

Republic of Iraq  
National Investment Commission  
Kurdistan Board of Investment

Data Collection Survey on Foreign Investment Promotion  
in the Republic of Iraq

Final Report

January 2015

JAPAN INTERNATIONAL COOPERATION AGENCY  
UNICO INTERNATIONAL CORPORATION

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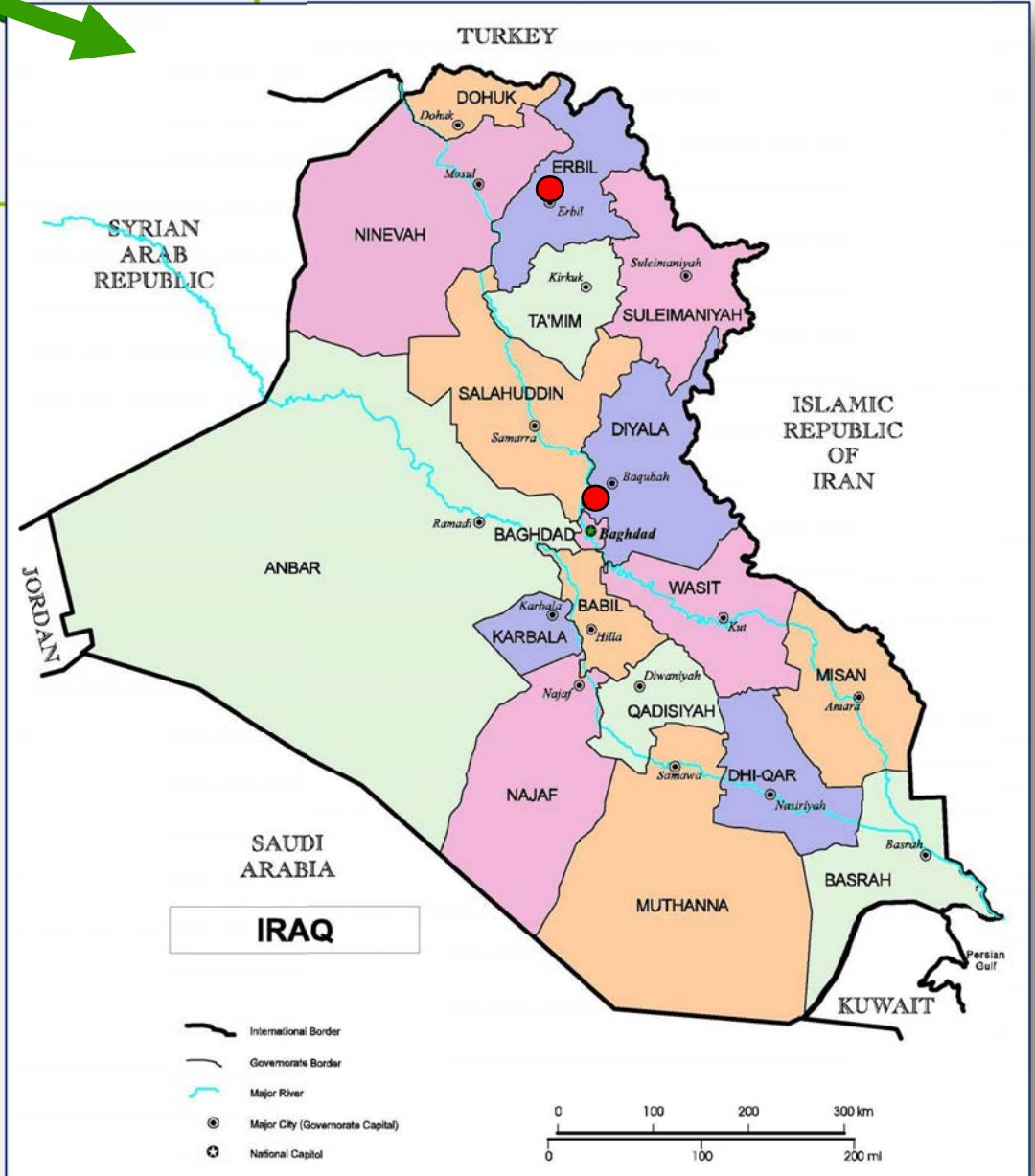
## Abbreviations

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AIC	Azerbaijan Investment Corporation
ASEAN	Association of South-East Asian Nations
BKPM	Badan Koordinasi Penanaman Modal
DAC	Development Assistance Committee
DG	Director General
FDI	Foreign Direct Investment
ISPAT	The Republic of Turkey Prime Ministry Investment Support and Promotion Agency
JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency
KBOI	Kurdistan Board of Investment
MIDA	Malaysian Investment Development Agency
NIC	National Investment Commission
OECD	Organization for Economic Cooperation and Development
OJT	On the Job Training
OSS	One Stop Shop
OWS	One Window Service
PIC	Provincial Investment Commission
TBOI	Thai Board of Investment

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Republic of Iraq



Source: Ministry of Foreign Affairs of Japan, United Nations

# 1. Outline of the Survey

## **Purpose of the survey**

The purpose of the survey is to establish an understanding of the current situation and analyze challenges related to the following principal functions assigned to and carried out by the National Investment Commission (NIC) and the Kurdistan Board of Investment (KBOI), develop appropriate and specific solutions to the challenges based on the results of the survey, and propose an project assistance plan and responsive measures to contribute to capacity enhancement of the two agencies.

- 1) Formulation of investment attraction and promotion policies (“attraction policies”)
- 2) Issuing investment licenses<sup>1</sup>, evaluating individual investment proposals and monitoring subsequent actions (“licensing”)

This report regards the identification of challenges and the proposal of countermeasures as a principal objective as explained above. Thus, operational challenges of NIC/KBOI are given attention instead of undertaking comprehensive analysis.

## **Contents of the survey**

The Japan International Cooperation Agency (JICA) Team studied the organizational structure (departments), staff allocation and staff capacity, the operation system of licensing process and other duties defined by the Investment Law. Furthermore, the scope of activities of NIC and KBOI and services expected by investors are examined in order to consider specific measures for tackling their challenges. The survey specifically does the following.

- 1) Organize and analyze data collected in the preceding Business Environment Survey in Iraq in Fiscal Year (FY) 2013 and any relevant data available in Japan.
- 2) Interview officials of the target organizations in Iraq and third countries about current NIC/KBOI operations in detail, to discover problems and their causes.
- 3) Identify challenges based on analysis of the problems and examine specific measures to resolve them.
- 4) Provide training for NIC/KBOI officials at the Thai Board of Investment (TBOI) to raise awareness of their problems and contribute to better and more concrete recognition of their challenges so that the Iraqi officials can improve investment-related operations.
- 5) Formulate in specific terms a plan for an assistance project and responsive measures after discussions among NIC, KBOI and JICA Team based on the output of the survey.

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<sup>1</sup> In the report, licensing investment refers to investment licensing, visa issuance service and other works of approval performed by the government for investors.

## Survey Interviewees

The interviewees of the survey are:

- 1) Top executives and officials who handle investment licensing procedures, the One-Stop Shop (OSS) and investment promotion in NIC and KBOI.
- 2) Thai Board of Investment (TBOI) officials
- 3) Private foreign investors in Thailand

## Survey schedule

The survey was carried out as shown in Table 1.1 which includes the schedule changes that were made because of the security situation in Iraq.

Table 1.1 Survey Schedule and Changes from the Original Plan

Work	Duration	Work Description	Changes from the Original Plan
1 <sup>st</sup> domestic work phase	Approximately 2 weeks from late May 2014	<ul style="list-style-type: none"> <li>➤ Gather available information and identify issues to be confirmed in field survey.</li> <li>➤ Prepare questionnaire and distribute it in advance.</li> <li>➤ Compile an inception report.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Replacement of a survey team member in charge of investment promotion</li> </ul>
1 <sup>st</sup> field survey	June 22 to July 3, 2014	<ul style="list-style-type: none"> <li>➤ Confirm survey framework with JICA's Iraq office.</li> <li>➤ Conduct the interview survey with KBOI</li> <li>➤ Execute the interview survey of investment organizations</li> <li>➤ Consult with the TBOI to confirm acceptance of third-country training and coordinate training curriculum.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Visited Kurdistan Region only without visiting Baghdad in reflection of security situation in Iraq.</li> <li>➤ No survey was conducted with NIC. Survey only with KBOI.</li> </ul>
2 <sup>nd</sup> domestic work phase	Approximately 2 weeks from mid-July 2014	<ul style="list-style-type: none"> <li>➤ Assist NIC/KBOI to go through entry procedures for Thailand</li> <li>➤ Coordinate with the Thai organization that assists training.</li> <li>➤ Arrange logistics for training in Thailand.</li> <li>➤ Prepare training materials and textbooks.</li> <li>➤ Produce and distribute the questionnaire for NIC.</li> <li>➤ Compile a progress report.</li> </ul>	
2 <sup>nd</sup> field survey	August 12 to 25, 2014	<ul style="list-style-type: none"> <li>➤ Prepare for entry into Thailand from Jordan (Visa application and acquisition).</li> <li>➤ Training in Thailand (lecture, study tour and interview with private companies)</li> <li>➤ Organize a workshop to summarize and present outcomes of training</li> <li>➤ 1st interview survey with NIC</li> <li>➤ Additional interview survey with KBOI</li> </ul>	<ul style="list-style-type: none"> <li>➤ The schedule was delayed 1 week to adjust it to the participants' schedule.</li> <li>➤ Interview survey at NIC, which was not performed in the 1<sup>st</sup> field survey</li> </ul>
3 <sup>rd</sup> domestic work phase	Approximately 10 days from early September 2014	<ul style="list-style-type: none"> <li>➤ Sort out outcomes of third-country training.</li> <li>➤ Articulate the current situation and challenges of NIC/KBOI.</li> <li>➤ Examine how to tackle challenges.</li> <li>➤ Analyze the roadmap of development of</li> </ul>	<ul style="list-style-type: none"> <li>➤ Domestic work schedule was postponed by 2 weeks before the 3<sup>rd</sup> field survey because of instability in Iraq.</li> </ul>



		<p>NIC/KBOI.</p> <ul style="list-style-type: none"> <li>➤ Prepare discussion paper of 3rd field survey.</li> <li>➤ Discuss an assistance project plan and responsive measures of NIC/KBOI with JICA.</li> </ul>	
3 <sup>rd</sup> field survey	October 10 to 18, 2014	<ul style="list-style-type: none"> <li>➤ Explain to NIC/KBOI the survey outputs and the concept of future assistance and the relevant measures.</li> <li>➤ Discuss an assistance project plan with NIC/KBOI and confirm their request.</li> <li>➤ Discuss the details of an assistance project plan and responsive measures with JICA.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Schedule was postponed by 1.5 month because of the unstable security situation in Iraq.</li> <li>➤ Visited Jordan instead of Iraq.</li> </ul>
4 <sup>th</sup> domestic work phase	Late October 2014 to Late January 2015	<ul style="list-style-type: none"> <li>➤ Inform results of the 3rd Field Survey to JICA.</li> <li>➤ Prepare the final report draft.</li> <li>➤ Submit the final report draft to JICA for the review.</li> <li>➤ Prepare and submit the final report.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Completion deadline for the 4<sup>th</sup> domestic work phase was postponed because of the delay of the schedule up to the 3<sup>rd</sup> field survey and need for additional clarification.</li> </ul>

Source: JICA team

## Conclusion

Based on the results of survey of NIC and KBOI, the JICA team identified challenges which Iraqi investment promotion organizations face and propose an assistance project plan and responsive measures to address those challenges as described in the table below and to contribute to overcoming or eliminating them. For details, see Table 6.2.

