

مركز البيدر للدراسات والتخطيط

Al-Baidar Center For Studies And Planning



Policy Brief

The Investment Experience in Iraq

Department of Planning and Policies



Introduction

Investment is considered one of the economy's main drivers and an excellent means for circulating capital at the economic level. It also plays a significant role in developing the economy of countries and serving the state and the general public. After 2003, Iraq opened its doors to investment, an experience that requires evaluation and an assessment of its outcomes and impact on the Iraqi reality. The core issue lies in the limited benefit that citizens have derived from the investment. Despite the privileges granted to investors by law, the majority of citizens have not directly benefited from investment, whether in the housing sector—where real estate prices remain high and it is difficult for low- and middle-income individuals to obtain housing in investment complexes, despite the Central Bank of Iraq financing most housing projects through housing loans—or in the industrial sector, where foreign goods continue to dominate the market and there are few notable Iraqi industries. In the health sector, services in private hospitals remain very expensive for the poor and middle class. Many other examples could be cited, highlighting the need to understand the limited impact of investment in Iraq.

This summary focuses on analyzing the investment map in Iraq and proposes redrawing it by concentrating on specific sectors, while considering two conditions: environmentally friendly investment and stricter oversight by investment authorities, the Parliamentary Committee on Investment and Development, and provincial councils, along with continuous review and updating of plans and programs in line with various developments.

The Investment Framework in Iraq

Investment in Iraq is regulated centrally from an administrative perspective

under the Second Amendment to the Investment Law No. 13 of 2006 (amended by Law No. 50 of 2015). The National Investment Commission (NIC) in Iraq is responsible for formulating, organizing, and monitoring general investment policy at the national level and specializes in granting strategic and federal investment licenses. The Kurdistan Regional Investment Commission and the investment commissions in the 15 provinces are responsible for planning and granting investment licenses in their respective areas, in coordination with the NIC. The NIC is linked to the Prime Minister and is subject to parliamentary oversight, while provincial investment commissions are linked to the governor and are subject to provincial council oversight.

Investors granted an investment license receive a range of privileges, guarantees, and exemptions, such as exemption from taxes and fees, ownership rights, protection from confiscation, nationalization, or expropriation, residency rights for the investor and foreign workers, and the right to repatriate invested capital and its returns. These privileges are subject to a set of conditions and obligations. This framework applies to all investment fields in Iraq except for oil and gas extraction and production, and the banking and insurance sectors.

This framework offers significant opportunities to attract investors and create a favorable investment environment. The Iraqi government has issued several supportive decisions, such as the initiative to support investment projects funded by the Central Bank of Iraq and various financial and administrative facilitations, including simplifying company registration procedures and granting entry visas. The NIC annually publishes the Investment Map Guide in Iraq, which provides important information and indicators for local and foreign investors about the investment climate, the nature of the Iraqi economy, and economic development opportunities. It includes a detailed presentation of available investment

opportunities across provinces and economic sectors.

However, the success of investment in Iraq faces several obstacles, the most important of which are weak infrastructure, bureaucracy, and administrative complexity, administrative corruption, security issues, and political interference.

Analysis of the Investment Map in Iraq

Between 2008 and 2022, the National Investment Commission and provincial commissions granted 2,685 investment licenses for projects with a total value of \$138.937 billion, as detailed in the following table:

Table 1: Investment Licenses Granted by the National Investment Commission and Provincial Commissions and Their Financial Costs (2008–2022)

Year Range	Number of Licenses	Completed	Completed %	Ongoing	Ongoing %	Not Started	Not %
2017–2008	1,524	310	20.3%	467	30.64%	747	49.1%
2018–2008	1,845	339	18.4%	456	25.2%	1,041	56.4%
2021–2008	2,332	345	14.79%	543	23.28%	1,444	61.92%
2022–2008	2,685	345	12.85%	543	20.22%	1,797	66.93%

Source: Prepared by the researcher based on the Local and Foreign Investment Report in Iraq (2008–2022), Ministry of Planning.

