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A light gray map of Iraq and its neighboring countries: Turkey to the north, Syria to the west, and Saudi Arabia to the south. Major cities in Iraq are labeled, including Baghdad (marked with a star), Ar Ramādi, An Nāṣiriyyah, Al Baṣrah, Umm Qasr, Ar Rutbah, and An Nāṣiriyah. Other locations like 'unnamed peak' and 'Mosul' are also visible. The map is overlaid with the title text.

# Designing Economic Zones for Effective Investment Promotion in Iraq

***A Practitioners Viewpoint***

***By  
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# Background

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- Background and experience
- Some initial observations - MENA and other regions
- Actions of the more successful Special Economic Zones (SEZ's)
- Developing Special Economic Zones – issues to consider including the “soft” factors
- Summary

# Challenges of Developing Countries.....

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- Absence of a national development strategy, unfocussed sector development, lack of relevant skills.
- Lack of coordinating between development agencies and Government organisations. Poor legal framework and organisational design.
- Underutilisation and poor linkage with educational institutions.
- Poor marketing and promotions at both national and international levels – initial burst of enthusiasm but poor follow-through.

# Limiting the Pace of Development

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- No “one-stop-shop” approach to business development
- No commitment to life long learning and developing an adaptable workforce
- Underutilisation of the Diaspora, international connections , existing leads etc
- No SME focus, JV opportunities missed and existing investors largely ignored
- Inertia and poor use of advisors and consultants

# Competitive Environment

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- The marketplace is crowded, competition fierce
- All developing countries see FDI as a means of enhancing and developing the industry base. Implications for SME development as well
- Each of these countries have an incentive programme and usually some competitive advantage
- There is a need for clarity in identifying precisely what is on offer and that it can be delivered!

# Subjective “Soft” Factors

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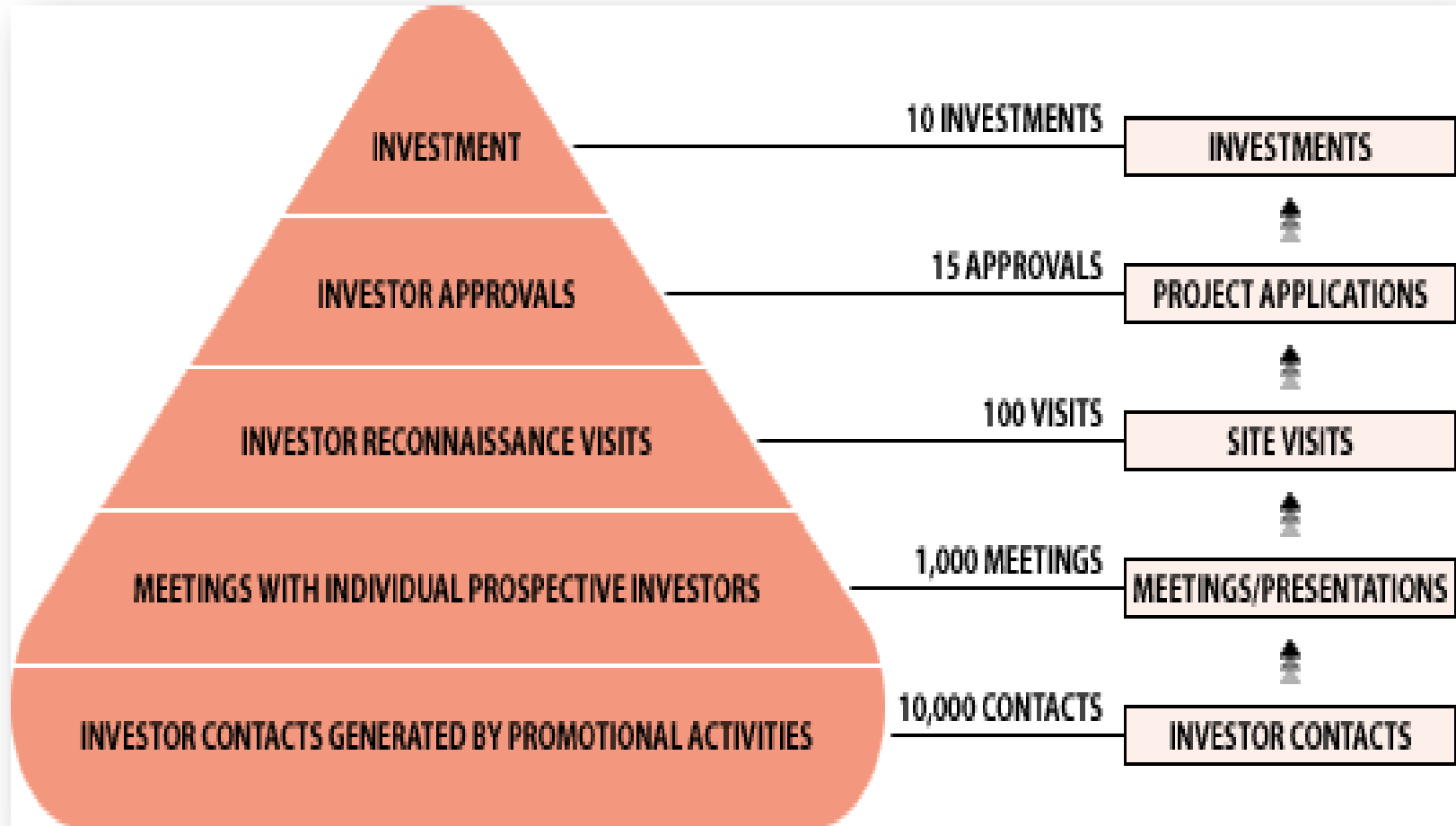
- Attractive business environment for companies and employees
- Professionalism and hospitality of hosting IPA and other related Government agencies
- Attractive towns and cities where their key personnel can live and develop
- Quality of life, cost of living, security, transportation etc
- Personal ties or historic links (Diaspora)
- Competitive rents and flexible lease/ purchase terms

