

WORK PROPOSAL
FOR
A National Investment Strategy: The Way Ahead for Investment
Promotion in Iraq

Stemming from the mandate provided by the Investment Promotion Law (13) (2006), and in order to realize the need for continuous efforts to leverage the Iraq's potential for economic development and growth, developing a national investment strategy must become a top priority for the Iraqi government.

The following guidelines summarize the economic goals ahead for Iraq:

- Realize a sustainable growth rate;
- Enhance the competitiveness of Iraq as an investment destination;
- Facilitate the entry of the private sector into the country's national economy; and,
- Create sustainable economic opportunities for Iraq's labour force.

Until recently, little work has been done to meet these goals. In order to reach them, the government's objective should be to attract sustainable foreign direct investment (FDI), to transform Iraq's investment climate favourably, and to diversify investments among competitive and promising sectors of the economy.

Progress has been made in this area, with the National Investment Commission (NIC) charged with developing Iraq's National Investment Strategy (NIS). However, as a prerequisite to this effort, Iraq must prepare an Investment Map, as well as an Investment Promotion and Intelligence survey. Together, these three elements will accomplish the following:

- Examine the key drivers affecting the global, regional and local investment climate to guide the country's investment framework;
- Identify types of investment most desired in terms of country, sectors and regions;
- Catalyze government actors and stakeholders to work together toward common goals and actions; and,

- Identify investment facilitation instruments, such as legislation, regulation, and education.

Implementing an effective NIS, Iraq will be able to perform a meaningful investment promotion effort and will be able to compete effectively in the global marketplace in sectors beyond the oil. The strategy will serve as an essential planning tool to guide government, capital, investor and entrepreneurial talent. The NIS should aim to be approved at a high-level, to ensure it reflects Iraq's national policies, objectives and targets for investment. Public and private sector initiatives should be encouraged and support given to strategic programs, designed to achieve the overall economic goals and targets.

Moreover, given its forward-looking orientation, the Iraqi investment strategy should identify priority sectors to benefit from tax, banking, regulatory, trade, and labour enablers.

The NIS should be built upon expertise and good practice which can be divided into two key building blocks: the first is to collect up-to-date intelligence on investor preferences and combine this with peer-learning from experts from investment promotion agencies in emerging markets. The second building block is to use state-of-the-art approaches for strategic alignment of objectives, actions and targets; this should be developed in the context of a framework aimed at building long-term outlook and gaining the commitment of stakeholders.

In the case of Iraq, a specific framework will be implemented using a phased approach to ensure the NIS addresses a national strategy reflecting the various governance levels, particularly:

- At the national and governorate level - to assess progress areas, successes and failures with an aim to measure and evaluate performance versus the current growth agenda.
- At the sector level - to develop a quantitative and qualitative view of investor attractiveness and a sectorial gap analysis using baseline information and market intelligence.
- At the investor level - to provide insights on FDI and outward FDI needs, and constraints to growth by mapping synergy between high value sectors and select investor groups.

As a key success factor in developing the NIS, stakeholder consultations are imperative to building a foundation for a sound strategic approach. To build policy consensus, the NIS must result from an effective and integrated public awareness campaign involving all provinces of Iraq. The campaign

should identify the issues to be communicated, and should focus on the priorities and strategies that are critical to the success of the NIS. This will require a continuous consultation process that will continue even after the NIS is approved and implemented.

Going forward, in order to realize the NIS more effectively, the National Investment Commission should not act alone. It can team up with leading international management consulting, business systems and technology consulting firms, as well as with Iraq-based professional service firms with specialization in investment planning, due diligence and promotion.

Annex: Proposal for the Iraqi NIC Mission, Objectives And Organisational Structure

Mission:

The Iraqi National Investment Commission is a governmental organization committed to working with the private sector to promote Iraq for its unique and diverse investment opportunities. In coordination with the regional and provincial investment commissions, the INIC will strive to provide state of the art services for facilitating registration and licensing procedures for projects, and to offer all possible simplified procedures to investors.

Objective:

In line with the laws governing investment in Iraq and its mission statement, the INIC strives to fulfil the following objectives:

1. Draw up the overall investment map, and help define the overall investment policy for Iraq in order to build the overall confidence in the Iraqi investment environment, and aid in the identification of potential viable investment opportunities;
2. License federal strategic investment projects;
3. Coordinate with, and help stand up, the regional and provincial investment commissions, especially through the appoint of INIC representatives at the regional and provincial levels;
4. Adapt communication methods and tools, both with the public and with its governmental counterparts, in line with the latest technological advancements;
5. Facilitate and simplify the licensing process for investments especially through the creation of a One-Stop-Shop for federal strategic projects, and the assistance in creation One-Stop-Shop units at the provincial and regional investment commissions;
6. Promote the investment environment in Iraq at the national, and international levels;
7. Fulfill the objectives and mandates of the laws governing investment in Iraq.



