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by

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# **Post-conflict Microfinance: Assessment and Policy Notes for Iraq**

September 2007

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## **Abstract**

This paper explores the potential of microfinance in post-conflict economies, and specifically examines policy considerations for the case of Iraq. It presents important conditions of the post-conflict economy, and examines three critical requirements for successful microfinance operations, as outlined by the Microenterprises Best Practices Project. Political stability, economic demand and population stability are evaluated in the case of Iraq. Several other considerations are also addressed, including matters of scale, government mechanisms and support, and gender and religious contexts.

JEL-classification: O1, O5, P2

Keywords: microfinance, Iraq, postconflict, political stability, population stability

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## **Introduction: Iraq's Unique Oil Economy**

The economy of Iraq has historically been unstable and performed poorly, despite its great endowment of the engine of modern economies – oil. This is not surprising, as numerous studies have found that extractive industry and a substantial endowment of natural resources can be important precursors to political instability and poor future economic performance. Prior to regime change by the United States, Iraq was reeling from the crippling debt of the 1980-1988 Iran-Iraq war, reparations for the invasion of Kuwait and sanctions (Tripp, 2002: 261). The country generated oil revenues of \$2 billion every six months from 1996 to 1998, \$5.52 every six months in 1998, and then \$8.3 billion in the May to November 1999 period. However, deductions were made for Kuwaiti war reparations, operations of UNSCOM (United Nations Special Commission, formed during the ceasefire between Iraq and Allied forces) and for Kurdish assistance (Tripp, 2002: 262). Remaining revenues did not filter down to the general population. The Oil-For-Food program has been overwhelmingly perceived as a failure, even according to its own senior staff, and was unable to provide basic necessities for citizens<sup>1</sup>.

Despite poor economic structure and overwhelmingly negative conditions for reconstruction, Iraq's position as an oil economy offers three benefits for its future, which other countries experiencing conflict often do not have. First, it is in the unique situation of *theoretically* being able to contribute to its own reconstruction costs. This gives local government an important role in decision-making. Second, the availability of oil in the country automatically places Iraq in a better position than most other countries, because it will not need to import fuel for activities necessary for economic development, including electricity. This is cost many other countries would bear. Also, if managed correctly, oil can form the foundation for an increasingly diversified, export-based economy. Third, Iraq is more compelling to the "international conscience" because of interest in the management and ultimately, the distribution and pricing of its oil reserves. Lack of significant assets makes other recovering economies easier to forget, but this is perhaps Iraq's greatest advantage and best chance at long-term success in its reconstruction process.

Economic networks and systems were captured by the state and self-sustaining activities were pushed into welfare. Widespread dependency on state handouts created a country lacking even the most basic foundations for productivity and growth. The reconstruction of Iraq, particularly after several years of intense military activity, is a monumental task. From a security perspective, numerous approaches to immediate and long-term reconstruction work must be engaged, and a long term commitment on part of the United States is necessary (Hamre et. al, 2003). A concentrated approach to economic recovery is at the core of such approaches.

## **Scope for Microfinance**

Microfinance institutions (MFIs) offer an ideal tool through which economic development may take place. Microfinance differs from other activities, including rebuilding physical infrastructure such as bridges or transportation networks, which requires a large financial commitment both for the initial phases of construction as well as for maintenance.

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<sup>1</sup> See von Sponeck and Halliday, 2002, who suggest that the program took the country hostage. Dennis Halliday served as UN Humanitarian Coordinator from 1997 to 1998, his successor Hans von Sponeck served from 1998 to 2000.

Physical infrastructure projects are often large-scale efforts that require significant labor, technical expertise and technological investment. Microfinance targets a different component of the reconstruction process, and does so with relatively lower costs and financial investment. If widespread recovery is the goal, a comprehensive approach to reconstruction is necessary, including both physical and economic infrastructure. There may be great scope for microfinance in helping with the latter. Despite conventional economic logic that microfinance does not actually create growth, it is suggested that under special circumstances, MFIs may assist growth in the short and long term (MBP Brief 2) by recycling funds and reaching increasingly large groups of people (MBP Brief 1). For an economy recovering from conflict, microfinance may not by itself equate to growth, but it may play a catalyst role in connecting demand with supply, thereby building a foundation for future growth. “A massive micro-credit program... would help to spur wide-ranging economic activity (Hamre et al, 2003: ii).”

