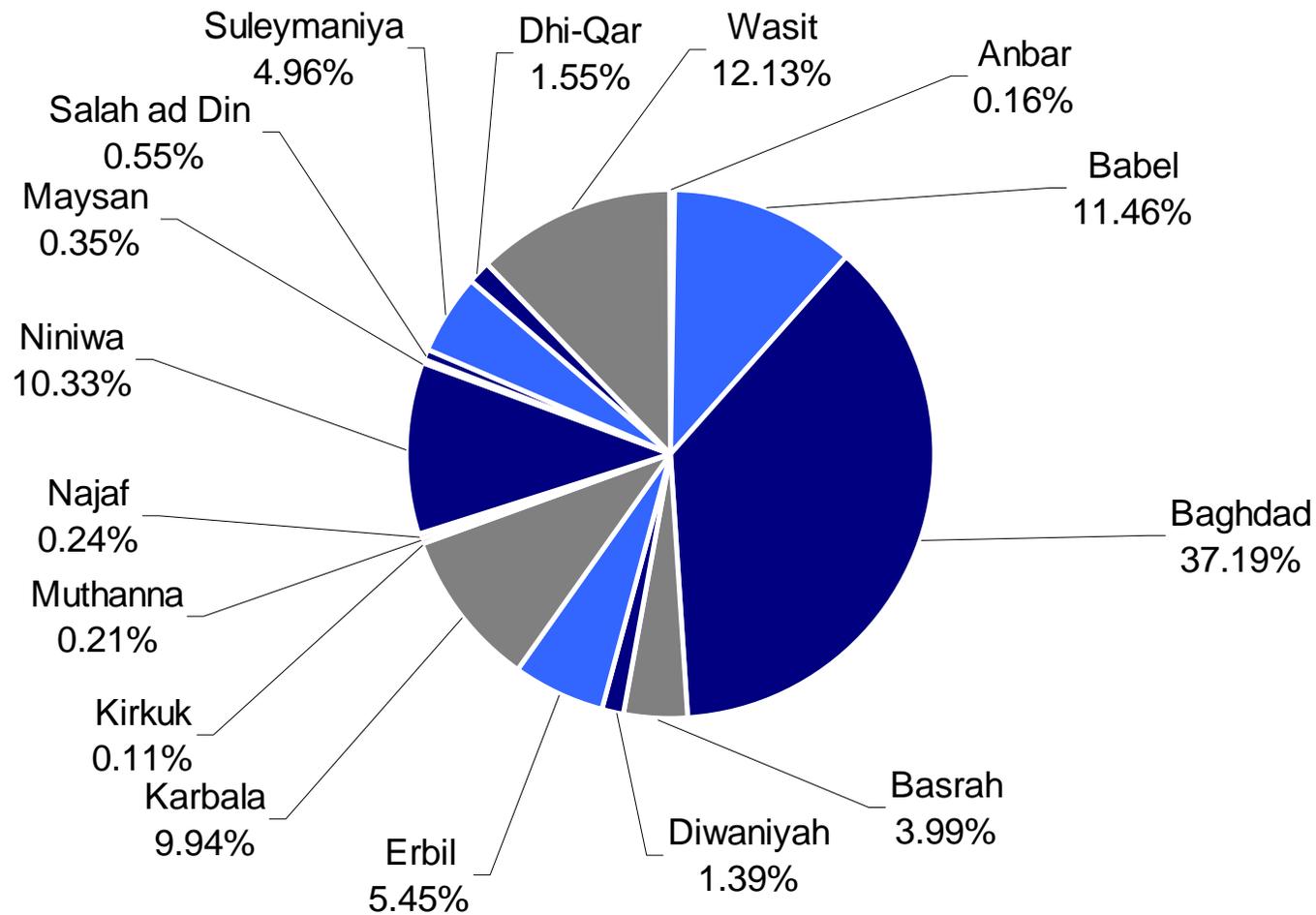


ICBG Guaranteed Loans as of December 31, 2009





ICBG - Disbursed Guaranteed Loans per Governorates December 31, 2009





Iraqi Company for Financing SMEs

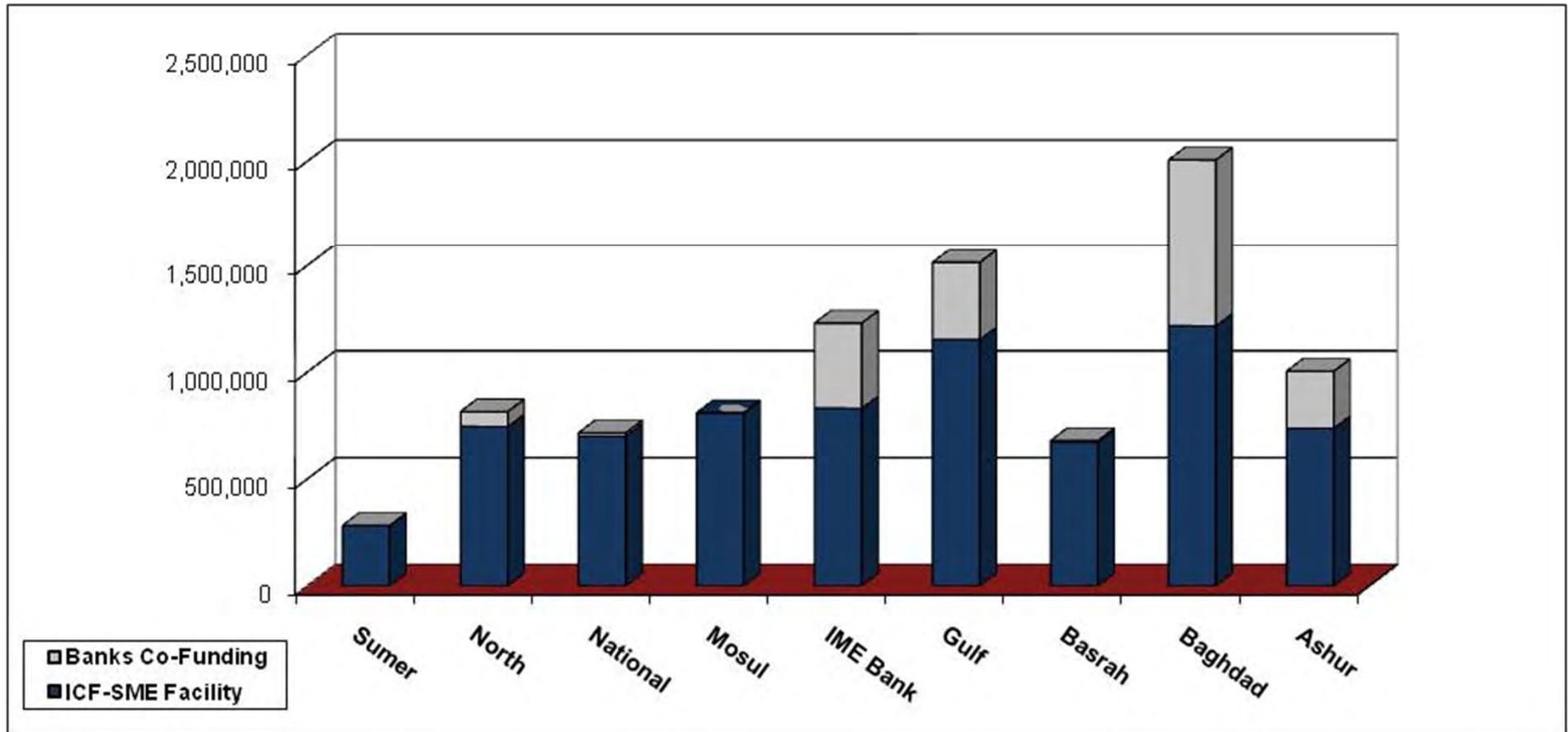
- Non-Bank Financial Institution (NBFI) – established as of May 2009
- Nine shareholder banks with operating in-house SME lending units.
- USAID grant “starter capital” of \$6 million:
- ICF-SME allocates funds at cost of 4% p.a.
- First \$3m tranche originated 207 SME loans (\$3.6 million including bank co-funding)
- After disbursement of the second \$3 million tranche (in November 2009) about 415 loans were generated in total volume close to US\$ 8.1 million.

