

New Currency Pays Tribute To The Iraqi People

Challenge

Under Saddam Hussein's rule, Iraq was marked by many divisions which included religious, political, ethnic, and economic. Iraq's currency also reflected a division with two currencies – one in the north and another in the south. Saddam's mismanagement of the Iraqi currency – running the printing presses whenever he needed cash – disabled the Iraqi economy, causing high inflation and plummeting living standards. The Iraqi people were forced to use only two denominations of currency: the 250 dinar note and the 10,000 dinar note. This is the rough equivalent of using only dimes and \$5 bills for all monetary transactions.



Photo by USAID/Thomas Hartwell

Iraqi woman shows the new currency in her country compared to the currency of Saddam Hussein.

Initiative

Beginning in late 2003, the Coalition Provisional Authority (CPA), with assistance from USAID and the U.S. Department of Treasury, conducted a four-month program to exchange Iraq's old currency for a new currency - including the facilitation and management of putting 4.62 trillion new dinars into circulation, while also destroying the old currency.

The old currency which featured Saddam Hussein has been replaced with a new design which pays tribute to the Iraqi nation and its history. Iraq's new currency has six

denominations which is making daily economic life far more convenient in Iraq and is ensuring that transactions are smooth and accurate. Along with a reform of the banking system, USAID is working to develop an independent central bank, new trade laws, and a modern commercial code.

Results

The conversion to a new currency is a significant accomplishment that is giving the Iraqi people a chance to attain financial freedom in a modern market economy. This project represents a major economic and logistic effort in Iraq. With the conversion to a new, single currency, one of the last, daily reminders of Saddam Hussein's rule is being eliminated. The new Iraqi currency has earned the confidence of the Iraqi people – it is being used throughout the nation and has not only held its value, it has strengthened. The currency exchange will put Iraq on the path to full membership in the global economy. A stable Iraqi currency will encourage countries interested in trading with Iraq and businesses wanting to invest in the country.