# Influencing Factors for Investors

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- Political stability and ongoing Government support and contact
- Availability of suitable skilled personnel, sites/buildings/business Parks/industrial estates with a range of options
- Legal protection
- Affordable communications and good linkages with existing industries and educational institutions
- Lower cost base for doing business
- Management capability and potential to grow
- Investment Promotion Agency (or equivalent) available to help with day to day issues

# Investment Promotion Pipeline





# Actions of Top SEZ's

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- Clear mandate and strategy. Negotiations/incentive process managed by a single agency or single point of contact
- Immediate and professional response to enquiries, with consistent follow up and response to detailed questions
- A comprehensive system for industry/business sector research and knowledge, staffed by personnel with business experience
- Ability to complete negotiations in a speedy and professional manner. Supply of high quality reliable, business related information, statistics etc.

# Developing Special Economic Zones (SEZs)

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- Some actions to take.....
- Seek the advice of other Zone developers, consultants, NGO's, other country experiences and then make up your own strategic plan – don't depend on others to do it for you
- Remember – the international market for FDI is highly competitive and the failure rate of SEZ's are high
- No harm in imitating - see what other SEZ's are doing and then do it better
- SEZ's must engage with the outside world in a clear, coordinated and communicative way if they are to obtain political and public support and win FDI

# Sectors

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- Must be in compliance with national strategic sectors (e.g. Ireland)
- Evaluation of local opportunities through SWOT analysis
- Conduct a Demand Analysis and look at different ‘scenarios’
- Identify sectors which show greatest compatibility and propensity for growth
- Are the required skills set available – possible linkages with the business community.
- Best to focus on a small number of growth sectors.
- Utilize the feasibility study process to help identify these sectors

# Site Selection Criteria

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The proposed site and its context – site characteristics, access, linkage, environment, social issues

- Access to onsite and offsite infrastructure
- Physical environment
- Cost challenges
- Marketability including expansion possibilities
- Transportation and utility issues to consider
- Planning considerations
- Prepare a development strategy that includes a value proposition for the SEZ