Table 1.2 Responsive Measures to Challenges

Category	Challenge	Responsive Measure
Investment procedures	Opening of OSS and enhancement of its function	Development of inter-ministerial collaboration for investment licensing and procedures: activation of OSS functions
	Improvement of transparency	Improvement of investor-oriented response and operational services
	Implementation of investment application procedures efficiently	Improvement of the investment project monitoring system
	Improvement of the investment monitoring system	Improvement and monitoring of investment projects
Investment promotion services	Period information update	Development of investment consultants and investment promoters' skills for investment guidance
	Improvement of operational routine work handling capacity of officials	Improvement of investor-oriented response and operational services
	Information database development	Development and operation of an information database file sharing system
	Enhancement of investment attraction activities	Investment promotion strategy formulation and investment attraction activities
	Investment promotion policy formulation capacity enhancement	The third-country comparative survey for investment policy improvement
	Marketing for addressing investors	Investment promotion strategy formulation and investment attraction activities
	Web content development	Website planning and improvement of web engineers
Investment policy formulation	Formulation of incentives to attract investments	Investment promotion strategy formulation and investment attraction activities
	Capacity development for investment promotion strategies and investment policies	The third -country comparative survey for investment policy formulation
Other assistance (from investment agencies) expected by private companies	Formulation of investment promotion strategies and investment plans	Formulation of investment promotion strategies and investment attraction activities
	Accommodation to the undeveloped legal system, occurrence of frequent amendments and unclear authorization process	Improvement of investor-oriented response and operational services

## 2. Overview of the Investment and National Development Plan of Iraq

### 2.1 Investment in Iraq

#### Iraq (excluding the Kurdistan Region)

The tables below provide an overview of Foreign Direct Investment (FDI) and the stock market in Iraq to acquire an understanding of matters related to investment. The scale of budget for public procurement projects for infrastructure developed by the Government of Iraq is also referred to in this chapter since the involvement of foreign investment in such projects is one of the principal functions of the National Investment Committee (NIC). Investment in the Kurdistan Region is summarized later separately.

The number of cases of FDI in Iraq is 178, which brought approximately USD70 billion (total for 2003-2011). It is 7<sup>th</sup> in number and 4<sup>th</sup> in financial value among the 14 countries in the Middle East.<sup>2</sup>

Table 2.1 shows the number of FDI projects, employment and investment amount from 2003 to 2011. The values for four years up to 2007 were significantly lower with the number of projects between 3 to 9, employment from 155 to 2,573 and investment value from USD197 million to USD8,334 million compared with those before and after the period. Overseas investors were assumed to be reluctant to invest in Iraq during the period because of the unforeseen political instability including governance by the Coalition Provisional Authority (CPA) and provisional government until the launch of an official government as a result of the democratic parliament election in May 2006.

Table 2.1 Number of Foreign Direct Investments, Employment and Investment Value

	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Number of FDI projects (cases)	32	4	9	6	3	20	26	46	31	178
Employment (persons)	3,502	155	1,524	2,573	698	13,004	12,909	5,498	6,212	46,075
Investment value (USD1 million USD)	6,085	197	1,464	8,334	474	23,978	12,849	5,332	10,588	69,299

Source: The New Iraq 2013 Discovering Business' NIC, UK Trade and Investment

Table 2.2 provides an overview of the Iraq Stock Exchange. A total of 84 companies are listed; approximately 30% of them (24 companies) are manufacturers, followed by 21 in finance,

<sup>2</sup> Source: 'The New Iraq 2013 Discovering Business' NIC, UK Trade and Investment

10 in hotel and tourism, and 10 in services. These 4 sectors account for slightly less than 80% of the total. The total market capitalization of the listed companies is USD4,593.5 million and the finance sector accounts for more than 80% of this or USD3,778.5 million<sup>3</sup> (as of November 1, 2012).

**Table 2.2 Number and Market Capitalization of Companies Listed on The Iraq Stock Exchange by Sector**

Sector	Number of Companies	Market capitalization (USD million)
Finance	21	3,778.5
Hotel and tourism	10	316.3
Manufacturing	24	304.2
Service	10	123.1
Agriculture	6	51.4
Insurance	5	11.8
Investment company	8	8.2
Total	84	4,593.5

Source: 'The New Iraq 2013 Discovering Business' NIC, UK Trade and Investment

Most of the investment projects licensed by NIC are public procurement projects for infrastructure development by the Government of Iraq. The budget for such public procurement projects was USD124,000 million for infrastructure reconstruction after the Iraqi War, which ceased the fire in 2003. Around USD15,000 million was budgeted for infrastructure reconstruction in FY2012. The total budget for road, bridge and housing construction through the end of 2018 reached USD9,500 million.

### **Kurdistan Region**

Foreign investment in the Kurdistan Region is represented by the number of FDIs and their financial value and the number of issued investment licenses by sector. Infrastructure-related investment in the public procurement project<sup>4</sup> in the region is not included here.

There were a total of 39 FDI projects for USD4,532 million from 2009 until 2013 in the Kurdistan Region. The number of FDI projects increased gradually from 2009 to 2012, but

<sup>3</sup> Source: Same as footnote 2.

<sup>4</sup> Infrastructure-related investment projects for public procurement in Kurdistan are likely to be carried out by general contractors to which NIC issues investment licenses. This is because an infrastructure project of USD50 million requires an investment license from NIC.

FY2012 exceptionally marked the largest number of projects, 11. The investment value increased fourfold from FY2012 until 2013, boosted by investment in tourism by UAE.<sup>5</sup>

**Table 2.3 Number and Financial Value of Investments in Kurdistan Region**

	2009	2010	2011	2012	Mid-2013	Total
Number of FDI projects	5	7	9	11	7	39
Financial value (USD million)	128.7	1,068.5	288.4	602.4	2,444.0	4532.0

Source: KBOI 2014

Table 2.4 indicates the trend of investment projects by sector. There were FDI projects for housing construction and manufacturing industry every year.

**Table 2.4 Number of FDI Projects by Sector in Kurdistan Region**

(Unit: number of projects)

Sector	2009	2010	2011	2012	Mid-2013
Housing construction	2	3	5	4	0
Medical & Health	0	1	1	0	0
Education	1	1	1	0	0
Manufacturing	1	2	2	3	4
Tourism	0	0	0	2	2
Commerce	1	0	0	2	1
Total	5	7	9	11	7

Source: KBOI 2014

The total number of issued investment licenses including those for domestic capital investment is 595. Approximately 11% or 69 cases are FDIs.<sup>6</sup> Both domestic and foreign investors are not necessarily obliged to obtain an investment license. If investors do not apply, there can be immediate implementation of investment. However, the benefits that are foregone are quite significant. For instance, investors have to go through the procedure of visa application and work permit by themselves. In addition, they are not entitled to tax exemptions such as those imposed on imports of raw materials and production goods, or corporate tax. Therefore, practically all the companies choose the investment license option.

Table 2.5 shows the 595 investment licensed projects by sector. Three sectors, industry, housing and commerce, account for approximately 75% of the total.

<sup>5</sup> Source: KBOI List of Licensed Projects in the Kurdistan Region from 2006/08/01 to 2014/06/04 (KBOI Department of Studies and Information)

<sup>6</sup> Source: Same as footnote 5.

Table 2.5 Number of Issued Investment Licenses by Sector in Kurdistan Region

Sector	Number of investment licenses (Iraqi and foreign) ) 2006~2014
Industry	179
Housing	164
Trading	107
Health	40
Tourism	25
Agriculture	25
Sports	19
Education	17
Service	7
Art	4
Communication	4
Banks	2
Transportation	2
Total	595 <sup>7</sup>

Source: KBOI

## 2.2 General Outline of the Investment Law

Iraqi and Kurdistan investment laws and new laws are summarized below.

The Iraqi Investment Law is comprised of definitions of terms and statement of purpose (Chapter 1), NIC and regional and provincial investment commissions (Chapter 2), rights and guarantees granted for investors (Chapter 3), investors' obligations (Chapter 4), tax exemption (Chapter 5), license issuance procedures (Chapter 6), and general provisions (Chapter 7).

The Iraqi Investment Law defines the roles of NIC and regional or provincial investment commissions in Chapter 2. NIC's roles are defined as formulation of national investment strategies and policies, selection of key sectors, production of an investment project map and compilation of a list of investment opportunities, all under Article 4.5.

Roles of regional or provincial investment committees (PICs) including KBOI are expected to be responsible for issuing investment licenses, forming investment plans, promoting investment, and authorizing opening of branches in their respective region or province, under Article 5.1.

<sup>7</sup> National Development Plan 2014: NDP 2014

In December 2014 a revision of the Iraqi Investment Law (the “New Investment Law”) was drafted mainly by NIC’s legal department and was approved by Cabinet of the Ministers. The draft was submitted to the Council of Representatives for approval. The main objective of the revision is to concentrate the right to allocate land use for investors at NIC. This was done because inter-ministerial negotiations on land use rights are most time-consuming process in the course of the investment license issue procedures.

The Kurdistan Investment Law general provisions (Chapter 1) consist of definitions of terms (Section 1), investment-target sectors (Section 2), treatment of foreign investors (Section 3), and land allocation (Section 4).

Tax exemption and investors’ obligations (Chapter 2) consists of tax exemption (Section 1), other tax exemption (Section 2), legal guarantees (Section 3), investors’ obligations (Section 4), and legal measures against violation of laws by investors (Section 5).

Investment formation (Chapter 3) concerns the organization, structure and responsibilities of KBOI (Section 1), Supreme Investment Council (Section 2), and KBOI budget (Section 3).

Licensing and arbitration (Chapter 4) provides project licensing procedures (Section 1), arbitration (Section 2), and final provisions (Section 3).

Chapter 3 of the Kurdistan Investment Law states the roles of KBOI in Part 1 and roles of its Supreme Investment Council as its supervisory and approval organ in Part 2. KBOI’s roles are drafting of investment strategies and policies for improvement of the investment climate so that it leads to economic development and qualifies for approval by the Supreme Investment Council in Article 10.6. Roles of the Supreme Investment Council are provided for in Article 14.3. They are investment strategy and policy formulation, approval of KBOI’s drafts of plans and activity programs, review of periodical reports submitted by KBOI and its financial condition, and budget approval. Paragraphs 5 to 7 in the article define the roles of the Supreme Investment Council as granting approval of KBOI loans with a governmental debt guarantee, development of a monitoring, follow-up and evaluation system for foreign investments, and development of KBOI’s internal rules.

Establishment of the One Stop Shop (OSS) is provided for in the New Kurdistan Investment Law (“new investment law”; see the box below, New Kurdistan Investment Law). The new investment law is expected to be approved by the Kurdistan Regional Assembly and implemented in FY 2014. It is expected to be opened under KBOI’s Department of Promotion, Assessment and Licensing Projects. Ministries and agencies of the Kurdistan Regional Government involved in OSS are the ministries of Municipalities, Agriculture, Industry, Electricity, Environment, and Finance. Their roles include facilitation of licensing procedures,

coordination with the ministries of Municipalities, Agriculture, Finance, and Industry for land distribution, and power distribution adjustment with the Ministry of Electricity.

#### **New Kurdistan Investment Law**

The following changes are likely to be implemented based on the revised Kurdistan Investment Law:

- The land allocation period would be extended from 25 years to 50 years.
- OSS will be set up in the Department of Promotion, Assessment and Licensing Project<sup>8</sup>.
- Two departments of KBOI are to be reorganized to enhance its function as an investment promotion agency. The current Department of Industrial Cities and Zones and Department of Promotion, Assessment and Licensing Projects will become the Department of Planning and Monitoring and Department of Promotion and Media. The planning and monitoring department will be in charge of long- and short-term strategies planning and formulation.

### **2.3 Foreign Investment Attraction in the National Development Plan**

The Government of Iraq formulated the National Development Plan 2010–2014 (NDP 2014) in May 2010. The plan aims at the achievement of an average GDP growth rate of 9.37%. Thus, comprehensive investment promotion nationwide investment is regarded as a key strategy for the achievement of NDP 2014.<sup>9</sup>

The Government of Iraq sets the strategic goal above as a national policy target for the economic diversification away from having an oil-dependent industrial structure, job creation, and expansion of employment opportunities for young adults and women along with facilitating a smooth transition to a market economy.

The Iraqi government promoted increased crude oil production and expansion of petroleum derivative industries in order to achieve the targeted economic growth rate in NDP2014. As a result, the nation achieved the high economic growth rate of 20.14% of nominal GDP (7.5% in real terms) from 2010 to 2013. However, it is assumed that it will take time to achieve the goal of economic diversification since electricity and other infrastructure recovery that serves as the foundation of diversification is behind the schedule.

