



USAID
FROM THE AMERICAN PEOPLE

IRAQ MARKET SPOTLIGHT

Current Situation

Iraq is rebuilding its economy after a prolonged period of instability and conflict, including reconstruction of infrastructure and government institutions, and resuming access to critical health and education services. Iraq and its partners are also investing in important sectors such as agriculture, transportation, communications, manufacturing, and construction to diversify the economy away from oil dependency and the history of institutional corruption that came with it. Though the investment environment varies by region due to ongoing sociopolitical challenges (including from the COVID-19 pandemic) and security concerns, the Iraqi Kurdistan Region is one area primed for investment, thanks to the adoption of a pro-business approach to reconstruction—including a focus on investment promotion and improving the business enabling environment. Amid this process of rebuilding Iraq's economy there are significant opportunities for private investment, which will be backed by Iraq's plans to direct its oil revenues into reconstruction and economic diversification. With greater stability and a return to economic growth, foreign investors and companies will also find opportunities to sell products and services to Iraq's underserved, but sizable consumer market.

TOP REASONS TO KEEP AN EYE ON IRAQ

- 1. Abundant Natural Resources:** Iraq has the fourth largest proven oil reserves in the world and revenue from this sector will be invested in rebuilding Iraq's infrastructure and economy.
- 2. Multi-Billion Dollar Public-Private Partnerships:** Iraq plans to issue a series of multi-billion-dollar solicitations to rebuild Iraq, including basic services such as electricity, water, and housing and across a range of sectors, including healthcare, tourism, agriculture, and construction.
- 3. Emerging Tech Startup Ecosystem:** Start-ups are leveraging the country's high smartphone penetration rate (90 percent within the 17-40 age group) to create taxi-hailing apps, online shopping websites, and other e-commerce services.
- 4. Considerable Consumer Market:** Iraq's population of 40 million people is an attractive market for consumer products and services, especially as the country continues to stabilize. In addition, remittances from Iraq's large diaspora community further fuels the local consumer market.

USAID's Role

The United States is committed to supporting the reconstruction of Iraq into a sovereign, stable, and self-reliant country, including multi-billion-dollar investments into reconstruction efforts, supporting the development and responsible utilization of Iraq's natural and human resources, and improving access to international markets. In fact, the U.S. is one of Iraq's largest trading partners, and investment in Iraq by U.S. companies has increased significantly as the country continues to stabilize, especially in energy, information technology, automotive, and transportation sectors. Since 2003, USAID has been a major contributor to the U.S. Government's efforts to rebuild Iraq and develop a foundation for long-term peace, stability, and economic growth. USAID assistance has improved access to basic goods and services, accelerated the growth of enterprises, and helped the government to better represent and respond to the needs of the Iraqi people. More recently, USAID has supported the Iraqi private sector to weather the impacts of the COVID-19 pandemic.

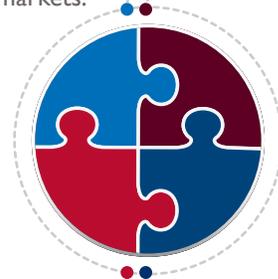
Snapshot: How We Engage

RECONSTRUCTION PARTNERS

Since the fall of ISIS in Iraq, USAID has led partnerships to rebuild schools, hospitals, and water treatment plants throughout the country. In doing so, USAID is helping to reconstitute crucial Iraqi labor and consumer markets.

STABILIZERS

USAID restores crucial infrastructure and services in areas freed from occupation by ISIS. Restoring infrastructure and services supports the return of displaced Iraqis to their homes, drives job creation, and is a requisite for sustained long term economic growth.



MOTIVATORS

USAID supports business incubators and provides seed funding to emerging enterprises to foster growth, create jobs, and develop solutions to address the needs of Iraqi consumers and businesses.

CONVENERS

USAID continues to support the Iraqi Government to improve the business enabling environment. By leveraging its wide networks of partner Iraqi SMEs and entrepreneurs, as well as multinational enterprises, USAID organizes investment to increase access to capital and markets.

How USAID Works with Businesses and Investors

USAID/Iraq works in direct partnership with large multinational corporations, investors, local businesses, and civil society organizations, as well as health and education service providers—building the capacity of local enterprises and increasing their access to capital and markets as they build and grow their businesses. In addition to facilitating opportunities for business with Iraqi enterprises, USAID and other U.S. Government programs such as the Development Finance Corporation (DFC) can assist its partners with investment risk mitigation support, savvy local expertise, and networks to help navigate business opportunities. USAID also works alongside other U.S. Government agencies and international institutions to support Iraq's national, provincial, and local governments in improving the business enabling environment, strengthening infrastructure, and stabilizing communities to foster economic growth and responsibly manage Iraq's abundant natural resources.

Impact in Iraq



Improved Infrastructure: USAID supports the Iraqi Government in its reconstruction efforts, including employing a standard, transparent bidding process for over 400 capital investment projects worth \$2.39 billion. USAID has also rehabilitated hundreds of key infrastructure and facilities, including schools, primary health care centers, and water treatment plants throughout the country.



Critical Services Resumed: USAID is the largest donor of a \$1.4 billion Funding Facility for Stabilization. This 28-donor program restores damaged or destroyed essential services in areas liberated from ISIS. For example, USAID rehabilitated the heavily damaged Tikrit Teaching Hospital, which ISIS used as a bomb factory. The hospital now serves over 1.5 million people.



Investment Facilitated: USAID organizes investment forums and partners with investors such as the Shell Foundation to help hundreds of Iraqi businesses access to millions of dollars of capital. USAID continues to support Iraqi businesses with access to finance support during the COVID-19 pandemic.



Reformed Policies: USAID works directly with Iraqi partners to counter corruption. For example, USAID helped the Iraqi Kurdistan Region Government to identify and eliminate over 50,000 ghost employees and an additional 16,000 cases of illegal salaries, resulting in an estimated savings of over \$37 million per month in civil service payroll costs—money that can now be invested into rebuilding the Iraqi economy.



IRAQ'S INVESTMENT POTENTIAL

Iraq-based e-commerce platform Orisdi, has raised a six-figure bridge round of financing led by Innovest, a Middle East-based venture capital (VC) firm.

“Innovest has been one of the first regional VCs to enter the Iraqi market, and despite all challenges, our long-term outlook remains optimistic about the potentials and business opportunities in Iraq. Our recent investment in Orisdi is yet another testament to our continued belief in Iraq's start-up ecosystem and its young and promising talents.”

BASSAM FALAH
FOUNDER AND MANAGING PARTNER
Innovest Middle East VC

If you are interested in doing business in Iraq, USAID can help you to connect, invest, and expand your business. To schedule a meeting to explore the possibilities with partnership and subject matter experts, contact Joseph Scheibel at jscheibel@usaid.gov.