



Working Group on Infrastructure Finance in Iraq: Overview of the Process and Activities

**Fourth Meeting of the Working Group
on Infrastructure Finance in Iraq,
Amman, 26-28 March 2011**

1 Conference on Opportunities for Infrastructure Finance in Iraq, Baghdad, November 2009

Co-organised by MENA-OECD Investment Programme and Iraqi Institute for Economic Reform.

- **Created** Working Group on Infrastructure Finance in Iraq



2 Working Group on Infrastructure Finance in Iraq

Objectives:

- (1) Assist the Government of Iraq (GoI) in accessing extra-budgetary finance for projects that would be delayed or shelved if they depended solely on State revenue;
- (2) Render budgetary funds that are available for infrastructure more effective by combining with private capital and the associated technical expertise.

Member experts from Iraqi ministries, OECD, MIGA, OPIC, Islamic Development Bank, JICA, IIER, national lending and guarantee agencies...



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Working Group Missions

- (1) Identify regulatory and policy settings likely to facilitate private sector involvement in infrastructure finance, drawing on OECD tools and principles and other sources
- (2) Make recommendations on priority infrastructure needs in Iraq and appropriate financing mechanisms
- (3) Identify issues and obstacles associated with the most applicable financing mechanisms and make recommendations to address these issues
- (4) Identify high priority infrastructure projects based on an OECD methodology and assist GoI officials in preparing funding proposals
- (5) Monitor project implementation.

4 First Meeting of the Working Group, Amman, February 2010

- **Detailed briefings** for GoI officials on two extra-budgetary sources of funding for infrastructure projects – public-private partnerships and development bank loans.
- **Action plan** calling for Iraqi ministries to submit priority infrastructure project proposals to MENA-OECD for study at the second meeting of the Working Group.

5 Second Meeting of the Working Group, Paris, April 2010

- **Identified six priority projects** for PPP arrangements or development bank loans, based on an OECD prioritisation methodology.
- **Created one expert group** per project, with the members donating time to assist Iraqi officials in preparing credible PPP proposals/ loan applications.

The Six Priority Infrastructure Projects

- Abattoirs
- Gas-Powered Electricity Stations
- Oil Pipelines and Infrastructure
- Market Complexes for Farm Produce
- Grand Fao Port
- Residential Complexes

7 Video/Audio Conferences and Email Dialogue, June-Aug 2010

- **Initial discussions** between Gol officials and experts on information required for expert analysis.
- **A series of exchanges** of information, commentaries and questions designed to move each project forward from its initial state.

8 Third Meeting of the Working Group, Paris, November 2010

- **PPPs**: Regulatory framework and case studies.
- **Parallel meetings of the expert groups**, which will work to advance PPP proposals or loan applications for each project.
- **Call for funded consultancy support** for projects – in addition to *pro bono* work – as part of final declaration.

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Fourth Meeting of the Working Group, Amman, March 2011

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- **PPPs:** Regulatory framework and case studies.
 - **Parallel meetings of the expert groups**, which will work to advance PPP proposals or loan applications for each project.
 - **Focus** on feasibility studies, or, for projects already well-researched, investor pitch documents.

Progress

- (1) This group initially focused on the Baghdad-Turkey Highway project.
- (2) This project was withdrawn because:
 - a) The legislative framework for the payment of tolls is not yet in place; and
 - b) There is a need for awareness-raising to increase public acceptance of tolls.
- (3) A new project was submitted: residential complexes including schools and clinics.
- (4) Experts will hear presentations on the new project by the Gol and a business consultant.
- (5) They will discuss the suitability of the project for PPPs or loans.

Progress

The GoI initially provided the following information:

- (1) A note on the acquisition of generation units;
- (2) Information on generation unit allocation by governorate;
- (3) An overview document on the Iraqi electricity strategy;
- (4) Data on the Al Khayrat project; and
- (5) Clarifications in response to expert questions.

The project currently under study is the Yousifea Thermal Power Station.

Progress

- (1) The GoI supplied a detailed paper presenting the market complexes proposal.
- (2) A summary translated into English was sent to expert group members.
- (3) A translation of the complete document was tabled at the last meeting to form the basis for expert group discussions.
- (4) MENA-OECD contacted several international organizations or guarantee agencies to seek feasibility study funding, and these efforts are ongoing.
- (5) The expert group will hear remarks from an expert on relevant Jordanian experiences and the positioning of the Iraqi project for private investment.

The Abattoirs Group

Progress

- (1) This group initially focused on the Ramadi sewage treatment plant and other similar projects (Baiji and Al Mada'in).
- (2) The GoI decided to finance the Ramadi project on the State budget, leading to its withdrawal from expert group consideration.
- (3) The GoI replaced the sewage treatment proposals with a proposition to construct a series of abattoirs, and provided the scope of work for a similar facility already in operation.
- (4) The expert group will hear a presentation on international standards in this field by an expert, and will discuss the suitability of the project for PPPs or loans.

The Grand Fao Port Group

Progress

- (1) The expert group provided the structural outline for a 5-10 page presentation of the project that would impress foreign investors.
- (2) The GoI provided detailed information on the project from the feasibility study, and this was commented on by experts.
- (3) The GoI provided a full copy of the 2007 draft prefeasibility study, several extracts from the December 2008 feasibility study, and recent comments from the responsible consultant.
- (4) The expert group provided a memo outlining key issues and phases of a major port construction under PPP.
- (5) The expert group will hear a presentation by OPIC on relevant BOT case studies and the lessons for attracting the private sector, and a presentation by a Jordanian expert on positioning the project.

Progress

- (1) Discussions showed that the project initially identified was at an advanced stage and that it was not realistic or necessary to seek private sources of financing.
- (2) The GoI supplied a document outlining several interrelated oil and gas projects, and one of them – a dry gas network – received close attention.
- (3) The expert group is now considering the construction of a third train for associated gas treatment in the North Gas Complex.
- (4) The expert group will discuss the suitability of the project for PPPs or loans.