Microfinance creates and builds upon the potential to regenerate and reinvest initial funds. *Post-conflict microfinance* is a term that carries a different definition; for the purposes of this paper, it “embodies the creation of a permanent institutions that will provide on-going financial services to an ever-wider clientele, and that will remain in operation past the crisis period to become part of the long-term economic development strategy of the country (MBP Brief 5: 1).”

#### *Caveat*

A critical problem in determining the potential of *any* approach to post-conflict reconstruction, including post-conflict microfinance, is the problem of defining “post-conflict.” Conflict often goes through cycles that make it difficult to separate phases of violence from tension and political instability, and this cyclical nature implies an important temporal aspect to reconstruction efforts. This is particularly the case for protracted conflicts where resource scarcity may be the underlying reason, but is masked by the emergence of ethnic or religious factors.

The current situation in Iraq may technically be post-conflict, as regime has taken place. However, a persistent lack of political and security stability does not inspire confidence in civil and domestic peace. The immediate goal of conflict management is typically enforcement of negative peace, or the absence of violence (Galtung, 1996). Establishing negative peace by military force is not always achieved quickly, or efficiently, and creating conditions conducive to sustainable peace is even more difficult. Negative peace is the minimum condition for which a country can be viewed as “post-conflict.” By nature, shifting from negative peace to sustainable peace is much more complicated, and it involves facilitating a transformation of the environment and its underlying incentives for actors. Regardless of normative evaluations, Iraq is currently, but slowly, being forced into a post-conflict state.

#### **Post-conflict Microfinance versus “Normal” Microfinance**

The goals and processes of microfinance in post-conflict areas should be held up against those in normal situations. This discussion helps build upon similarities than can enhance processes, as well as highlight awareness of, and target, those differences that may jeopardize success.

*Universal Practices*

There are several universal practices for microfinance, regardless of the environments in which they operate (MBP Brief 5). These are drawn from the Microenterprises Best Practices Project and do not violate the idea that development strategies be context-specific and not one-size-fits-all. In fact, the first universal practice is that they tailor services to the *local* client population. This includes offering short-term loans or small loan amounts, “stepped lending” or opening offices in accessible locations (MBP Brief 3). Second, MFIs should operate to keep costs down, like any normal business. There are lessons from the traditional banking sector, including standardized applications, universal lending guidelines and streamlined approval procedures (MBP Brief 3). The reduction of unit costs will eventually trickle down to the client through lower interest rates or operational and processing fees. Third, dependence on timely repayment means that MFIs should incentivize programs that motivate clients. For example, using a stepped lending approach rewards clients for paying on time, by allowing them to borrow larger amounts in the future: “There may be no greater repayment incentive than that of having continued access to financial services (MBP Brief 5: 3).” A popular motivating methodology is the use of joint liability groups, where borrows within the same community act as guarantors for one another's loans. This allows for the responsibility contract to be supervised by the community, and takes advantage of informal institutions such as social capital and trust to strengthen the microlending process. Another useful incentive structure is preferential pricing. Fourth, MFIs must consistently work toward recovering long-term costs, although operations typically assume losses in the initial start-up period (a minimum of one year). While MFIs may sometimes charge interest rates higher than those offered by national banks, they charge significantly lower interest rates than other available money lending institutions or people, who are more likely to lend to their clients than banks. The nature of microfinance means realization of higher rates of marginal productivity than large businesses, both in normal and post-conflict circumstances (MBP Brief 3). It is important – and realistic – therefore, to charge full-cost interests. “Poor entrepreneurs have shown willingness and ability to pay interest rates, higher than commercial bank rates, for services with attributes that fit their needs (MBP Brief 3: 2).” Fifth, achieving scale by steadily increasing access to larger numbers of people is critical to organizational viability. While constraints bounded by political and population stability exist for MFIs, they should engage progressively larger areas as they become more secure.