Goals at March 31, 2010 (9 months):

- 450-550 new SME loans outstanding.
- \$8.5m (ID 10 billion) of new SME loans from:
 - \$6.0m fully deployed USAID grant.
 - \$1.0m INMA grant mostly deployed (agricultural loans in Anbar)
 - \$1.5 million from individual loan co-funding
- Information will be disseminated to additional potential donors



ICF/SME Funded Loans – Co-Funding by Banks

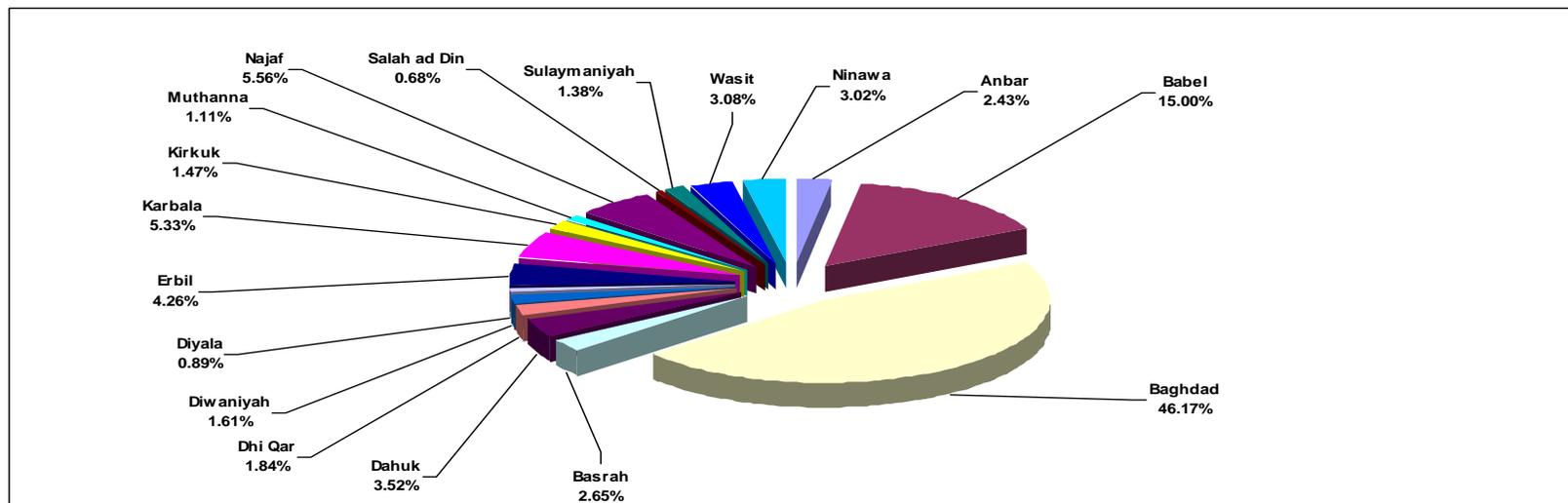


Co Funded Loan Disbursements (ID thousand)
Aggregate 15.8 % Co- Funding



ICF/SME Funded Loans, December 29, 2009

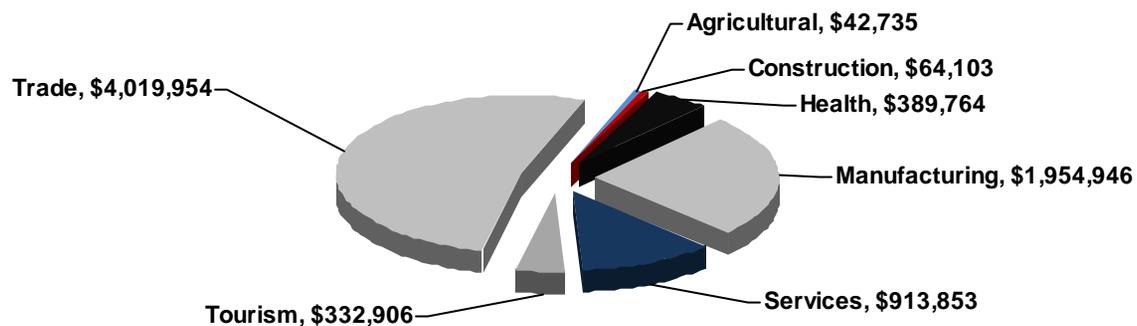
Governorate	Ashur	Baghdad	Basrah	Gulf	IME	Mosul	National	North	Sumer	Total
Anbar		\$64,103						\$123,220		\$187,322
Babel		\$335,043		\$81,000	\$741,880					\$1,157,923
Baghdad	\$649,368	\$388,889	\$414,530	\$649,564	\$299,060	\$34,188	\$586,325	\$300,171	\$241,231	\$3,563,325
Basrah		\$61,538	\$59,829	\$78,362	\$5,000					\$204,730
Dahuk						\$186,325		\$85,470		\$271,795
Dhi Qar			\$41,880	\$100,000						\$141,880
Diwaniyah		\$109,402		\$15,077						\$124,479
Diyala		\$68,376								\$68,376
Erbil	\$121,303			\$24,786		\$182,906				\$328,996
Karbala		\$100,000	\$64,103	\$58,974				\$188,034		\$411,111