# Legal Framework and Incentives

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- The Legal framework is imperative
- Must be simple and easily implemented
- Involve practitioners and the private sector in its design
- Should have built-in flexibility – use of amendments and decrees can be used to update and modernize existing Law
- SEZ Law must protect both government and investor alike
- Should be aligned with the overall strategic industrial development strategy of GOI
- Get it right first time – plenty of good international examples to use as templates for GOI
- SEZ Law must be compatible with other related laws of the country i.e. Public Private Partnership, customs, financial regulations etc

# Legal Framework and Incentives

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- Review both financial and non- financial incentives that are currently available
- Benchmark against your competition
- Conduct industry interviews/analysis with existing investors – were they a primary reason for investing?
- Is the budget in place to support an investment promotion strategy and allocation of incentives?
- Are financial incentives critical to attract investors or are there other more important issues e.g. security, access to domestic market, geographical location, access to key industrial sectors etc
- Incentives can be reviewed and refined but do not confuse the potential investor!

# Guiding Principles

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Organizational design must encapsulate....

**Efficiency**

**Inclusivity**

**Sustainability**

# Guiding Principles

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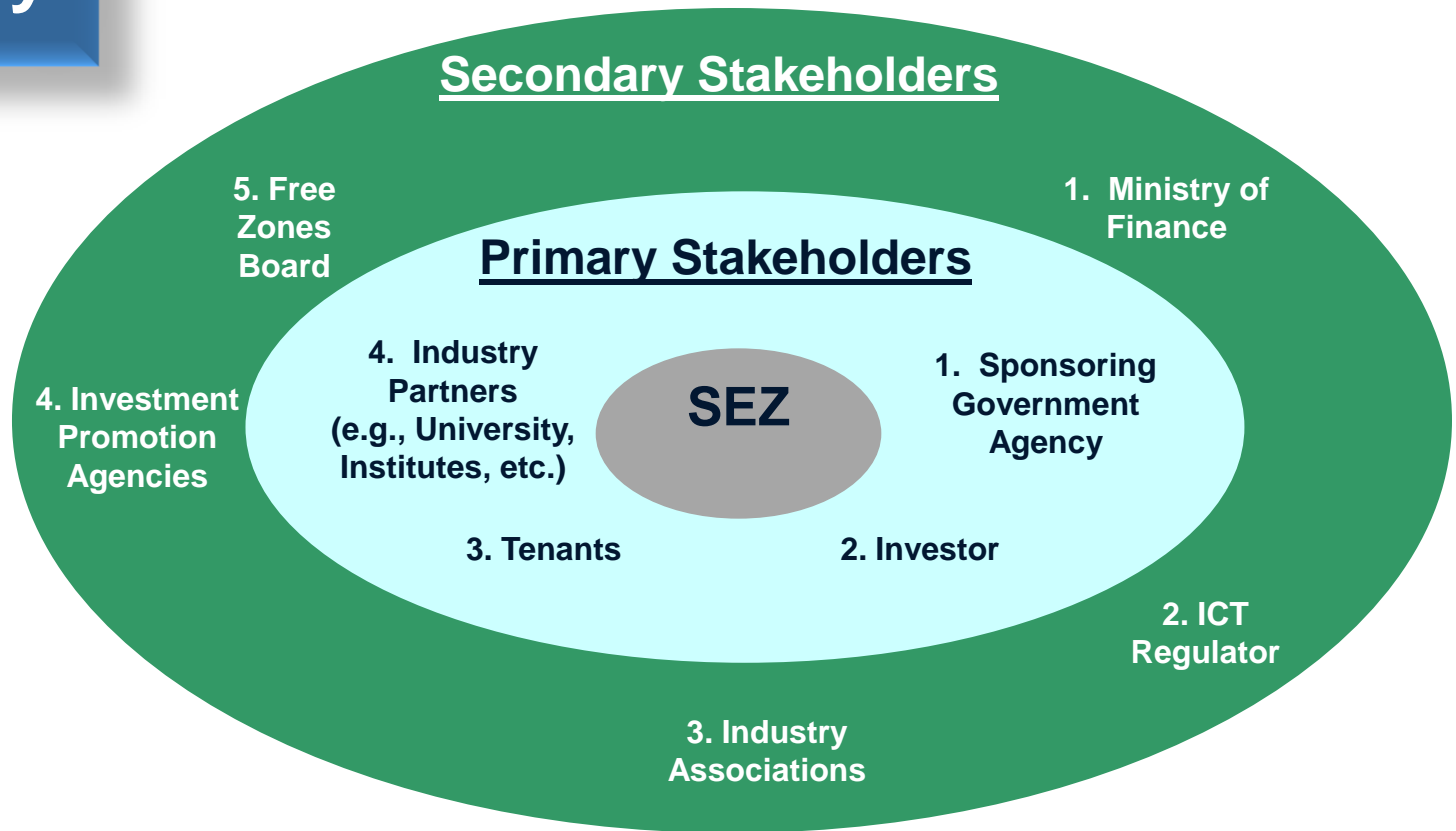
- Internationally, SEZ organizations come in a wide variety of types, sizes
- Differ in size, mandate and structure / no single template
- Implement best practices, but adopt a home-grown solution