The nation depends on petroleum for approximately 90% of its national revenue. The growth gap between oil and gas industries and other sectors is increasing. Against this backdrop, the Government of Iraq was determined to focus on the transformation from an oil-dependent economy to a more diversified one, eliminate the growth gap, and attract foreign investment to develop social infrastructure that serves as the basis of productive activity. To this end, the

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<sup>8</sup> OSS is to be set up in the Department of Planning and Monitoring after the reorganization of the Department of Promotion, Assessment and Licensing Project (as of December 2014).

<sup>9</sup> However, selection of priority promotion measures of NDP2014 and strategic- status projects are not interrelated.



government encourages foreign and domestic investment and prepared a list of investment opportunities for the development of such infrastructure as electricity, water, roads, ports and harbors (public procurement projects) as national strategic investment projects.

Meanwhile, the Kurdistan Region regards foreign investment as a driving force for the industrialization to replace 20% of imported products with domestic products. The Kurdistan Regional Government formulated the “Strategic Planning for Regional Development Plan 2012-2016 (RDP2016)”<sup>10</sup> and its specific goals are achievement of average GDP growth rate of 7% during the period, achievement of balanced and stable growth, achievement of a 15% growth rate in agriculture, achievement of a 7% growth rate in tourism, and 5% in industry. The Kurdistan Regional Government also formulated a long-term policy goal, “Kurdistan 2020 Vision”, and it identifies agriculture, industry and tourism as priority promotion sectors in the long-term policy goals.

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<sup>10</sup> The Ministry of Planning formulated RDP2016 referring to NDP2014 of the federal government, federal government Constitution, Constitution Draft of Kurdistan Region, and UNDP’s national strategies plan for poverty eradication for stable regional economic growth. (Source: Strategic Planning for Regional Development 2012-2016 (RDP 2016) )

### 3. National Investment Commission (NIC)

#### 3.1 Overview

The National Investment Commission (NIC) was established in 2007 in accordance with the Iraqi Investment Law No. 13 (Iraqi Investment Law) of 2006. Its supreme decision-making body, the Board of Directors, is comprised of nine members: a chairman, a deputy chairman, four directors general, and three representatives of the private sector. The Chairman and Deputy Chairman are ranked equivalent to ministers and vice-ministers, respectively. The term of office is five years, and they are nominated by the Council of Ministers to the Council of Representatives for approval upon request from the Prime Minister. The Council may dismiss the Chairman and Deputy Chairman of NIC directly or upon request from the Prime Minister.

The four governmental directors general are appointed by the Prime Minister for terms of five years. The three members from the private sector are nominated by the Chairman and approved by the Prime Minister. Their term is also five years.

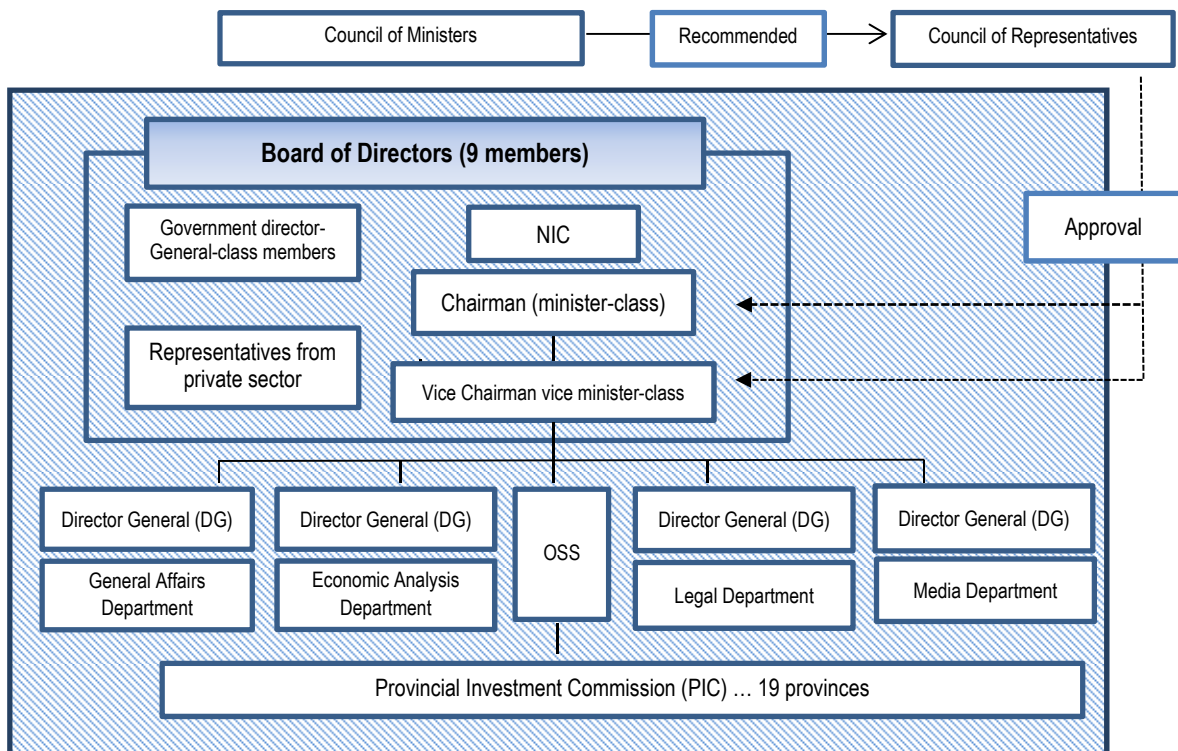


Figure 3.1 NIC Organization

NIC's headquarters, in Baghdad, takes charge of strategic-status projects<sup>11</sup> along with investment projects across the multiple provinces. A Provincial Investment Commission (PIC) is established in each directorate or governorate to handle investment projects solely implemented in each province.

As of November 2014, NIC employed 151 officials, 98 in the General Affairs and Legal Departments, 7 in the Economic Analysis Department, and 27 in the Liaison, Media, and Investment Promotion Department,<sup>12</sup> as well as 19 for the One Stop Shop (OSS).<sup>13</sup>

### 3.2 NIC's roles

NIC's roles defined by the Iraqi Investment Law and National Development Plan are explained below along with their performances.

According to the Iraq Investment Law, NIC is responsible for investment application review, license issuance (as the contact point for investment licensing) and investment strategies formulation (investment attraction body) under the Iraqi Investment Law.<sup>14</sup> In addition, the commission engages in the following: selection of strategic status projects, review of investment project plans, issuance of investment licenses, allocation of land use rights, follow-up and monitoring of investment projects, issuance of working visas, formulation of investment promotion strategies and plans, and attracting investments. It is supposed to inform applicants of the approval or rejection of investment license applications within 45 days from the beginning of the application procedures.<sup>15</sup>

According to the National Development Plan 2014 (NDP2014) for 2010 to 2014, NIC should undertake the formulation of national investment policies and preparation of a national investment map and is regarded as the executing agency for attraction of investment. In relation to this, the Commission also reviews strategic - status project investment applications and issues

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<sup>11</sup> A strategic-status project refers to a project that satisfies at least one of the conditions listed below, as provided in regulations concerning the Iraqi Investment Law: 1) a project that involves more than one province or region, 2) a sector that uses natural resources within the scope not affected by the regulations under the Investment Law Article 29, 3) a development project for ruins and historic areas, 4) a telecommunications project, 5) a project agreed on with the Government of Iraq, 6) an infrastructure project of USD50 million or more or road, port and harbor or railway project of USD30 million or more, 7) an electricity project of 30MW or more, 8) a dam, water reservoir or irrigation project with a scale of 50M m<sup>2</sup> or more, 9) a project of USD1 billion or more, and 10) a project approved by the Council of Ministers (Source: Investor Guide to Iraq)

<sup>12</sup> The Liaison, Media, and Investment Promotion Department serves as the liaison with government agencies.

<sup>13</sup> It is based on NIC's response to questionnaire from the JICA team.

<sup>14</sup> The gas, oil, natural resources, finance and insurance sectors that are not within the scope of the Investment Law and investments of joint venture with state-run corporations are regulated by relevant laws.

<sup>15</sup> Source: Iraqi Investment Law 13, Article 7.

investment licenses. The approval or refusal of license issuance is informed to the applicants within 45 days from the start of application procedures.

NIC manages strategic status projects and projects across multiple governorates while KBOI and PICs<sup>16</sup> are responsible for receiving and reviewing applications for the other projects.<sup>17</sup> Thus, investment project applications are submitted to NIC if they are strategic status projects or to the PICs in case they are to be implemented as working-level projects in the respective province alone.

### **3.3 Current operations**

Current operations of NIC are summarized below in the sections on investment procedures, investment promotion services, and investment promotion policy formulation.

#### **3.3.1 Investment procedures**

NIC formulates investment project plans for the entire country, carries out activity on behalf of attraction of investments, allocates land use rights, follows up regarding investment projects, monitors investment projects, and issues working visas. It does not draft investment strategies and national investment policies that are supposed to be drafted by NIC under the Investment Law. It is the National Development Plan Committee attached to the Ministry of Planning that prepares the draft.

##### **3.3.1.1 Investment license issuance procedures**

Investment license issuance is defined as NIC's responsibility under the Investment Law, and NIC performs its duty accordingly.

The investment license issuance procedures including those involving investors' applications, what documents to be submitted, and the flow investment license approval are summarized below.

##### **1) Contact point: PIC in each province or NIC**

Investors are requested to apply to NIC for an investment license if the project involves more than one province or region or if it is strategic project.

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<sup>16</sup> In Iraq, KBOI is regarded equivalent to PICs in the Kurdistan Region.

<sup>17</sup> Investment in a joint venture with state-run corporations, oil and gas companies, and financial institutions is not in the scope of provisions of the Investment Law and investment can be made without an investment license.

## 2) Required Documents

- Application form
- Project plan summary
- Feasibility survey results
- Project plan
- Proof of balance issued by a credible financial institution
- List of past investment projects in and outside Iraq

### 3.3.1.2 Standard processing time for investment licensing procedures

The standard processing time for investment licensing procedures is 45 days under the Investment Law, whereas it actually takes 39.5 to 134.5 days.<sup>18</sup> The processing time along with the relevant ministries and agencies are shown in the table below.

**Table 3.1 Processing Time for Investment Licensing Procedures of NIC and Relevant Ministries and Agencies**

Procedures	Description	Relevant Ministries and Agencies	Time Required for Processing	
Acceptance of application	Check missing information in applications. Confirm submitted documents.	None	1 day	
Application checked by OSS	Confirm eligibility for investment applications. Feasibility study (F/S) <sup>19</sup> Rough evaluation of project F/S	None	10 days	
Submission of recommendations	Submit recommendations to ministries and agencies involved in licensing.	Ministries of Finance, Industry, Labor, and other ministries and agencies that supervise the project	1 day	
Detailed evaluation of F/S reports by relevant ministers and agencies	Submit F/S to relevant ministries and agencies and receive detailed assessment	Ministries of Finance, Industry, Labor, and other ministries and agency that supervise the project	14-21 days <sup>20</sup>	25 – 120 days <sup>21</sup>
Negotiations on land use right issuance <sup>22</sup>		Ministry of Finance, Industry, Labor, and other ministries and agency that supervise the project, individuals and organizations that are entitled to allocate land use right or land use		
Approval	Investment license issuance	None	3 days	
Total			40 – 135 days	

Source: JICA team

<sup>18</sup> Source: Interview survey with NIC officials by the JICA team.

<sup>19</sup> Feasibility refers to a preliminary survey of an investment project to examine possibilities using the criteria of profitability, sustainability and so on.

<sup>20</sup> NIC implements both feasibility studies (F/S) reviews and negotiation for land use permit in a parallel manner. Thus, the required time for the procedure is not the sum of two or 39-141 days but 25-120 days.

<sup>21</sup> According to NIC, the processing for land use right issuance requires an average of 30 days.

<sup>22</sup> Relevant ministries and agencies conduct detailed assessment of F/S concurrently with the land use right issuance.

In the process of review of investment license application documents, OSS checks their format and prepares them to be reviewed by other relevant ministries and agencies. The Legal Department reviews the documents from the legal point of view while the Department of Economic Analysis screens the feasibility study.

Negotiations<sup>23</sup> with ministries and agencies involved in the land use right consume the times that vary widely, from 25 to 120 days.

### 3.3.1.3 One Stop Shop

The One Stop Shop was established in NIC for improving the efficiency of application, evaluation and issuance of investment licenses based on the provisions of the Investment Law. There are 27 officials who have been dispatched to OSS.