Kirkuk		\$113,675								\$113,675
Muthanna				\$85,470						\$85,470
Najaf		\$261,132		\$167,909						\$429,042
Salah ad Din	\$19,658	\$6,838				\$25,641				\$52,137
Sulaymaniyah	\$68,376					\$38,462				\$106,838
Wasit		\$206,154		\$31,675						\$237,829
Ninawa						\$224,786	\$8,547			\$233,333
Total	\$858,705	\$1,715,150	\$580,342	\$1,292,819	\$1,045,940	\$692,308	\$594,872	\$696,895	\$241,231	\$7,718,261





ICF/SME Funded Loans by Sectors, December 29, 2009

Sector	Ashur	Baghdad	Basrah	Gulf	IME	Mosul	National	North	Sumer	Grand Total
Agricultural	\$21,368					\$21,368				\$42,735
Construction		\$64,103								\$64,103
Health	\$17,094	\$10,256	\$69,231	\$111,508	\$81,026	\$22,222	\$68,376		\$10,051	\$389,764
Manufacturing	\$328,098	\$29,915	\$35,897	\$467,566	\$647,863	\$115,385	\$123,077	\$46,325	\$160,821	\$1,954,946
Services	\$89,923	\$202,051	\$45,299	\$141,451	\$96,667	\$150,427	\$97,436	\$90,598		\$913,853
Tourism	\$81,197			\$174,786		\$25,641		\$51,282		\$332,906
Trade	\$321,026	\$1,408,825	\$429,915	\$397,508	\$220,385	\$357,265	\$305,983	\$508,690	\$70,359	\$4,019,954
Grand Total	\$858,705	\$1,715,150	\$580,342	\$1,292,819	\$1,045,940	\$692,308	\$594,872	\$696,895	\$241,231	\$7,718,261