# Guiding Principles

## Inclusivity

- Stakeholders



# Guiding Principles

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- Keep board slim and focused / avoid temptation to create “super-board” involving all stakeholders
- Appoint majority of directors from private sector based on skills required: property management, marketing, accounting, etc
- Protect government interest through range of measures: board representation, chairman, clear definition of company’s core business in regulations, option of Government “golden share”

# Guiding Principles

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## Sustainability

- Commercially-oriented ICT organization
- Strong functional skills: marketing, asset management and financial management
- Robust and dedicated funding sources



# Marketing and Promotions

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- Priority markets - (Which countries/sectors)
- Targets/Objectives - X investors to occupy y sites
- What do we offer? - Site/services and at what price?
- Critical success factors/what do investors want? How do we compare with our international competitors?
- Our unique selling point (USP)?
- Resources/budgets

# Marketing and Promotions

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- Promotion Advertising
  - Promotional material
  - Trade fairs (exhibiting or attending)
  - Mail-shots (telephone presentations)
  - Market Research (self/commissioned)
  - Website design/management
  - Public relations/Journalist visits//Press conferences
  - Site visit (management/costs)
  - Other
- Responsibilities/timing (who, what, when, how)

# Learning from Established SEZ's

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- JTC Corporation – Singapore
- The Innovation Hub – South Africa
- Shannon International Free Zone – Ireland
- Smart Village – Egypt
- Business and Technology Park's – UAE
- In country international experience