The data above indicates a significant number of investment licenses issued for projects across multiple sectors. However, in terms of execution, less than half of these projects have commenced, with only 345 completed and 543 ongoing, while 1,797 projects have not started. The high percentage of projects that have not commenced (over 50% of total licensed projects) points to clear problems at the implementation level, necessitating an investigation into the reasons behind this discrepancy.

Table 2: Number and Costs of Investment Projects (2008–2022)

Project Status	Number of Licenses	Total Cost (USD)
Completed	345	5,261,000,000
Ongoing	543	36,023,000,000
Not Started	1,797	97,653,000,000

Table 3: Distribution of Investment Licenses by Sector and Project Status

Sector	Total Licenses	Completed	Ongoing	Not Started
Services	412	58	86	268
Housing	524	10	164	350
Industry	384	106	46	232
Tourism	229	42	61	126
Agriculture	204	33	36	135
Commerce	596	49	105	442
Education	91	9	11	71
Health	116	15	16	85
Communications	4	1	1	2
Electricity	6	2	4	0
Energy	24	15	2	7
Transport	10	2	0	8
Logistics	1	1	0	0
Entertainment	56	3	10	43
Sports	28	5	0	23
Total	2,685	345	543	1,797

Source: Prepared by the researcher based on the Local and Foreign Investment Report in Iraq (2008–2022), Ministry of Planning.

Despite the noticeable decline in completion rates across all sectors that received investment licenses or where projects have not commenced, the highest number of investment licenses was granted in the commercial sector (596), followed by the housing sector (524), and then the services sector (412). The concentration of investment licenses in the commercial, housing, and services sectors indicates a focus on guaranteed profit, especially in the housing sector, which has become the most profitable due to high demand resulting from population growth and the availability of housing loans from the Central Bank of Iraq, as well as the thriving real estate market.

Conclusion: Rethinking the Investment Map and Strengthening Oversight

The idea of revisiting the investment map centers on focusing on specific sectors and leveraging the privileges of the Investment Law to develop infrastructure sectors such as electricity, energy, industry, and agriculture, which directly strengthen the Iraqi economy and also contribute to the development of the private sector. It is also necessary to establish governing conditions for investment, such as the requirement for environmentally friendly investment. Furthermore, the oversight of investment projects by investment authorities, the Parliamentary Committee on Investment and Development, and provincial councils should be enhanced. Many investors now seek investment licenses primarily to obtain the privileges and benefits associated with them, leading to the phenomenon of selling investment licenses, importing more materials than required for investment projects and selling them in the market (as they are tax-exempt), and bringing in labor under the pretext of project needs but employing them elsewhere. These and other phenomena require attention and practical mechanisms to prevent circumvention, ensuring that the true goal of investment—serving the market, not merely benefiting from it—is achieved.

Research Identity

Researcher: Department of Planning and Policies

Title: The Investment Experience in Iraq

Date of publication: December 2024

Note: The opinions expressed in this research do not necessarily reflect the views of the center, but only the opinions of its author.

About center

Al-Baydar Center for Studies and Planning is a non-governmental and non-profit organization established in 2015 and registered with the NGO directorate in the general secretariat of the council of ministers in Baghdad.

The center seeks to contribute to developing the state and its institutions, by proposing ideas and practical solutions to the main problems and challenges facing the state, including improving public sector management, policies, and strategic planning, using reliable data and best practices. The center engages the relevant authorities in the state with regular meetings to support this objective and utilizes the support of international organizations dedicated to assisting Iraq's development. The center also seeks to support economic reforms, and sustainable development and provide technical assistance to the public and private sectors. The center also seeks to support the development of the private sector to provide job opportunities for citizens through training and upskilling, in a way that reduces dependence on government institutions and contributes to supporting and diversifying the country's economy.

The center aims to utilize the vast amount of potential in Iraq's human resources by organizing programs to prepare and develop promising young people, including leaders capable of proposing, adopting and implementing visions and future plans that advance society and preserve its value-system based on the commitment to a high moral standard and rejection of all types of corruption.

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