OSS mainly performs the duties summarized below.

- 1) Support for logistics prior to application for an investment license  
OSS officials support logistics of investors when they are examining investment applications. OSS facilitates investor access to market research data and information on the business environment as well as translation services and matching services of business partners in addition to matters related to business visa applications, hotel reservations and such logistic support as airport pickup to assist investors.
- 2) Support for investment license acquisition  
OSS provides investors with support for investment license acquisition such as consultation and support for the execution of a feasibility study<sup>24</sup> along with information sharing on company registration with the Ministry of Trade.
- 3) Support after investment license issuance  
OSS provides services for investor support even after investment license issuance. It includes negotiations with relevant ministries and agencies for mediation.

When NIC was established, officials in the positions equivalent to the section manager and director general<sup>25</sup> of relevant ministries and agencies involved in investment procedures worked at OSS around once a week. However, they no longer go to the office since there was

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<sup>23</sup> Negotiations on the land use right issuance are not originally included in the investment licensing procedures under the Investment Law. License issuance requires 29-36 days when the time required for the land use right issuance is excluded and it is shorter than the 45 days provided under the Investment Law.

<sup>24</sup> Feasibility study refers to a preliminary survey for the assessment of the possibility of investment projects.

<sup>25</sup> According to interview survey with OSS officials, section managers and directors general of relevant ministries and agencies were busy and uncooperative, and they were not given decision-making power although appointed to be responsible for the One Stop Shop Officers. This hindered pursuit of their duties.

not much work for them to do. Currently, OSS officers visit officials in charge or section managers and directors general of relevant public institutions when necessary to request them to review and sign documents necessary for investment license issuance.

OSS is working on improvement of services, which they provide for investors. For example, investors are now able to go through procedures necessary for visa and working permit applications and acquisition swiftly and without visiting the Ministry of Interior. According to OSS officials, a visa can be issued at OSS within 2 to 3 days after applications are received.<sup>26</sup>

#### 3.3.1.4 Land use right allocation

NIC negotiates land use right allocation for investors with other relevant ministries and agencies before issuing investment licenses. The most time-consuming work and most uncertain process in license issuance is to coordinate ministries and agencies for land use right allocation to investors.

The land to be allocated to investors needs to be property controlled under NIC's jurisdiction.<sup>27</sup> This is also the case for the other relevant ministries. Thus, the negotiation with other ministries and agencies requires additional time if the land is not under the jurisdiction of NIC. There has been a problem of cancellation of issued investment licenses because land allocation conditions were not satisfied.<sup>28</sup>

Conflict of interests among the relevant ministries matters in the industrial park and free trade zones. Namely, the ministries of Planning, Finance, Commerce, and Agriculture are affected by the allocation of land use right for the investors.

#### 3.3.1.5 Company registration procedures

The Investment Law does not stipulate company registration procedures as NIC's responsibility. However, NIC's OSS provides information as an assistance service. The

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<sup>26</sup> Investors apply for approval to relevant ministries and agencies by themselves, and NIC has expanded their scope of responsibilities actively to perform procedures for license approval on behalf of investors, which include negotiations on the land use right, visa applications and acquisition on their behalf.

<sup>27</sup> All Iraqi land is owned by the state. Ministries and agencies have the authority to grant use right of land under their jurisdiction in accordance with the purpose of investment. For example, farmland is under the jurisdiction of the Ministry of Agriculture, ordinary state land is under the jurisdiction of the Ministry of Finance and oil plants are under the jurisdiction of the Ministry of Oil and they grant the use right. The land use right is also granted to individuals who have used state land for a long period. (E.g. farmland use right granted to farmers)

<sup>28</sup> According to the interview survey with NIC, it proposed an amendment bill of the Iraqi Investment Law in 2014. It was approved by the Council of Ministers and is waiting for the approval of the Council of Representatives. The amendment is intended to transfer the land lease right of ministries and agencies that have the ownership right of the land to NIC.

procedure is complicated, costly and time consuming. The World Bank has pointed this out as an issue requiring attention. Documents necessary for company registration are listed.

Documents Required for Company Registration in Iraq and to be Submitted to the Department of Companies Registration of the Ministry of Trade by Investors<sup>29</sup>

- Company registration application form
- Proof of trade name duly registered with the chamber of commerce and industry<sup>30</sup>
- Articles of incorporation or contract or signed contract with a governmental organization
- Deposit certificate issued by an Iraqi bank as initial investment
  - 2 million Iraqi dinars or more if it is a joint stock company
  - 1 million Iraqi dinars or more if it is a limited liability company
  - 50,000 Iraqi dinars or more if it is in another business form
- Identification paper of the largest shareholder, corporate certificate (documents that prove registration of corporate establishment and a copy of articles of incorporation of the parent company) of the shareholder when it is an overseas company
- Approval of board of directors for establishment of an Iraqi company when the largest shareholder is a company
  - Document that proves its address in Iraq
  - Power of attorney to local attorney who performs company registration procedures in Iraq and company president
  - Tax registration certificate, social security registration certificate
- If it is a branch office,
  - Document of approval of corporate establishment of Iraqi branch by parent company
  - Articles of incorporation of the parent company
  - Audited assets report of the parent company of the previous business year
  - Approval of business operation in Iraq and document of appointment of business manager in Iraq, proctor of legal procedures and representative of company registration all issued by the parent company
  - Signed memorandum showing that the parent company shall bear all legal and financial responsibilities for the Iraqi branch
  - Power of attorney for a manager of the Iraqi branch and an Iraqi attorney who will implement registration procedures issued by the parent company
  - A copy of passport of president of the parent company and manager of the Iraqi branch
  - Signed contract with specific governmental organization based on the contract
  - Proof of residence in Iraq
  - Branch employment sheet with detailed description of all foreign and local officials who work in Iraq (to be submitted usually to the tax bureau and social insurance bureau of the social insurance agency)

<sup>29</sup> Source: Iraq Company Law No.21 of 1997 (amended in 2004) Section II and Ministerial Instruction No.196 dated March 15, 2004 The Registration of Companies

<sup>30</sup> The trade name is required to be in Arabic and indicate the business activities of the company by the Government of Iraq.



Investors are required to negotiate individually with the tax bureau of the chamber of commerce and industry, social insurance bureau of the social insurance agency and commercial banks and prepare necessary documents and submit them to the Department of Companies Registration of the Ministry of Trade in keeping with the mandatory procedures for company registration in Iraq.

#### 3.3.1.6 Environmental permit

NIC is not in charge of environmental permits under the Iraqi Investment Law,<sup>31</sup> and thus NIC is not involved in support for the procedures. Investment in Iraq may require screening by the Iraqi Environmental Council, and an environmental compliance certificate from the Ministry of Environment as needed.

#### 3.3.1.7 Investment project monitoring

Investment project monitoring is provided for in the duties of NIC under the Iraqi Investment Law. NIC files investment project documents and manages the progress of investment plans in accordance with the provisions.

NIC manages progress of investment plans by comparing the actual progress to the investment plan submitted by investors. Also, NIC engineers visit the project site in one and a half to two years after an investment license has been issued, without exception.

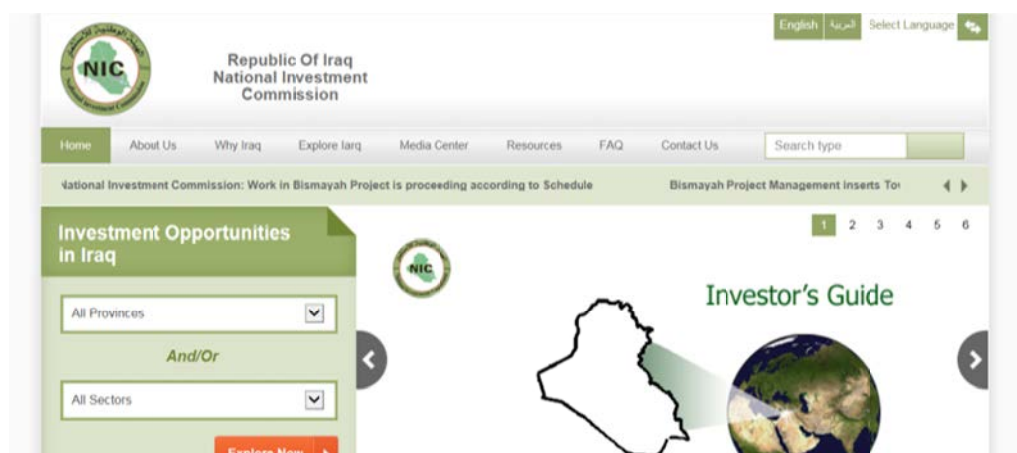
### 3.3.2 Investment promotion services

#### 3.3.2.1 Periodical information update

Although NIC makes investment-related information available on its website, its efforts for periodical information update, and contents of the information are limited. Updated information on the website is mainly investment events and investment-related news which is renewed around every two weeks. Some key information are missing such as public service fees provided by investment agencies of other countries, attorney and accountant service fees and a list of taxes imposed on foreign companies or introduction of views of existing investors, etc.

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<sup>31</sup> However, the investment law stipulates “acquisition of approval from relevant ministries and agencies in accordance with laws” in Article 9.3 as NIC’s activities, and it can be interpreted to include environmental permit.



Source: <http://investpromo.gov.iq/>

Figure 3.2 NIC Website

NIC website consists of the contents below as of November 2014.

Table 3.2 NIC Website Contents

Title	Description
Home	NIC news and messages from the Chairman
About Us	Description of NIC
Why Iraq	10 reasons for investing in Iraq
Explore Iraq	Iraq overview by province and industrial sector
Media Resources	News (updated once almost every 2 weeks), event information (in Arabic only), success stories, photos of investment project sites and video of projects
Resources	Investment-related laws, reference materials, links to investment-related ministries and agencies, investment license application form, introduction of OSS, housing construction program (for reconstruction from damages caused by war), investment guide, local partnership matching request form, introduction of Bismayah New City program and introduction of public procurement projects
FAQ	General questions and answers on investment
Contact Us	Contact form with NIC

Source: NIC website (<http://investpromo.gov.iq/>)

### 3.3.2.2 Investment attraction activities

NIC implements investment attraction activities through information sharing in investment seminars, brochures and on websites. It also promotes the activities at embassies outside Iraq in collaboration with the Ministry of Foreign Affairs and the Ministry of Commerce.

Specifically, NIC organizes training programs on investment attraction for commercial attaches dispatched to diplomatic posts abroad by the Ministry of Commerce. It also provides information on investment promotion for the Iraqi embassies through the Ministry of Foreign Affairs to assist in responding to inquiries from investors throughout the world. NIC also shares information with the Iraq-Japan Committee<sup>32</sup> and investment committees of other countries and regions.

However, NIC does not provide success stories submitted by investors themselves or exemplary cases of good practice of business environment improvement on a period basis. It does not prepare or utilize investor lists to enable such activities.

### 3.3.2.3 Marketing for addressing the investors

NIC promotes marketing for addressing the investors as follows:

- By offering information on the Internet on investment environment.
- By organizing seminars in priority countries to attract investments.
- By preparing investment promotion tools.<sup>33</sup>

### 3.3.2.4 Officials' capacity to perform operational routine work

NIC officers consider their capacity as a constraint to manage investors' data and handle them in their routine work in addition to their English proficiency. They face difficulty in improving their business English proficiency, investor information management in digital files, and responding to investors' requests or needs as there is no precedent that they can use a reference.

### 3.3.2.5 Electronic government system

Iraqi ministries and agencies have not developed a document and information management system. Thus, there is no inter-ministerial web network. As a result, NIC cannot provide information on other ministries and agencies for investors on the Internet.

### 3.3.2.6 Information database development

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<sup>32</sup> The Iraq-Japan Committee was established under Japan Cooperation Center for the Middle East (JCCME) with the purpose to contribute to promotion of cooperation from Japan for industrial and economic development and promotion of commerce in the Middle East.

<sup>33</sup> Investment attraction tool in the report refers to pamphlets, promotion videos and other products for investment promotion.

Since Iraqi ministries and agencies do not share information and data on the Internet, investors or OSS officials cannot access their data directly. NIC conducts business and human resources matching through telephone inquiries. Their relevant services are below.