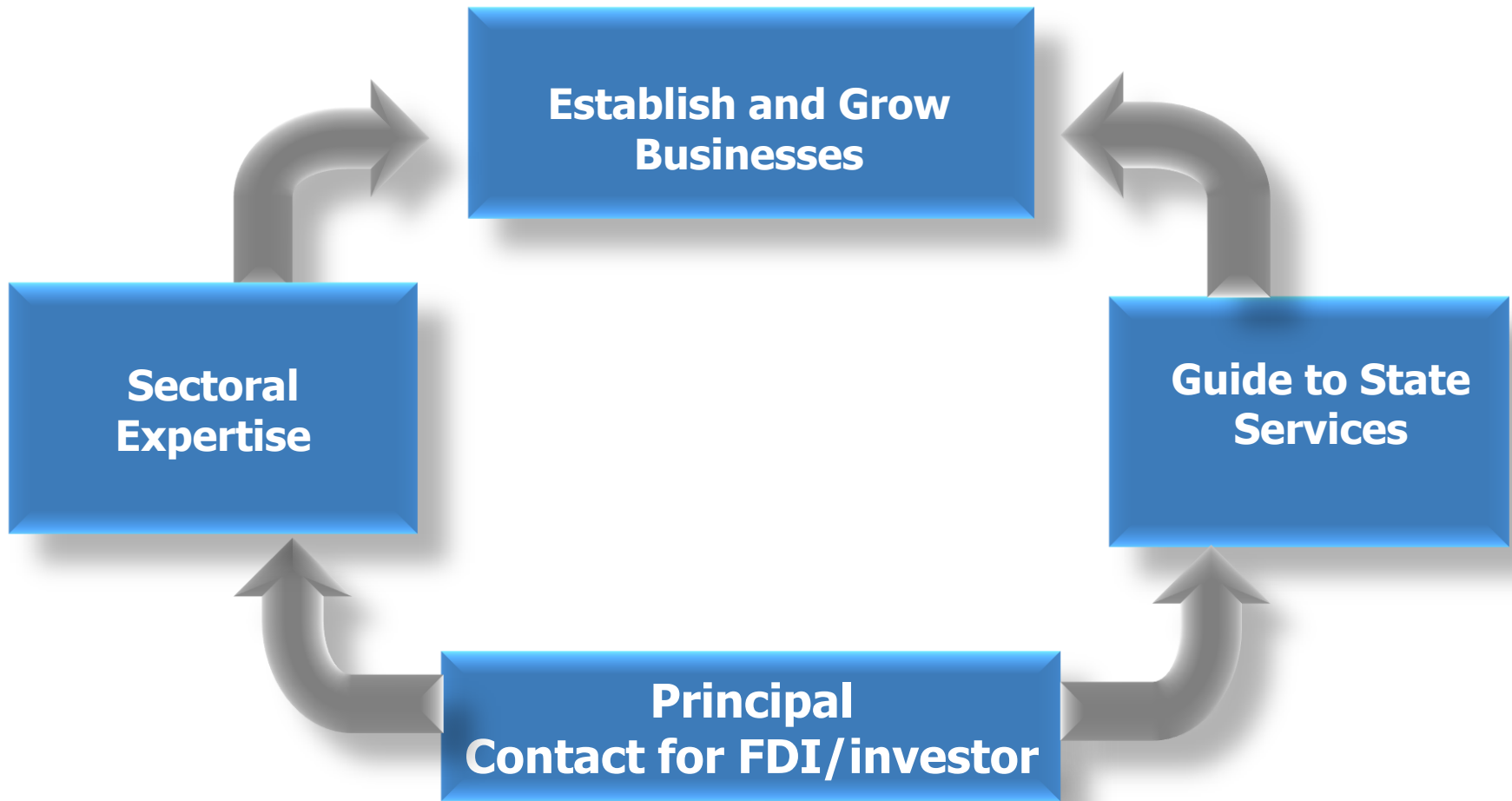
# Investor's Choice of Location - Summary

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- Market access - national, regional, global
- Labour availability (skills, favourable regulations)
- Strong support from educational institutions
- Good infrastructure, communications
- Property – buildings/offices, serviced sites, quality business Parks for ICT companies
- Low development costs
- Raw material availability for some industry types

# IPA Role - The Four Pillars

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# Summary of Views

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- IPA's pursuing a defensive strategy will fare less well in the longer term. Revise policies, seek new sectors, innovate.
- Current focus by many Governments is on fire fighting but will move on to economic stimulus – IPA's must prepare and lead from the front
- Public concern – how will the evolving economic environment affect them and expectation that Government can help
- Prepare to seize the opportunity to develop new business avenues
- Be flexible, aware and resilient

# Initiatives

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- The winners will be government's/IPA's who make thoughtful choices – by assessing alternative scenarios honestly, considering their implications and preparing accordingly
- Focus on what gives you a competitive edge such as skills, technology, infrastructure, finance, incentives, location etc
- Be aware of the “dead hand” of bureaucracy and pursue your objectives honestly

# In Summary

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- ✓ Advocate policy changes needed to improve investment climate;
- ✓ Focus on sectors which can maximize net economic gain; professionally promote sector benefits through innovative promotional events in target markets;
- ✓ Fully service needs of investors, improve country image and generate investment;
- ✓ Develop and implement investment promotion strategy and develop skills to successfully implement same
- ✓ Building robust and effective public and private partnerships, promote regions, involve all stakeholders

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***Thank you for your attention***

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