*Trends specific to Post-conflict Environments*

More useful to examine is the difference in the trends between normal and post-conflict environments, as they offer insight into the methodological and operational challenges for MFIs in countries of recovery. These differences are outlined in a series of briefs in the Microenterprise Best Practices Project. First, post-conflict MFIs are faced with major human resource limitations (MBP Brief 5). Although MFIs in normal situations are increasingly competing with the private sector to attract high quality staff, they can still find local talent whereas post-conflict MFIs may not. This is because conflict causes extensive damage to the population and educational structure: This includes loss of life, prolonged gaps or complete halts in the education cycle, and outmigration and refugee flows. In many developing countries experiencing conflict, the segment of the population with the skills and knowledge to work in

financial sector positions generally also has the means to escape, removing them from the potential hiring pool of MFIs in such areas. Human resource limitations increase operational costs because MFIs may need to hire expatriate staff and/or train local hires. These challenges hinder efficient division that is necessary for responses to conflict (Forman and Salomons, 1998: 3). Second, MFIs must engage in extensive education and advocacy efforts when working in post-conflict economies (MBP Brief 5). This is necessary because damaged economic mechanisms need to be repaired at the pace of the local community, and also, because MFIs vying for the same pool of clients avoid being held accountable by competitors practices (MBP Brief 5). This is comparable to marketing or outreach efforts on part of MFIs working in normal environments, but on a more concentrated level. Third, security considerations affect post-conflict MFIs by limiting operations and raising costs. These costs include physical mechanisms to protect cash and investments, securing areas to establish offices and meet with clients. Many MFIs hire private security guards for local operations, raising costs.

These factors, specific to post-conflict economies, retard the potential sustainability of MFIs at both the financial and institutional level. Financial sustainability is the recovery of costs in terms of revenues, while institutional sustainability is self-governance of the institution (MBP Brief 5).

### **Basic Requirements for Implementation: Does Iraq Measure Up?**

According to the Microenterprise Best Practices Project, there are three requirements without which microfinance efforts cannot operate: (1) political stability, (2) economic activity and demand for financial services, (3) population stability (see MBP Brief 4). “Sufficient” degrees of these requirements must be present in order for post-conflict microfinance activities to operate.

#### *Political stability*

Political stability is necessary in order to create a safe and accessible environment for operations. The “absence of chaos” – in many cases equated to negative peace – offers security for personnel, resources and clients. High-intensity conflict creates excessive political and economic insecurity, and can place geographic limits on economic activity.

It is well acknowledged that Iraq is not a country absent of chaos – in fact, quite the opposite. Significant threats to political stability include<sup>2</sup>: Use of force/intimidation by internal and external groups, evidenced by repeated incursion attacks and acts of “public terrorism” in urban and religious centers; lack of support of the occupation forces; mistrust and suspicious of Western oil interests; internal fighting between political factions, including religious-based, same-sect violence. The important question, then, is what pockets are relatively stable enough for regional or local microfinance operations to begin? There has been rampant political instability and violence in the country (International Crisis Group, 2003), and often in urban and semi-urban areas<sup>3</sup>, including Baghdad, Mosul, Najaf and Falluja.

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<sup>2</sup> See Hamre et al (2003) for a detailed list.

<sup>3</sup> Typically, urban and semi-urban areas offer the greatest political stability (MBP Brief 2) because they are more easily stabilized than less connected or manageable rural areas.

Specific to microfinance, the use of cash for lending and repayment attracts crime. Further, maintaining ideals of transparency can actually disadvantage operations, since this spreads knowledge about the existence and availability of financial resources (MBP Brief 6). Several characteristics attributed to post-conflict environments can threaten security of microfinance operations: Availability of weapons, demobilized soldiers with arms (MBP Brief 6), lack of commercial banking structures (MBP Brief 2). In immediate post-conflict phase, there are large numbers of armed, demobilized soldiers with no perceivable purpose, and there are often still plenty of small arms circulating in the economy that can be accessed by the general population. Former soldiers, in particular, have already internalized aggressive behavior and with few other options for income, can turn to crime. This is one of the biggest challenges facing post-conflict reconstruction in general. For microfinance, the lack of commercial banks means their financial resources are all the more scarce, and combined with the problem of demobilize former soldiers, many must resort to “extraordinary measures to operate, including maintaining their own cash vaults (MBP Brief 6: 2).” This naturally makes them targets for robbery and theft.

From a political stability perspective, any – even baseline – neutralization of urban tensions or within a concentrated geographic area (i.e., that may serve as target locations) could result in a more attractive situation for post-conflict microfinance operations.