- Making reference to the databases of the Ministry of Labor and the Ministry of Social Security with expertise knowledge on the website and OSS contact point to provide information for investors.
- Bridge building for Iraqi SMEs with foreign companies (business matching).
- Referring to the resources map database of the Ministry of Oil and the Department of Minerals of the Ministry of Industry regarding the available resources to offer the information.

### 3.3.2.7 Facilitating access to financial resources

NIC is supposed to help investors gain access to financial resources in collaboration with the Ministry of Finance and financial institutions under the Investment Law. However, they do not gather information on fund procurement from financial institutions and do not provide any support for information sharing and debt guarantee.

## 3.3.3 Investment policy formulation

### 3.3.3.1 Investment promotion strategies and incentives

Although NIC is expected to formulate investment promotion strategies under the Investment Law, in actuality it is not the case because division of roles under the law is unclear. The Ministry of Planning formulates the strategies instead.

Priority sectors of foreign direct investment in Iraqi investment promotion strategies<sup>34</sup> are selected by the National Development Plan Committee under the jurisdiction of the Ministry of Planning. It formulates the 5-year national mid-term plan. In order to address the priority sector the Ministry of Planning carries out interviews with NIC along with other relevant ministries and agencies after the receipt of an industry promotion plan draft from the Ministry of Industry. After the identification of the priority sectors by the Ministry of Planning, NIC plans the investment attraction activities in relation to the strategic projects provided in the second version of Iraqi Investment Regulations.

The Council of Ministers is entitled to make decisions on incentives under the Investment Law. It is authorized to formulate incentives on any projects, sectors and regions along with the

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<sup>34</sup> The current priority sectors are oil, chemicals, petrochemicals, building materials, textile, food processing and infrastructure.

number of years of guarantees and tax exemption rates provided by the law. In reality, incentives are decided by an advisory council of the Prime Minister's Office and the National Development Plan Committee under the Ministry of Planning. Thus, NIC does not participate in the process. Incentives are authorised to investment projects, which NIC grants the license for. The following is a list of incentives:

**List of Incentives Equally Given by NIC's Investment License**

- Guarantee for the transfer of invested capital to home country
- Right to obtain and dispose of stocks and bonds listed on the stock exchange market in Baghdad
- Protection from nationalization and forfeit
- Lease of land for up-to 50 years for investment project
- Exemption of corporate tax and tariffs for 10 years
- Employment of non-Iraqi citizens when there is no Iraqi with skills and qualifications necessary for business operation
- Granting entry visa and resident visa for non-Iraqi workers
- Partial exemption of taxes and charges for 10 years after project launch
- Exemption of tariffs on importation of machinery, etc.<sup>35</sup>
- Exemption of taxes and usage fees on importation of raw materials<sup>36</sup>

NIC uses statistic indicators for confirming the investment baseline and setting the promotion target. However, the Commission is often forced to use obsolete information because of low frequency of updating statistics in Iraq. In such a case, it uses estimates released by the Ministry of Planning.

### 3.3.3.2 Formulation of Investment Promotion Policy

NIC is supposed to formulate investment promotion policies under the Investment Law.<sup>37</sup> Currently, the Commission does not formulate policy but prepares an investment project map<sup>38</sup> and lists of investment opportunities. It is the Ministry of Planning that formulated the National Investment Plan (2013-2017). However, it is a public procurement project plan that includes public-private partnerships. It encompasses national-project infrastructure investments totaling USD357 billion, and they are mainly to contribute to the foundation for industrial development. Approximately USD90 billion or 25% of the total public procurement projects is planned to be complemented with private investment including overseas investment.

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<sup>35</sup> **【Iraqi Investment Law Chapter 5, Article 17】** Tariffs to be imposed on properties imported for investment projects are exempt with the condition that they are imported to Iraq within 3 years after investment license is granted.

<sup>36</sup> **【Iraqi Investment Law Chapter 5, Article 15】** Taxes and usage fees are exempt for 10 years after the launch of business.

<sup>37</sup> According to the interview survey, NIC produces a draft of investment policies for internal use, but it is not made public.

<sup>38</sup> The investment project map contains history, population, tourist destinations and infrastructure of 18 Iraqi provinces (including 3 Kurdistan regions) and investment zones and overview of 11 sectors and investment opportunities.

### 3.3.3.3 Encouragement for the improvement of the investment and business environment<sup>39</sup>

The Investment Law requires NIC to encourage relevant ministries and agencies to improve the investment and business environment and aim to create an investor-oriented environment. NIC has gradually improved the environment by starting to issue visas and engage in negotiations on land use rights.

However, the evaluation of the investment and business environment of Iraq is not favorable and has deteriorated. According to the World Bank<sup>40</sup>, the overall evaluation ranking of Iraq dropped from 146<sup>th</sup> in 2012 to 156<sup>th</sup> among 189 countries. Among the indicators, evaluation of the following is particularly low: business start-up procedures (142<sup>nd</sup>), access to loans (180<sup>th</sup>), protection of small-scale investors (146<sup>th</sup>), trade (176<sup>th</sup>), execution of contracts (141<sup>st</sup>) and bankruptcy procedures (189<sup>th</sup>).

Among the indicators, NIC is particularly involved in the cost of business start-up procedures. The cost is 38.2% of per capita income of Iraqi people, which is significantly high when compared with 3.1% in Iran, 2.4% in Oman and 4.0% in Saudi Arabia. Main cost items are attorney's fees (approximately 1.5 million dinars, the equivalent of USD1,266) and company registration (approximately 350,000 dinars, equivalent to USD295 and tax registration (450,000 dinars, approximately USD380).<sup>41</sup>

The main reason for the lower evaluation of business start-up procedures than the score for other countries is slow procedures without their simplification of one-stop shop services. As shown in 3.3.1.6 (Company Registration Procedures), it is complicated and takes an average of 29.0 days.

Based on the above data, the World Bank found that the main cause of rising costs of business start-up procedures was the cost of complicated company registration requirements and this cost increase further lowered the evaluation of investment business environments of Iraq.

### 3.3.3.4 Industrial park development

With support from the OECD, NIC has promoted a development plan for strategic industrial cities (or investment zones) equipped with a Customs Office along with the access of roads, water, power and other social infrastructure as an FDI attraction tool.

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<sup>39</sup> Investment environment refers to a wide variety of conditions including production foundation (infrastructure), response of the government, living environment, technical collaboration, industrial cluster, distance to Japan, procurement of parts and materials, quality of labor force and labor cost that generally affect investors' decision on investment. Business environment refers to regulations, procedures and legal system that affect business operation in the country.

<sup>40</sup> Source: Doing Business 2015, World Bank

<sup>41</sup> The exchange rate applied in the calculation is 1USD=1,184 IQD.

Industrial park development used to be the purview of the Ministry of Industry. However, NIC was determined to be in charge of its planning and operation because the ministry failed to change the time-consuming process of negotiation with other ministries and agencies for land use right allocation. NIC has received assistance from the OECD for this.

### **3.4 Other concerns of investors**

Working permit, visa acquisition, tender and procurement and foreign remittances are reviewed below with brief explanations as investors generally are concerned over these issues.

#### **3.4.1 Work permits**

NIC's public relations persons are responsible for the acquisition of work permits. It usually takes 2 to 3 weeks to complete the required procedure. The applicants are requested to submit a proof of employment from a registered company in Iraq.

#### **3.4.2 Visa acquisition**

Investors used to request visas directly to the Ministry of Interior. However, the operational process was improved in 2014 by OSS, and investors can acquire visas free of charge at OSS 3 days after the application.

According to JICA's business environment survey in 2013, 19% of Japanese companies that responded to the questionnaire pointed out visa acquisition as a concern of investment environment.

#### **3.4.3 Tender and procurement**

NIC provides information on the Internet on tenders and procurement projects of ministries and agencies. The Commission also facilitates the availability of useful services for investors such as hotels and cars to visit the project sites, and guides them to the project sites.

According to JICA's business environment survey in 2013, 13% of Japanese companies that responded to the questionnaire pointed out tender and procurement as a concern of investment environment.

Since handling of procurement projects accounts for a large portion of NIC's operations, the Commission accepts requests for consultation on legal issues related to procurement.

Therefore, approximately two-thirds or 98 of 151 NIC officials have been assigned to the General Affairs and Legal Departments.

#### **3.4.4 Foreign remittances**

NIC does not offer or gather relevant information on foreign remittances. The operations of foreign remittances procedures differs official to official particularly at national banks. The Iraq-Japan Committee points this out as an issue, and NIC also regards it as a problem.

JICA's business environment survey on Iraq shows that 10% of Japanese companies regard foreign remittance as an issue.

### **3.5 Summary of NIC's problems and challenges**

The survey results have been organized so as to identify problems and challenges, which NIC has to overcome or resolve. They are summarized below classified according to investment procedures, investment promotion services and investment policy formulation. The JICA team also examined the details and causes of the problems.

#### **Investment procedures**

There are the following problems related to investment procedures:

➤ **English proficiency of NIC staff**

The interview survey results show that NIC officials are aware of their English proficiency. They are particularly aware that their English ability is not good enough to respond to investors' questions and explain matters well in sentences. Due to the constraints of English proficiency, they feel uncomfortable in attempting to understand the investors' requests, and it is difficult to provide appropriate information that fully satisfies them. The English proficiency issue was not addressed by NIC as they spent time rather for improving their domestic investment environment than the capacity development of staff for English.

➤ **Officials' capacity to respond to investors' needs**

As NIC does not have sufficient investor data and has not organized it, it has no internal understanding of needs at each stage of investment decision making and the investment execution process of investors. Even when they recognize the needs, they have no means whereby to satisfy the needs. There are two possible causes of this. One is the lack of understanding of the investment process and the other is absence of rules for organizing and sharing of information to cope with needs in each stage of investment process. As a result, as an organization they cannot cope with investors' needs.



- The time consuming process of as long as 120 days is required for negotiations with other ministries and agencies on land use rights

Negotiations with other ministries and agencies on land use rights are the most time consuming part of NIC's work in issuing investment licenses. The negotiation takes as long as 120 days, by far longer than the 45 days that is the standard period of license review defined by the Investment Law. This is because ministries and agencies in charge of land use rights take time to approve the use right allocation for investors. Another reason is constraints arising from social considerations. The Iraqi government takes time to coordinate compensation conditions for individuals who own the long-term land use right (e.g., farmers)<sup>42</sup>

- No standardized review method of feasibility study at OSS

OSS has no standardized review method for feasibility studies that are required before an investment license can be issued, and thus there are differences from case to case. This is partially because there was no need to standardize the method because of the small number of applications.<sup>43</sup> They receive an average of 30 investment license applications annually, and a single official can handle screening of almost all feasibility studies.

- Insufficient investment project monitoring

Although NIC monitors investment projects, what it does is not appropriate. It contacts investors and visits the sites two years after the investment license issuance. NIC does not contact investors to update the status of the project for the two years following the license issuance. Thus, NIC does not become aware of any gaps between project plans and actual conditions, although this is the purpose of monitoring.

The challenges listed above are suggested to be improved as per the following:

- 1) Make self-help efforts to enhance English proficiency.
- 2) Enhance officials' comprehension of the investment procedures.
- 3) Make internal rules on organizing and sharing of investor information corresponding to the needs of investors on each step of investment procedure.
- 4) Strengthen collaboration with other ministries and agencies
- 5) Standardize the evaluation method by providing training for OSS officials in charge of reviewing feasibility studies.

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<sup>42</sup> However, NIC seriously regards the issue of land use right, and it aims to solve the problem through planning and operation of industrial parks of which it supervises all the land use rights and submission of bills of the new investment law.

<sup>43</sup> Nevertheless, it will confuse investors without a standardized evaluation method when the investment projects increase. It will take time seriously if specific individual alone reviews the F/S as it is done currently. There is concern over the loss of trust from investors on F/S and investment license issuance without a standardized evaluation method when the number of those who screen the study increases.

- 6) Review of operational processes of investment project monitoring and follow-up of incentive provision from the government

### Investment promotion services

There are problems related to investment promotion services, as follows:

- NIC's website does not provide investor-oriented information such as investment cost, contact addresses of lawyers and accountants, substantial sector analyses, tax affairs and more, and it is updated infrequently.