SME Lending Units

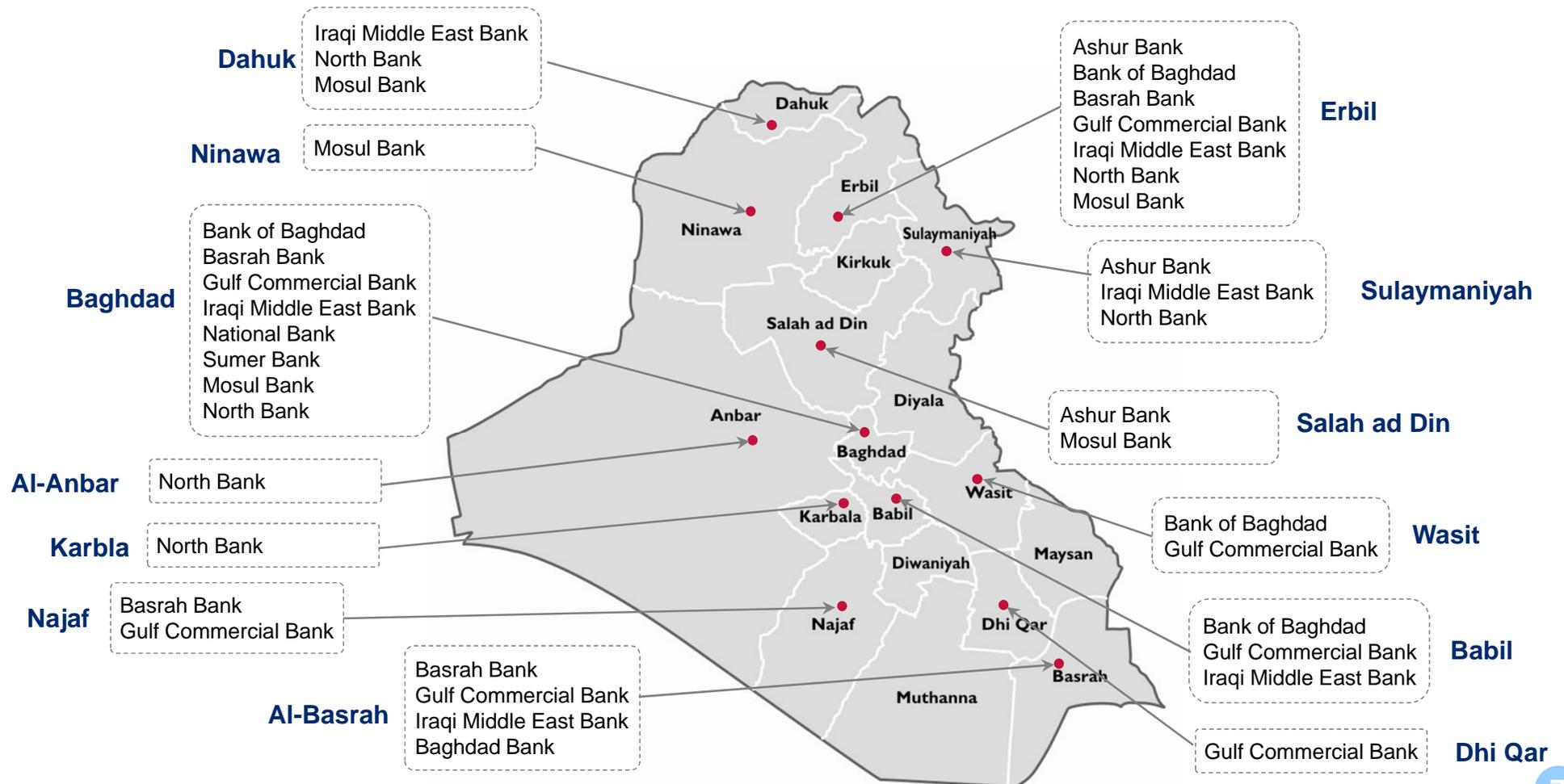
- ICBG/ICF-SME banks
- Launched mid June 2008
- Program Covers:
 - ❖ 9 banks with
 - ❖ 34 branches in
 - ❖ 18 governorates
- Over 1,500 SME loans for over \$31 million were disbursed under SME Banking initiatives as of December 31, 2009.

Key Elements

- Dedicated Leadership
- Focused Training
- Credit Policy for SMEs
- Personnel Policy
- ICT support
- SME Unit Marketing and Business Plan