#### *Economic activity and demand for financial services*

Microfinance needs a certain degree of economic potential for operation, and economic readiness is indicated by active local markets. These local markets are the potential demand pool for financial services offered by MFIs and tend to be significant enough in number for smaller portfolios (MBP Brief 4). In most conflict, policies stunt the growth of the formal local economy, which encourages the growth of informal channels. Iraq’s oil reserves saved the country from a complete shutdown of the local economy – in addition, economic insecurity over a prolonged time led to the development of strong, embedded black market networks that remain strong (Hamre et al, 2003). Policy and intervention attempts usually focus at formalizing the local economy, but to begin with, the existence of strong black markets, gray markets, underground low-level trading activity, and other informal channels are evidence of the similar existence of strong local demand. These informal mechanisms can be channeled and legalized – indeed, that is a major component of post-conflict economic reconstruction efforts – so that regular demand and supply behavior for market goods may re-adapt. In terms of microfinance, this means that operations are likely to be in strong demand, as with most other financial services.

#### *Population stability:*

Logically, microfinance operations have higher chances of success where there is a relatively stable target population, especially if there are geographical or regional differences in the level of political stability within one country. Mobile populations cannot be held to their loans. Since the recovery of loans is necessary for sustainability of financial services including microfinance (MBP Brief 4), the stability of the local client population is an important conditions for success.

More than 4 million people have been displaced since 2003, of which 2 million are IDPs (internally displaced people). The remaining have become refugees in neighboring countries including Syria (as guests), Jordan and Lebanon, or other countries in Western Europe and North



America (Refugees International, 2007). In addition, there are approximately 200,000 Iraqis living in Iran that were, at one point, expected to return to their home country. The Iraqi environment has a history of population instability as well, largely because of the Arabization programs that resettled Arabs into land formerly inhabited by Kurds, Turkmen and Assyrians. This type of “ethnic cleansing primarily through...state-sponsored discrimination<sup>4</sup> (Opperman, 2003)” created a great deal of IDPs, compounded by other events including al-Anfal<sup>5</sup>, the Gulf War, Kurdish faction infighting<sup>6</sup>, Iran-Iraq war, ethnic discrimination<sup>7</sup>, economic displacement, and political and military prisoners<sup>8</sup> (Opperman, 2003).

Until 2003, population stability was not a major concern for Iraq because of relatively low levels of external migration in the previous years. However, as of 2007, the problem of population stability is worsening as refugees and IDPs increase in number. In addition, these groups of people are likely to cause additional problems when the issues of resettlement present themselves. Many IDPs will claim land that has been settled by new families, either under Saddam Hussein or after regime change, and this can only contribute to ethnic and religious tensions. Microfinance operations, which IDPs can certainly benefit from in their transitions to economic independence or stability, can actually tailor their programs and offer abbreviated lending periods for IDPs likely to relocate. People that have remained in, or will return to, Iraq can more easily integrate into local markets, but the problems of housing and resettlement are larger. Dealing with IDPs may be less complicated than dealing with refugees, because they are already in their home country and may face fewer barriers to work (MBP Brief 7).

## Other Considerations

Political stability, economic activity and population stability are the most critical general factors that affect whether Iraq is ready for microfinance operations, and whether they are likely to be successful. However, there are several other important notes for policy, which follow below.

### *Matters of Scale*

It is essential to maintain a realistic approach for work in Iraq. Post-conflict economies cannot be magically transformed, especially when there is there is substantial civil, ethnic or religious unrest. While microfinance offers often immediate results and short-term growth, “a model economy will not be created overnight out of Iraq’s failed statist economic structures (Hamre et al 2003: ii)” and all reconstruction strategies including microfinance, should ease into

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<sup>4</sup> “State-sponsored discrimination” includes bureaucratic and systemic practices, such as rules that bar non-Arabs from owning property and land, attending certain educational institutions, and owning or working in certain businesses.

<sup>5</sup> Al-Anfal was a practice predominantly in the 1980s, using chemical weapons on villages of Kurds that were bulldozed into mass graves.

<sup>6</sup> The Iraqi Kurdish armies: Kurdistan Democratic Party (KDP), Patriotic Union of Kurdistan (PUK), Turkish-Kurdish Workers’ Party of Kurdistan (PKK).

<sup>7</sup> Palestinians lived in rent-controlled or free-rent situations under the protection of Saddam Hussein. Since regime change, landlords have raised rents artificially high or evicted them.