As a result, the website of NIC does not function as a reliable resource for investors to make decisions on investment. It would be improved by the policy planning on information sharing for investors based on understanding among NIC officials about the fact that periodical information sharing is effective for investment attraction.

- Absence of data on prospective investors  
NIC does not collect and organize data on prospective investors.<sup>44</sup> This is mainly caused by the fact that the purpose and meaning of data collection on prospective investors are not recognized by the officials.

- No information sharing with other ministries and agencies due to lack of information database

NIC lacks an information database although it has paper files of investment licenses, and application documents. It does not share information with other ministries and agencies because of lack of such database.<sup>45</sup> As a result, it is time consuming and costly for investors to collect information separately from each ministry and agency by themselves. This is due to the lack of strategies on gathering and sharing of investor information and no crystallization thereof in an annual activity plan.

- Limited user-friendliness of investment promotion tools for investors  
Currently, NIC's investment attraction tools are not sufficiently user-friendly for prospective investors who are gather information to decide investment in Iraq and it does not reduce their cost of information gathering. Specifically, links and databases are not shared with other ministries and agencies, the volume of information offered by NIC is small, and information is updated infrequently. As a result, a company cannot gather information necessary to decide investment only by using NIC's website. This is because of insufficient

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<sup>44</sup> In the report, "investors" refer to companies and individuals who have already made investment and "prospective investors" refer to potential investors who are considering making investment.

<sup>45</sup> The Ministry of Labor, Ministry of Industry and Ministry of Finance etc., have database on investment procedures. Thus, it will become more convenient for investors if NIC develops database and information is shared.

research on information that is offered by investment promotion agencies of other countries for investors and prospective investors.

- Not properly coordinated investment attraction tools in accordance with investment promotion strategies

Currently, because information that is provided by use of investment attraction tools is offered arbitrarily and not based on investment promotion strategies, it is insufficient for investors to make decision on investment. For example, investment information necessary for investors is not updated at the working level. Although a list of investment opportunities<sup>46</sup> has been compiled, sector analysis including technical capability and quality of local workers, market scale and cost information such as that of hiring lawyers and accountants, labor cost, transportation, electricity, gas, water necessary for the business start-up is not provided. As a result, they cannot show the attractiveness of Iraq as a prospective investment alternative to investors. It is mainly because NIC does not formulate investment promotion strategies.

- Partial systematization of investment attraction activities.

NIC has merely systematized investment attraction activity, and activities are little interrelated. As a result, they do not generate synergy effects. For example, in the case of investment attraction seminars, NIC organizes a seminar of almost the same contents every year, and it does not stimulate or encourage investors to increase their motivation to invest in Iraq. Contents of pamphlets compiled with assistance from donors are also redundant. This is because no mid-term investment attraction activity plan has been formulated and there are only one-year plans that have a short-term perspective.

The problems listed above are encouraged to be improved by means such as the following:

- 1) Formulation of policies of information supply for investors in consideration of investment promotion.
- 2) Making of plans on investor information collection and sharing based on an annual activity plan.
- 3) Collect of information from the prospective investors.
- 4) Improving the system for information collection and data sharing
- 5) Making investment attraction tools based on investment promotion strategies.
- 6) Formulation of a mid-term investment attraction activity plan.

## Investment promotion policy formulation

There are problems related to investment promotion policy formulation, as follows:

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<sup>46</sup> Name of investment project, sector and project area are referred in the list. It is available on the website of NIC.

- In comparison with analysis of other countries, insufficient formulation of investment promotion strategies and incentives and sector analysis that serves as the basis for such formulation

NIC does not formulate investment promotion strategies or incentives, although it conducts sector analysis that serves as the base of the formulation, using the Iraq investment map.<sup>47</sup> This guidebook provides an overview, but does not analyze future growth potential, competitiveness and policies for market expansion of each sector. As a result, it is not specific and thus not attractive for investors. This is because NIC does not understand the sector analysis method.

The problems listed above are advised to be improved as follows:

- 1) Improve capacity for use of the sector analysis method and enhance capacity to formulate investment promotion strategies and investment policies.

In Chapter 6, the degree of importance and relevance of assistance in relation to the problems and challenges described above are examined and an assistance project plan and responsive measures are presented.

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<sup>47</sup> Iraq investment map is a brief guidebook of Iraqi investment environment including the explanation of each governorate and sector.

## 4. Kurdistan Board of Investment (KBOI)

### 4.1 Overview

The Kurdistan Board of Investment (KBOI)<sup>48</sup> was established in 2007 under the Kurdistan Investment Law 4 of 2006 (Kurdistan Investment Law).<sup>49</sup> KBOI Head Office is comprised of four departments: Department of Studies & Information, Department of Promotion, Assessment, and Licensing of Projects, Department of Legal, Administrative, and Financial Affairs, and Department of Industrial Cities and Zones. The four departments are further divided into directorates and sections (see KBOI organization chart below.) KBOI has Erbil, Sulaymaniyah and Duhok branch offices in addition to the Erbil Head Office under KBOI Director General,<sup>50</sup> and all these three offices accept investment license applications.

KBOI workforce is shown in Table 4.1.

Table 4.1 Number of KBOI officials

Province	Department	Number	Total number	Number of officials capable of communicating in English
KBOI headquarters (Erbil Province)	Legal, Administrative, and Financial Affairs	58	87	1
	Studies and Information	8		6
	Promotion, Assessment, and Licensing of Projects	14		2
	Industrial Cities and Zones	7		2
Erbil Branch Office	-	-	96	-
Sulaymaniyah Branch Office	-	-	190	-
Duhok Branch Office	-	-	97	-
Total		87	470	12

Source : KBOI 2014

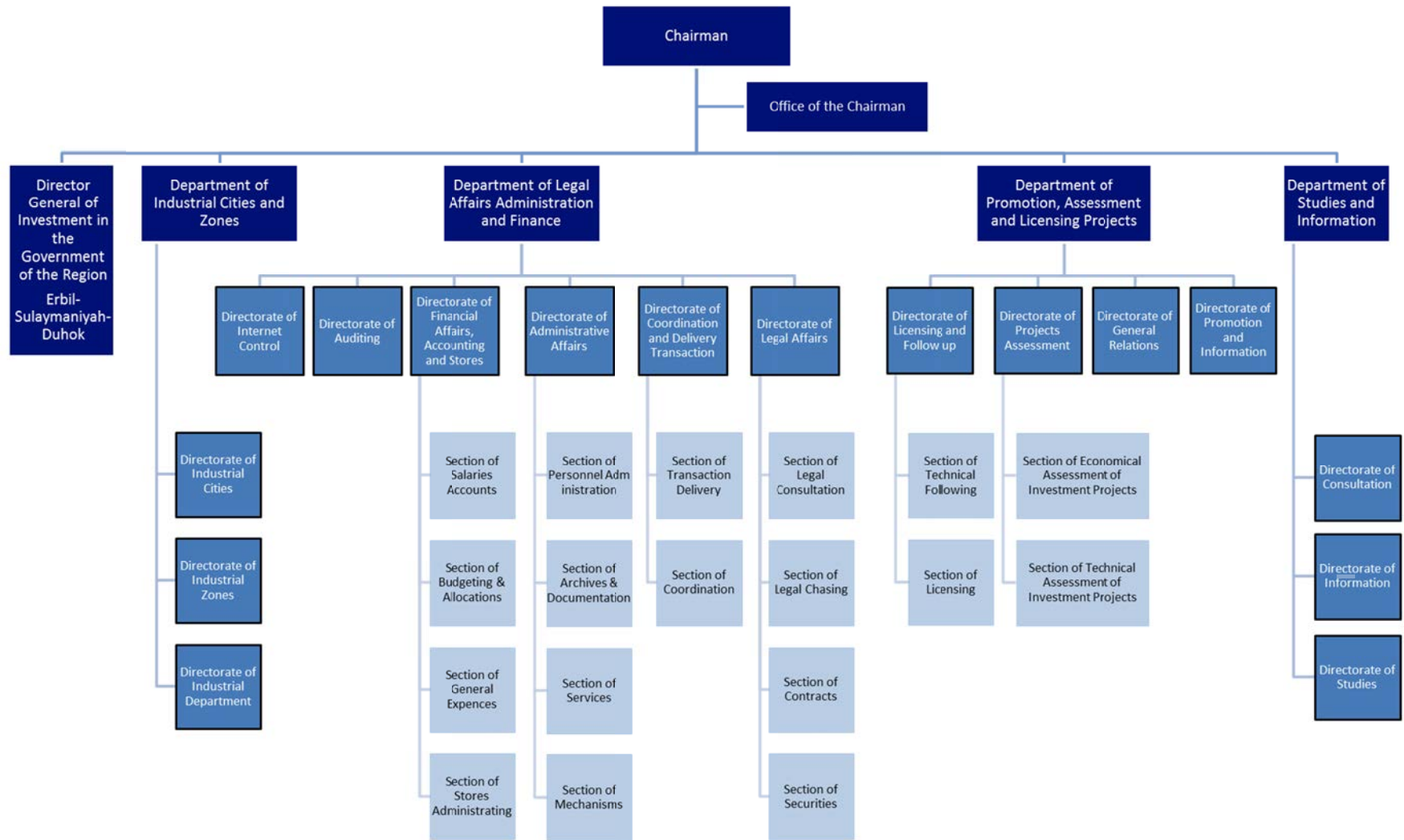
KBOI organization is shown in Figure 4.1. The figure shows that the scope of duties is wide, and roles are clearly designated. However, there is no specific department or section for investment strategies planning defined by the Kurdistan Investment Law.<sup>51</sup>

<sup>48</sup> KBOI is identified equivalent to the PICs that are provincial investment promotion agencies. When the Kurdistan Investment Law was established, the Iraqi federal government decided that the law applies to the Kurdistan Area and KBOI is just a provincial investment commission as same as the PICs. For example, investment project plans across the border of two or more provinces and national strategic status projects under the Iraqi Investment Law are not supervised by KBOI but NIC.

<sup>49</sup> KBOI is authorized by NIC to decide investment incentives, issue investment licenses and approve strategic status projects in the Kurdistan Area.

<sup>50</sup> As of December 2014, KBOI director general is vacant.

<sup>51</sup> KBOI is working to respond to the new investment law by preparing the establishment of the sector survey section in accordance with the new law that is to take effect.

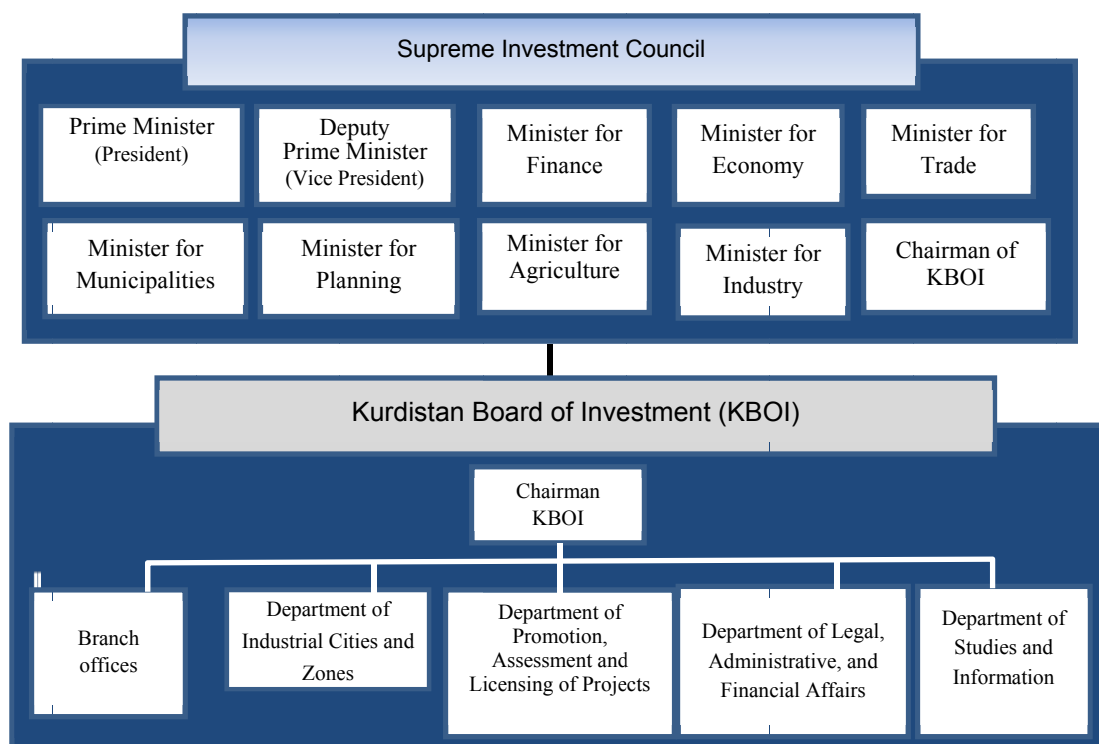


Source: KBOI

Figure 4.1 Organization Chart of KBOI

The supreme decision-making body of KBOI is its superagency, the Supreme Investment Council. Specifically, the Kurdistan Investment Law stipulates that the council is responsible for the formulation of investment policies and strategies drafted by KBOI, approval of KBOI's activity plan and implementation program, checking of efforts and progress of improvement of investment environment based on periodical report, checking on financial conditions, approval of loans extended to KBOI with a guarantee by the government, supervision of monitoring of foreign investment projects and checking of governmental incentive provision follow-up, and establishing evaluation systems and KBOI's internal rules. It is actually performing these duties.