Network of SME Lending Units Under Development

Operating in 34 branches of Nine ICBG Member Banks present in 13 Governorates





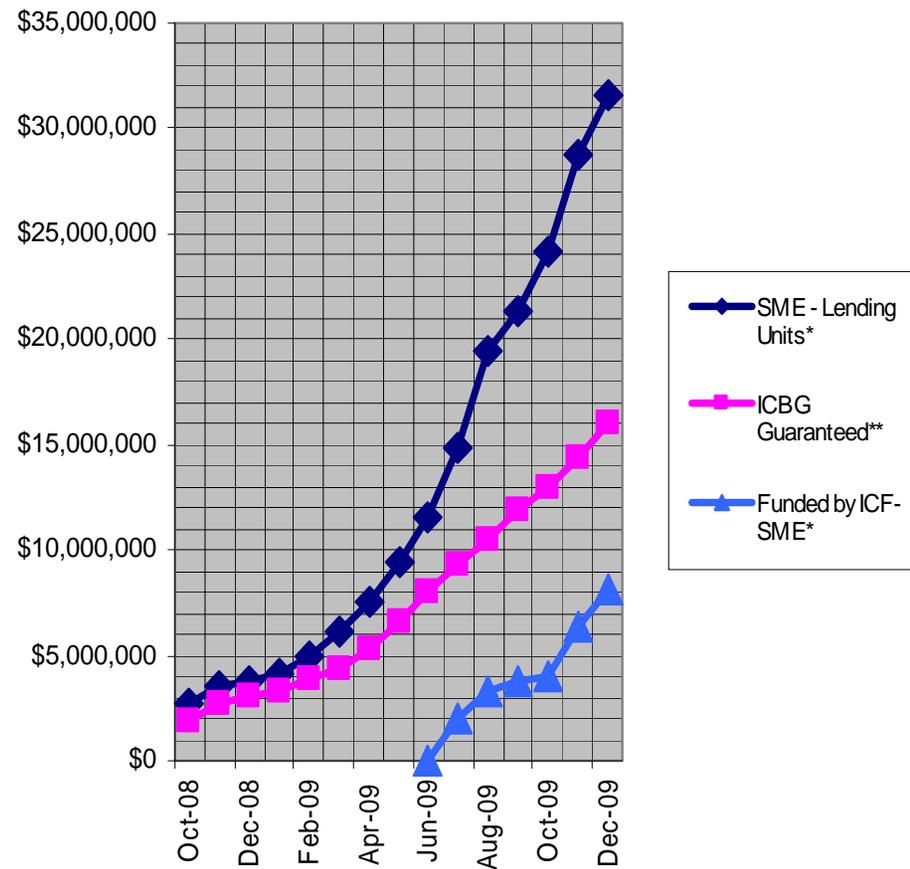
Consolidated SME Lending

Cumulative Volumes, December 2009 Results Are Tentative

	SME - Lending Units*	ICBG Guaranteed**	Funded by ICF-SME*
Oct-08	\$2,666,741	\$1,922,894	
Nov-08	\$3,590,339	\$2,723,903	
Dec-08	\$3,823,801	\$3,121,544	
Jan-09	\$4,120,237	\$3,265,544	
Feb-09	\$4,951,630	\$3,903,766	
Mar-09	\$6,153,609	\$4,313,323	
Apr-09	\$7,509,519	\$5,323,964	
May-09	\$9,374,660	\$6,569,289	
Jun-09	\$11,580,886	\$7,992,152	\$30,321
Jul-09	\$14,907,206	\$9,294,960	\$1,948,791
Aug-09	\$19,445,342	\$10,525,058	\$3,341,107
Sep-09	\$21,385,626	\$11,878,417	\$3,713,100
Oct-09	\$24,187,482	\$12,916,144	\$3,997,759
Nov-09	\$28,807,537	\$14,419,687	\$6,362,226
Dec-09	\$31,632,054	\$16,000,823	\$8,151,594

*Preliminary results, taken from SME-LU data

**Results taken from ICBG data





SME Banking Results

...are not just about loan numbers.

They include the following significant achievements:

- **Good Credit Quality** The loan portfolio displays a solid repayment record to date with negligible delinquencies reported (1 loan past due at ICBG for 2009 year to date).
- **Geographic Outreach** SME loans are now being made across 16 governorates (versus only three in March 2008).
- **Increasing Loan Maturities** Over half of SME loans are now for tenors of two years.
- **Employment Generation** Banks indicate over 200 new jobs have been created by SME borrowers this year.
- **Human Capital Creation** A cadre of dedicated young SME lending officers and credit analysts are being developed at SME banks and supporting institutions. The above achievements are largely due to their efforts.