



**MENA-OECD
INVESTMENT
PROGRAMME**

Middle East North Africa Investment program
Organization for Economic Co-Operation and Development



Iraqi Institute for Economic Reform



Conference Agenda

Opportunities For Infrastructure Financing in Iraq

**Under the Auspices of the
Office of the Deputy Prime Minister
For Infrastructure - Iraq**

H.E. Dr. Rafe Al-Eissawi

Organized jointly by the
MENA-OECD Investment Programme
and
Iraqi Institute for Economic Reform

21 November 2009

Al Rasheed Hotel
International Zone, Baghdad, Iraq

Opportunities for Infrastructure Financing in Iraq

Despite significant advances in many areas of infrastructure in Iraq, for example, electricity, roads, bridges, rail lines, airports, provision of potable water, and communications, much still remains to be undertaken. It is important for the Government of Iraq (GOI) to increase its ability to deliver basic services given that the Iraqi population is on a considerable growth trajectory, there are increased expectations of a higher standard of living, and there is a need to accommodate economic growth. Responding to these needs will demand considerable strengthening of infrastructure.

Funding for infrastructure¹ from outside sources has decreased or been depleted and the GOI has seen a leveling off in available budgetary funds for investment in the past few years. The major source of GOI revenue is oil sales, and in recent years oil prices have declined while Iraqi production has not seen a discernible increase. Overall annual budgetary funds have been reduced, and funds specifically available for infrastructure investment have decreased disproportionately. Recent production contracts should increase oil production and GOI revenues, but this is projected to take considerable time. Given the shift in the origin of funds toward internal sources, the decline in those internal flows, and the increased demand for basic infrastructure, the GOI should look to available alternative sources for development funds. There are two major extra-budgetary sources of funding for infrastructure:

- 1) *International and regional organizations* that provide term-funding for infrastructure, including the World Bank, foreign sovereign wealth funds, development banks, the Islamic Development Bank, and soft loans from a variety of donor countries, and
- 2) *The private sector*, through such mechanisms as public-private partnerships, strategic production sharing arrangements, export credit agencies, insurance and guarantee agreements (OPIC, EXIM Bank, MIGIC), and economic development zones. Various combinations of donors and mechanisms are possible. Private sector participation in infrastructure development must be defined in a way that allows for cash-flow to be attributed to the private partner(s) and provides a risk-adjusted rate of return.

The conference will:

- (1) Examine the infrastructure development profile of the past five years and the present situation;
- (2) Survey the trends and challenges of infrastructure financing;
- (3) Focus on extra-budgetary sources of infrastructure finance involving international financial institutions and private firms, how they work in general, and how they could work for Iraq;
- (4) Highlight Iraq's unique positioning given that it has a constant cash flow that should have value with institutions and private sector operators considering participation in the funding mechanisms;
- (5) Look at how Iraq should prioritize and coordinate these institutions/mechanisms in order to move forward with a national infrastructure development program;

¹ *Infrastructure is defined as transportation infrastructure (roads, bridges, airports, ports, rail lines); communications infrastructure; housing; and electricity generation and distribution. Infrastructure projects can be "mega projects" (dams, coast-to-coast highways, mega-ports, large power plants) or much smaller projects that can include communication franchises or limited highway spurs. This conference does not address humanitarian and other economic development needs, the general lack of FDI and related investment environment issues, or direct contracting with the government.*

- (6) Determine the steps that the Follow-on Group, which will meet in mid-December, should take so that increased infrastructure development spending will occur in Iraq in 2010;
- (7) Feature testimony drawn from the Iraqi experience (the Iraq National Investment Commission, Iraq-based business);

Participants

The workshop will bring together representatives of the Government of Iraq, Iraq Parliamentarians, representatives of private sector operators, experts on international infrastructure financing, investment promotion and research organisations, and the international diplomatic community in Iraq.

Documentation

The relevant meeting documents together with a finalized agenda will be distributed to participants in advance of the meeting.

- For information about the OECD-MENA Investment Programme please visit: www.oecd.org/mena/investment.
- For information about the Iraqi Institute for Economic Reform (IIER), please visit: www.iier.org.

Saturday 21 November 2009

Opportunities for Infrastructure Financing in Iraq

8:00-9:00	Arrival and Registration
9:00-9:05	Conference Call To Order Mr. Thair Feely, Moderator, Associate Member, Iraqi Institute for Economic Reform (IIER)
9:05-9:15	Opening Remarks H.E. Dr. Rafe Al-Eissawi, Deputy Prime Minister for Infrastructure, Iraq Dr. Hamid K. Ahmed, IIER Ms. June Reed, representing the MENA Investment Programme Steering Group
9:10-9:30	KEYNOTE REMARKS FOR CONFERENCE Session 1 – Assessing Needs for Infrastructure Finance in Iraq
9:10-9:30	Assessing Needs for Infrastructure Finance in Iraq H.E. Dr. Rafe Al-Eissawi, Deputy Prime Minister for Infrastructure, Iraq <ul style="list-style-type: none"> o Issues the conference will address and expected outcomes o Infrastructure history since 2003 o Implications – slow growth, continued unmet expectations, unmet needs o Trends for various infrastructure funding: Expectations, Growth/Demand
9:30-11:30	Session 2 – International Infrastructure Funding Tools
9:30-10:30	International Infrastructure Funding Tools Options for Infrastructure Financing by Regional and International Funding Agencies – <i>Dr. Husain Al-Chalabi, International Energy Sector Consultant</i> The Japanese Government's Role and Experience in Infrastructure Development in Iraq – <i>Mr. Motoyuki Takahashi, Counsellor for Economic Affairs, Embassy of Japan in Baghdad</i> International Banks and Infrastructure Project Finance – <i>Mr. James Hogan, Country Manager Iraq, HSBC Bank Middle East Ltd</i>
10:30-11:00	Panel Discussion on International Infrastructure Funding: Achieving Implementation Moderator: Mr. Thair Feely, Associate Member, IIER <ul style="list-style-type: none"> – Dr. Husain Al-Chalabi, International Energy Sector Consultant – Mr. Motoyuki Takahashi, Counsellor for Economic Affairs, Embassy of Japan, Baghdad – Mr. James Hogan, Country Manager Iraq, HSBC Bank Middle East Ltd. – Mr. Khalid H. Shiltagh, Director; Provincial Reconstruction Department, Office of DPM
11:00-11:30	Coffee Break

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