<sup>8</sup> Political and military prisoners that have been imprisoned for crimes against the state have been released in large number since the United States entered Iraq.

operations. They can focus on building a small client base initially, from which to grow a larger client network. In what have been regarded as largely successful post-conflict microfinance attempts, agencies piloted programs carefully and with small but attainable goals. They were later able to streamline operations, train staff and better understand the operating context, which helps to create strong support for activities – eventually, they managed to scale up from this foundation (MBP Brief 2).

By nature, microfinance begins with a small group and is contagious. It is important that this goal of “catching” is tempered with a commitment to long-term operation and indication to local communities that it is not a fleeting development trend, and that it is sustainable and will work for them in the future.

#### *Government mechanisms and support systems*

The problem of lag time for government and policy implementation faces most components of post-conflict reconstruction, because policies and government structures take time to grow, and require even more time to gain legitimacy and trust of the people. They are not immediately necessary and microfinance operations can work in the short-term without the support of such structures, but their eventual evolution is critical to long-term success:

“Government policy and regulatory frameworks may not be necessary at the outset, but they will be required in due time. The Cambodian government was not in any condition to develop an appropriate legal framework for microfinance when MFIs began operating. However, in time, it gained competence and was able to address this issue when it was needed. It appears that MFIs and the government found the right balance between needing a certain amount of *laissez-faire* policies in the beginning but tighter controls as the industry expanded and matured (MBP Brief 4: 2).”

It is clear, of course, that governance and government will be priorities in post-conflict Iraq. Governance policies will need to be directed specifically at entrepreneurship, balancing economic activity, and enforcing market mechanisms. The non-oil private sector will be almost completely new to Iraq and will extensive support from the government – through the establishment of supportive institutions, protection of property rights, etc. This sector will need a great deal of attention to avoid complete reliance on oil activity for the economy. Oil-based economies behave differently than others, and even secondary and tertiary products are highly dependent on the petroleum industry. It is expected, of course, that oil will form the bulk of Iraqi export revenue – however, microfinance can assist with competitiveness in other areas, including agriculture. Iraq has a supply of durum wheat and date palms, for example, that can be farmed at the micro-level for export (West, 2004: 5).

The most critical part of good governance in Iraq, with respect to MFI operations, involves the banking system. Microfinance clients, once they have been successful enough, will need “next steps” for income management. It is extremely beneficial for the national economy if people learn how to invest and store money in banks. This will increase the circulation of money in the economy, provide security and interest income for the population, and create a strong and stable financial system. One barrier to bringing comprehensive banking services to the population is a lack of trust in government institutions. This is a problem that locally based MFIs, especially those hiring community personnel, will face much less.

#### *A cultural context – Religion*

When external organizations, even those that work with local hires, come into a community, there usually at least minor problems integrating services. The cultural context in the field is of critical importance, and in Iraq, religion is an important element of local context. Proper attention needs to be directed specifically at sectarian approaches to economic activity to ensure that operations are appropriate. There is first awareness of religious differences – both between other countries of MFI operations that often serve as models for new operations, such as Cambodia, and differences between staff and clients. This is open to subjective interpretation of need, as well as to a great deal of miscommunication between client and lender.

Second, the traditional elements of Islamic banking practices should be a major factor in determining operations and how to reach clients. This sensitizes lenders to the community and establishes trust in the lenders, if they are willing to do it “local-style.” For example, *Murabaha* does not work on the traditional understanding of collateral and credit, and allows the end-product to serve as guarantee. It is “similar to trade finance in the context of working capital loans and to leasing in the context of a fixed loan (Al-ZamZami and Grace, 2000: 31).” Following this practice means the microfinance institutions would claim ownership of whatever is being financed until the date of the last repayment.

While MFIs can only integrate local or cultural practices as they are relevant to their operations, the added legitimacy this can bring is important, as well as the increase appropriateness of their operations. Integrating Islamic banking principles should be a serious option for lenders that typically use a certain template for their activities.

#### *A cultural context- Gender*

The United States has been deliberate in placing a great deal of emphasis on the Iraqi woman. Microfinance, because it lends to people that do not otherwise qualify elsewhere, is normally celebrated for its effects of empowerment for marginalized populations, especially women. This is particularly the case where they have not played the role as breadwinner, are not normally engaged in the formal sector, and are not able to participate in mainstream educational and professional institutions. The major benefit of microfinance for women is increased economic capacity, which leads to betterment in countless other areas. Women who participate in microfinance programs attain higher level of empowerment<sup>9</sup> than those that do not; in addition, credit to women boosts the value of their non-land assets, such as jewelry (USAID Brief 36).