The Supreme Investment Council is made up of eight members<sup>52</sup>: The Prime Minister of the Kurdistan Regional Government as the President, the Deputy Prime Minister as the Vice President, the five Ministers of Finance and Economy, Planning, Municipalities and Tourism, Trade and Industry, and Agriculture and Water Resources, and the Chairman of KBOI.



Source: Compiled by JICA team based on KBOI website

Figure 4.2 Positioning of the Supreme Investment Council in KBOI

<sup>52</sup> The Supreme Investment Council consists of eight members as a result of reorganization of ministries and agencies after the provision of its members under the Kurdistan Investment Law Article 14.1.

## **4.2 KBOI's roles**

KBOI is responsible for the review of investment applications, issuance of licenses, and formulation of investment promotion strategy under the Kurdistan Investment Law. The Board is also responsible for formulating investment strategies and plans to achieve the goals of RDP2016 in the Kurdistan Area and of the 2020 Kurdistan Vision.

The Board does not formulate the strategies in fact although it examines investment applications and issues licenses. It does not conduct sector surveys that serve as the base of investment promotion strategies.

## **4.3 Current operations**

Current operations of KBOI are as described in the following sections, for investment procedures (4.3.1), investment promotion services (4.3.2), and investment promotion policy formulation (4.3.3).

### **4.3.1 Investment procedures**

#### **4.3.1.1 Investment license issuance procedures**

The flow of investment license procedures and designation of strategic status that is the main duty of KBOI defined by the Kurdistan Investment Law is as follows:

- 1) Acceptance of applications
- 2) 1<sup>st</sup> review of eligibility of the proposal for granting incentives
- 3) Allocation of land to approved projects
- 4) Submission of detailed plans from investors to KBOI
- 5) 2<sup>nd</sup> review
- 6) Approval (issuance of investment licenses and designation of strategic status)

The application for the investment license and strategic status<sup>53</sup> are expected to be submitted to KBOI with the documents listed below:

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<sup>53</sup> After the launch of an investment project, the strategic status is given to projects which the Supreme Investment Council determines to make great economic and environmental contribution and special incentives in addition to incentives to the investment license are given when they are expected to contribute to Kurdistan economy. For example, land ownership may be transferred to the project for free or at very low prices, although it is an exceptional case. While all projects across Iraq are subject to NIC's strategic status projects, projects in the Kurdistan Area are subject to KBOI's strategic status projects.



- 1) Contact Point: KBOI (Erbil Head Office or Erbil, Sulaymaniyah and Duhok branch offices)
- 2) Required Documents<sup>54</sup>
  - Application form
  - Project summary
  - A3-sized construction design (produced by engineering firm or certified engineer)
  - Project site plan
  - Capital estimate or estimated cost calculation sheet
  - Description of construction method
  - Water and electricity consumption volume estimate
  - Necessary workforce estimate during and after project
  - Economic feasibility study
  - Environmental impact assessment
  - Topographic survey chart and border registration sheet (copy) after proper land acquisition
  - Administrative structure
  - Description of business profile for the last several years
  - Description of investment priority of future projects in line with KBOI vision

KBOI handles an average of approximately 11 FDI investments annually, and one official is in charge of managing the procedures work.

#### 4.3.1.2 Standard Processing Time for Investment licensing procedures

KBOI reviews and issues investment licenses provided for in the Kurdistan Investment Law. It takes a total of 29 to 134 days. However, the standard time for investment license issuance under the Kurdistan Investment Law is up to 30 days. Table 4.2 below shows the processing time for investment licensing procedures, and the relevant ministries and agencies.

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<sup>54</sup> Land use right allocation for projects is approved based on the review results of KBOI. Documents for approval necessary for other commercial operation are submitted to responsible ministries and agencies.

Table 4.2 Processing Time for Investment Licensing Procedures of KBOI and the Relevant Ministries and Agencies

Procedures	Description	Relevant Ministries and Agencies	Time Required for Processing
Acceptance of applications	Check missing information in application. Confirm submitted documents.	None	1 day
1 <sup>st</sup> eligibility review	Confirm eligibility for investment applications. Rough evaluation of F/S of project	Ministries of Finance, Industry, Labor, Municipalities, Agriculture, Electricity, and Environment and other supervisory ministries and agencies	10 days
Land allocation to approved projects <sup>55</sup>	Negotiations on distribution of land use right with relevant ministries and agencies	Ministries of Finance, Industry, Labor, Municipalities, Agriculture, Electricity, and Environment and other supervisory ministries and agencies	15 – 120 days
Submission of detailed plan to KBOI from investors	Investors submit detailed plan to KBOI.	None	2 days
Second review	Evaluate detailed plan.	None	5 days
Approval	Issue investment license	None	3 days
Total			29 – 134 days

Source: Compiled by the JICA team based on interviews with KBOI officials

In 2014, KBOI checks application documents and screens incentive offerings and undertakes a simple overview of feasibility based on the feasibility study in the first eligibility screening. It also checks the feasibility of the detailed plan in the secondary screening.

#### 4.3.1.3 OSS/OWS

Although KBOI examined the introduction of One Window Service (OWS),<sup>56</sup> it has not introduced it. This is because it judged that it will not be able to obtain the full understanding of other ministries and agencies on investment procedures that are essential for the operation.<sup>57</sup>

#### 4.3.1.4 Land use right allocation

The condition for using land to be allocated to investors differs by the type of license issued by KBOI. Land and real estate for projects for the investment license are granted as rented or long-term lease property by the Kurdistan Area Government. The ownership of land

<sup>55</sup> Concurrently with land allocation to approved projects, KBOI receives the detailed plan submitted by the investors and proceeds the second review.

<sup>56</sup> OWS services of KBOI are same as those of OSS.

<sup>57</sup> It is based on interview survey with KBOI.

for the strategic status<sup>58</sup> projects is transferred to the project free of charge or at a low incentive price from the Kurdistan Regional Area Government.

KBOI performs the following duties concerning land use right allocation:

- Negotiation with ministries and agencies that supervise the land use right and individuals who have the use right before issuing an investment or strategic status license.
- Preliminary coordination of investment feasibility in the Kurdistan Area including the land use (investment plan).
- The land distribution committee in each province in the Kurdistan Area consults with officials of ministries and agencies in charge of land issues on the land use right of investment projects.
- The Service Committee (officials of investment-related ministries and agencies are dispatched.) under the supervision of KBOI submits new infrastructure construction projects of water, power and roads, etc., to assist investment to the Ministry of Planning after consulting with the Supreme Investment Council that is the final decision-maker and allocate the budget<sup>59</sup> for them.
- Provide land for strategic status projects free of charge or at a low incentive price.<sup>60</sup>

#### 4.3.1.5 Company registration procedures

NIC and KBOI do not assist company registration procedures of investors as they are not specifically named as its responsibilities under the Investment Law. However, the procedures in Iraq require time and are complicated.

Documents necessary for company registration in the Kurdistan Region, for reference, are listed below in three scenarios: when it is a limited company, the largest shareholder is a company, and the largest shareholder is an individual.

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<sup>58</sup> A strategic status project is authorised by KBOI after comprehensively analyzing its economic, environmental and social impacts.

<sup>59</sup> However, according to KBOI, the committee is not executing infrastructure policies that effectively assist investment. It is explained by the fact that ministries and agencies are most interested in budget allocation and their priority of the infrastructure policies is not for the national interest to support infrastructure but the interest of their ministries and agencies to increase their authorities.

<sup>60</sup> The Kurdistan investment Law Part 4, Article 4.6 stipulates that investors are capable of purchase or land use in Kurdistan. It is significantly different from the Iraqi Investment Law in which land ownership is temporarily granted to real estate developers for sales purpose.

#### Documents necessary for company registration in Kurdistan

- Attached documents when it is a limited company
  - Reservation of company name for registration at the chamber of commerce and industry
  - Entry in application form
  - Financial statements
- Attached documents when the largest shareholder is a company
  - Certificate of company establishment
  - Ordinary articles of incorporation
  - Resolution of approval of shareholders' meeting on establishment of a subsidiary in Kurdistan Region
  - Power of attorney to the contracted lawyer in the Kurdistan Area
- Attached documents when the largest shareholder is an individual
  - Copy of passport and power of attorney to the contracted lawyer in the Kurdistan Region
  - Lease of premises in the Kurdistan Region
  - Proof of residence of managing director candidate in the Kurdistan Region
  - Deposit of initial capital...minimum of 1 million Iraqi dinars
  - Appointment of a statutory lawyer and a statutory accountant

#### 4.3.1.6 Environmental permit

KBOI is not involved in the environmental permit. The issuance of the environmental compliance certificate is licensing work related to the environment under the jurisdiction of the Iraqi Environmental Council and the Ministry of Environment.<sup>61</sup>

#### 4.3.1.7 Investment project monitoring

Investment project monitoring<sup>62</sup> is defined as duties of KBOI by the Kurdistan Investment Law. The Directorate of Licensing and Follow-up of KBOI is responsible for the duties. Monitoring under the Kurdistan Investment Law is implemented by KBOI officials to update the progress and visits to the sites to consult with investors based on the progress report investors are required to submit. However, in reality, they only file documents submitted by investors and they visit sites only once every two years or so and no periodical monitoring has been made.

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<sup>61</sup> Therefore, investors are required to file the request to Iraqi government for the authorization of environmental issues.

<sup>62</sup> KBOI performs follow-up work of investment projects. Follow-up defined by the Kurdistan Investment Law is to grasp the progress of works after the acquisition of investment license (progress of various procedures and civil engineering works until the launch of commercial operation), report to relevant ministries and agencies, and consult with investors on challenges of investors related to investment activities when inquired. In addition, the investment law also requires KBOI to monitor the execution of incentives (land distribution and tax exemption, etc.) for investors by the Kurdistan Area Government.

The progress report and monitoring outputs are not shared or managed in digital files. It does not perform planned monitoring periodically.

### 4.3.2 Investment promotion services

#### 4.3.2.1 Periodical information update

KBOI does not provide data periodically for prospective investors. For example, the website is updated once every two weeks on average. The updated information is mainly on investment-related news.

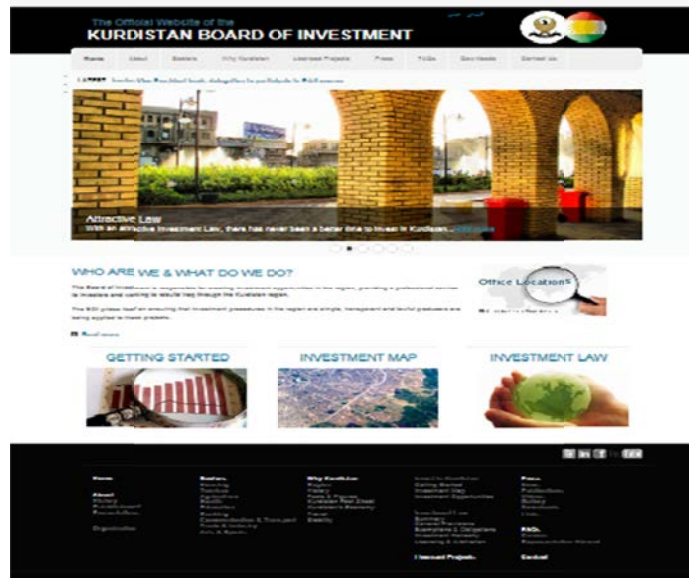
KBOI is supposed to use the classified data on companies based on which the Directorate of Promotion and Information issues collects from licensed investors.

