Pursuant to the mandate approved at the 21 November 2009 conference on infrastructure finance held in Baghdad, and the action plan approved at the first meeting of the Government of Iraq Working Group on Infrastructure Finance (Amman, 17-18 February 2010), a second meeting of the Working Group was held in Paris (29-30 April 2010). The Baghdad Conference had asked the GOI, with the support of MENA-OECD, to establish a Working Group with the following objectives:

(1) Make recommendations on priority infrastructure needs and appropriate financing mechanisms;
(2) Identify issues and obstacles associated with the most applicable financing mechanisms and make recommendations to address these issues;
(3) Identify high priority infrastructure projects and prepare proposals and recommend implementation to the Government of Iraq, and
(4) Monitor project implementation.

Working Group members had agreed on the following principles in Amman:

1. Strengthen coordination efforts at the central level of government to enhance government capacities for defining priority infrastructure projects and conducting their implementation;
2. Support confidence building measures targeting potential private sector investors, including implementing the 2006 investment law as amended, facilitating access to land, and adherence to international trade and investment agreements and arbitration facilities (WTO, ICSID, New York Convention, FTAs, BITs);
3. Design a comprehensive infrastructure finance strategy, including strengthened laws and regulations for public-private partnerships and institutional structures to support an effective intra-governmental coordination between national ministries and regional, provincial and municipal government;
4. Encourage the presence of development banks and private funds in Iraq as the security conditions improve.
The second meeting of the Working Group included high-level representatives from the Office of the Deputy Prime Minister for Infrastructure and Iraqi ministries, as well as representatives from the MENA-OECD Investment Programme, the World Bank, MIGA, UNDP, UNIDO, the Islamic Development Bank, and national lending and guarantee agencies and experts.

Members of the Working Group noted that:

1. Since the first meeting of the Working Group, a central database of potential infrastructure projects had been established by the OECD Secretariat based on information provided by the members of the Working Group;

2. Using this database, a preliminary ranking of the projects had been carried out on the basis of proposed common criteria, including: national development strategy, priority infrastructure sectors, basic service provision, social and environmental impact, trade facilitation, and transfer of technology;

3. Six of the projects highlighted by the preliminary ranking had been selected for in-depth case study during the meeting, two being more suitable for development bank loans and four more suitable for public-private partnerships;

4. A first draft outline of a comprehensive infrastructure financing strategy was presented and discussed.

Members of the Working Group called for:

1. A reiteration of the strong political commitment to the selected priority projects and recognition in the forthcoming National Investment Strategy of the highest priority accorded to the projects identified by the Working Group, given the importance of such a commitment for the involvement of private investors, banks and guarantee agencies;

2. Continued work on preparing loan and/or PPP financing proposals for selected priority projects with support from the OECD Secretariat and the other international expert members of the Working Group; this will include direct consultations between designated experts and Iraqi ministry officials;

3. Recognition that financing models selected for a given project may combine aspects of the various models of PPP and project financing, focusing on key steps: the division of risk, reward and operational responsibility between the public and private partners; bankability, including sector analysis and project feasibility studies; and the tender phase (a classic tender or a variant of PPP);

4. Circulation of a draft infrastructure finance guide to international expert members of the Working Group for modifications and improvement before its presentation to the Government of Iraq;

5. Further incorporation of public and private sector integrity issues into Working Group proceedings.