The applications of MFI operations for women may bring benefits for many sectors. It can help with local economic demand and to revitalize regions where the women live. Female clients of microfinance tend to provide stronger roots for future community growth and leadership, through the personal independence they acquire. Migration patterns in traditional

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<sup>9</sup> USAID measures the “empowerment index” based on the following eight indicators:

- (1) mobility outside the house
- (2) economic security
- (3) ability to make small daily purchases
- (4) ability to make larger purchases
- (5) involvement in major household decisions
- (6) relative freedom from domination and family violence
- (7) political and legal awareness
- (8) participation in public protests and campaigning

societies are marked by journeys made by men, leaving women at home with children and little else. If MFIs can permeate into village and tribal structures by helping women formalize skills they are often already using, they help put them in charge of the economic process from start to finish. If this leads to job creation (arguably even if this is only necessity or subsistence level), this may help young men remain in villages (West, 2004: 6), where they are contributing economically and less able to participate in civil unrest in more crowded areas.

### **The post-conflict environment**

The post-conflict environment in Iraq is a combination of insecure economics, politics and social structure. Even in an ideal situation of immediate negative peace, the years of dictatorship combined with the trauma of recent war will serve as psychological barriers to reconstruction: “Conflict doesn’t end after the fighting stops. Violence can affect the way that the people of a country deal with disagreements long after the shooting has ended. Behavior of some included lack of respect for the rule of law and incidences of threats, intimidation, and violence (MBP Brief 4: 2).” The post-conflict environment will be a difficult one to work in – education, infrastructure, disease, caring for the sick and wounded, HIV/AIDS, relocation, physical reconstruction of damage... There is dearth of local infrastructure, a larger number of increasingly unhappy (and increasingly unsafe) citizens, and a lack of useful lessons, both from previous experience in Iraq and applicable lessons from other countries. The role of oil means that Iraq will not ever be overlooked, but in many ways, places an additional burden on the reconstruction efforts.

It is essential that as a post-conflict Iraq is a policy question, that it does not fall into the practices of degenerative development planning that many other once-promising countries have succumbed to. Humanitarian concerns, such as food security, are just as important as concerns of economic growth. In post-conflict planning, one tends to overshadow the other. They can be integrated at some level – for example, if MFIs can help bring sustainable agricultural processes to rural areas by sponsoring plots of land for farming, they can slowly impact both the level of economic development and the overall food security situation. There are many similar areas that MFIs can impact.

### **Conclusion**

An evaluative framework can only be used so far, and is useful only in terms of offering cautionary statements for policy planning. It is difficult to anticipate if the lack of political stability is prohibitive for MFIs in all regions, but it is certainly the case for many urban centers where violence prevents any real attempts at success. Although progress has been made in recruiting and training civil police, for example, they have become a new target for insurgent activity and are not in much position themselves to offer protection to reconstruction efforts. For this reason, understanding where regions of Iraq lie in a cycle of conflict – and they are likely to be in different phases – is an important precursor to determining if microfinance operations may work or not. The real question may be: Where is negative peace and is it likely to last long enough for MFIs to begin operating? In terms of economic demand, there is reason to be more optimistic for Iraq than many other countries in similar situations, simply because the oil

economy has strong demand and supply. The real questions with respect to this consideration are: How can demand be managed so that responses are within the formal sector? and how can existing demand be transformed so it works in conjunction with the overall trajectory of the reconstruction effort (whatever this may be)? Finally, population stability is not likely to improve until political stability improves. Iraq has a history of population movement, mostly forced, and resettlement may be problematic.

At some point, microfinance operations are needed in Iraq, if for no other reason than to stimulate livelihoods for large numbers of people. There is no expectation that microfinance will completely solve the problems of development – and certainly not the problems for growth – that the country faces, but it offers a foundation, both in terms of substance and of access to the local population. The changing political landscape, and subsequent population responses, may offer an acceptable starting point if civil peace or at least, negative peace can be enforced. Until this time, however, MFIs face overwhelming barriers to success.

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