KBOI's website contents consist of the following as of November 2014:

Table 4.3 Contents of KBOI web site

Title	Description
Home	Description of the services provided by KBOI and of the contents of its web site.
About	History and organization
Sectors	Overview of 9 sectors (housing, tourism, agriculture, healthcare, education, banking, communications, transportation, trade and industry, arts and sports)
Why Kurdistan	Investment environment and investment projects in 12 sectors (housing, tourism, agriculture, health, education, banking, communications, transport, commerce, industry, arts, sports)
Licensed project	Data list of the projects licensed between 2006 and 2014
Press	Investment-related news and publications
Q and A	Commonly asked questions and answers on investment in the KRG
Downloads	Investment guide, investment law, investment opportunities, investment license application
Contact Us	Portal for contacting with KBOI

Source: KBOI web site (<http://www.kurdistaninvestment.org/establishment.html>)



Source: KBOI website (<http://www.kurdistaninvestment.org/establishment.html>)

Figure 4.3 KBOI Website

#### 4.3.2.2 Investment attraction activities

KBOI's investment attraction activities are carried out based on the annual activity plan, and they include organization of investment seminars and participation in exhibitions outside Iraq. The media for the activities are websites and an investment guide pamphlet.



Source: KBOI

Figure 4.4 Publications of KBOI for Investment Promotion

#### 4.3.2.3 Marketing for addressing the investors

KBOI's Directorate of Promotion and Information in the Department of Promotion, Assessment and licensing Projects is involved in marketing for addressing investors. The Board

is in charge of production and revision of promotion materials and sharing information on the investment environment with investors.

As a marketing tool for addressing investors, KBOI prepared the Investment Guidebook<sup>63</sup> with the support from consultants.<sup>64</sup> It is available in three languages, English, Kurdish and Arabic. The guidebook provides the main aspects of the current situation of agriculture and tourism that are priority sectors in Kurdistan. Furthermore, information on industrial cities and an overview of national projects for which participation of foreign capital is invited in addition to general information on investment environment in the Kurdistan Region are in it. It is distributed to approximately 120 embassies and consulates of Iraq across the world along with KBOI branch offices, the Chamber of Commerce and Industry and Erbil Airport.

#### 4.3.2.4 Officials' capacity to perform operational routine work

KBOI's daily operations are largely divided into duties that include internal budget management, operation and administration, handling of investors including review of investment applications, license issuance and consultation on investment procedures, and surveys. The works are managed by the head office and branch offices in Erbil, Sulaymaniyah and Duhok. Against this backdrop, it is difficult to understand operational problems of each branch office at the head office, and thus it is difficult to take organization-wide measures.

As for license issuance and consultation on investment procedures, KBOI only introduces ministries and agencies that have the power of approval in accordance with the matter of consultation. It does not explain the specific way of going through licensing procedures.<sup>65</sup>

#### 4.3.2.5 Electronic government system

The Kurdistan Region Government launched efforts to implement E-Government<sup>66</sup> as an effort to enhance services to investors. However, investors are not able to go through investment procedures on KBOI website.

#### 4.3.2.6 Information database development

KBOI has no information database. No department is responsible for database development as it is not included as duties of any of them. Database sharing is not examined because of the lack of agreement on information sharing at a regional level with relevant

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<sup>63</sup> Investment Spotlight, Industrial Sector, Kurdistan Regional Board of Investment, 2013

<sup>64</sup> KBOI chose consultants of Roland Berger in Germany with its own fund for two years from 2011.

<sup>65</sup> Information obtained from interview survey with KBOI.

<sup>66</sup> E-government refers to the inter-ministerial electronic system, which facilitates KBOI and investors to proceed investment and administrative procedures through IT and Internet.

ministries and agencies of the Kurdistan Regional Government and foreign trade and investment agencies based on the development of trust relationship.<sup>67</sup>

#### 4.3.2.7 Facilitation for the access to financial resources

KBOI does not facilitate access to financial resources, which includes information sharing on the available financial resources in Kurdistan for investors, debt guarantees or information gathering based on interviews with financial institutions. The Kurdistan Investment Law does not clarify support for the financial resources as KBOI's role. This is because KBOI does not recognize fund procurement support as part of business improvement provided for in the Kurdistan Investment Law.

### 4.3.3 Investment policy formulation

#### 4.3.3.1 Investment promotion strategies and incentives

The investment promotion strategies and policies include the selection of priority sectors and decisions on incentives to be granted to investment projects. The Supreme Investment Council is in charge of these duties. The priority sectors are not proposed by KBOI but by the Ministry of Planning. The Ministry of Planning is required to draft investment promotion strategies defined by another law. Thus, the role overlaps that of KBOI.

Investment incentives are categorized into three types: ordinary incentives for investment license, for strategic status projects, and special incentives. Ordinary investment incentives are reviewed by the Council of Ministers.

However, as for special incentives<sup>68</sup> to be given for a given investment project, KBOI reviews each project and in the public interest considers granting the incentives to investors when the applicant fulfills one of the conditions below.

- 1) Projects in an underdeveloped area in the Kurdistan Region
- 2) Joint venture of domestic capital and an overseas investor
- 3) Projects are related with investment in the establishment and/or operation of hotels, hospital, tourism, universities, and schools.

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<sup>67</sup> Investment and trade promotion agencies in developed countries often include support for developing countries services not limited to promotion of trade and investment of their own country. For example, Japan External Trade Organization (JETRO) in Japan sorts out and provides information by country and region, sector and theme on economy, industry, statistics, trade and investment practice of counties it obtains utilizing the network that covers approximately 70 countries. It also conducts business matching services and the matching site can be used by foreign organization upon free registration.

<sup>68</sup> Specific benefits are not indicated in the Kurdistan Investment Law or investment-related laws, and the incentives are decided per investment project.



Examples of special incentives are:

- Insured approval of investment projects by overseas investors
- Right of non-Iraqi citizens employed for investment projects to transfer their salary and other compensation outside Kurdistan
- Right of overseas investors to transfer capital outside Kurdistan when they dissolve or dispose of the project
- Right of investors to transfer rights to invest in investment partners or other foreign or Iraqi investors in whole or in part
- Protection of land use right or ownership of buildings owned by foreigners
- Protection of lending right of foreigners
- Guarantee of licensed projects to open a bank account in Iraqi currency and foreign currency inside and outside the Kurdistan Area
- Employment permit of non-Iraqi citizens (however, only when there is no Iraqi with the similar capacity)
- Tax exemption on machinery import<sup>69</sup>
- Tax exemption on importation of raw materials<sup>70</sup>

#### 4.3.3.2 Formulation of Investment Promotion Policy

The Supreme Investment Council is supposed to formulate investment promotion policies under the Kurdistan Investment Law. However, they are actually formulated by the Ministry of Planning. Specifically, the Department of Investment and Private Sector Promotion Policies under the General Bureau of Development Coordination and Cooperation of the Ministry of Planning drafts investment policies and submits them to the Supreme Investment Council. The roles of the ministry are provided under the Kurdistan Parliament Law and a Kurdistan presidential order and thus they overlap with KBOI's role, investment policy formulation.

#### 4.3.3.3 Encouragement for the improvement of the investment and business environment

KBOI encourages relevant ministries and agencies to develop and improve the investment and business environment and aims to create an environment that satisfies what investors desire

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<sup>69</sup> **【Kurdistan Investment Law Chapter 2 Article 5】** Automobiles, machinery, facilities and imported machinery used for projects are exempt from taxation and import license acquisition conditions (nonetheless, it is limited to importation of items used for projects and imported from the national border of the area, and it is limited to for two years from the approval of item list.) Imported spare parts are also tax exempt. (Nevertheless, it does not exceed 15% of the machine for which they are used.) Machinery and facilities necessary for the expansion, development and modernization of projects are also exempt from taxation. When investor imports machinery and facilities necessary for his/her project across the national border in accordance with the Investment Law, they are also exempt from taxation.

<sup>70</sup> **【Kurdistan Investment Law Chapter 2.1 Article 5】** Raw materials that the company for which an investment license is issued needed for production are exempt from taxation for five years. However, the type and amount of raw materials subject to the tax exemption are decided by KBOI in the consideration of the use of locally available raw materials.

in the Kurdistan Region. As a result of the encouragement, investment procedures were simplified, and the improvement was visualized in the region. For example, the time needed for processing investment license applications has been shortened excluding the one for land use right allocation.

#### **4.3.3.4 Industrial park development**

The Department of Industrial Cities and Zones aims at industrial park development under the jurisdiction of KBOI in order to attract investors. However, industrial park management and operation is under the jurisdiction of the Enterprise Development Center under the umbrella of the Ministry of Trade and Industry. Furthermore, the Ministry of Municipalities is responsible for land use right allocation.

Currently, this department only sorts out information on allocation of usage rights of land and industrial cities for investors who have obtained an investment license. The Department of Industrial Cities and Zones is not involved in drafting and operation of industrial parks. It has not realized industrial park development under the jurisdiction of KBOI to attract investors.

#### **4.4 Other concerns of investors**

Work permits, visa acquisition, tenders and procurement, and foreign remittances are discussed as investors are generally interested in them.

##### **4.4.1 Work permits**

Work permits are provided by the immigration office under the jurisdiction of the Ministry of Labor and Social Affairs. KBOI does not provide any relevant services connected with work permits. It is important to note that a working visa obtained in Kurdistan is valid only in Kurdistan area, and a working visa issued by the Iraqi government is required to work in Iraq.

##### **4.4.2 Visa acquisition**

KBOI does not help investors to acquire visas in Kurdistan. However, it plans to provide agency service for visa issuance in 2015, using the experience of NIC.

According to the JICA business environment survey in 2013, 19% of Japanese companies that responded to the questionnaire pointed out that visa acquisition was an element of investment environment of much interest.

#### **4.4.3 Tender and procurement**

The main duties of KBOI are screening of investment applications and license issuance, and the Kurdistan government does not provide information on tenders and procurement. Although the Board provides information on investment opportunities on its website, it is a simple note of a few words giving the place, project sector and scale.

However, according to JICA's business environment survey in 2013, 13% of Japanese companies that responded to the questionnaire pointed out that tenders and procurement were elements in the investment environment of much interest. KBOI is aware that information offering on the matter in Kurdistan is a challenge to be tackled.

#### **4.4.4 Foreign remittances**

KBOI does not offer or gather information on foreign remittances to assist investors. However, 10% of Japanese companies that responded the questionnaire said that foreign remittances are an issue.

#### **4.5 Summary of KBOI's problems and challenges**

KBOI's problems and challenges are summarized below in the categories of investment procedures, investment promotion services, and investment promotion policy formulation. As for problems, details and observations of the survey team on the reasons are described.

##### **Investment procedures**

There are problems related to investment procedures as follows:

- Because of difficulty in coordination of interests related to land use right allocation among ministries and agencies, it takes up to 134 days for investment licenses to be issued.

Negotiations on land use right allocation are the most time consuming task in the procedures for issuing investment licenses. Currently, ministries and agencies that have the authority over land use right allocation are not cooperative in swiftly approving transference of rights to investors. In the case of investment in fertile land, for example, the Ministry of Agriculture gives priority to the use as land for public projects, and it takes time to arrange alternative land for investors. This is because of lack of common understanding on the benefit of investment among ministries and agencies and of understanding of then roles each ministry and agency should play.

- Systematic procedures to screen investment licenses or strategic status and absence of use of an operations manual

According to a report compiled by a consulting firm hired by KBOI, the consulting firm formulated an operation manual on investment licensing procedures. However, no one including the Director General of the Department of Promotion, Assessment and Licensing of Projects is aware of its existence. Currently, only one official in charge of investment license issuance knows of it. This is because KBOI issues only 11 licenses for foreign investment on average annually and KBOI's executive officers or officials do not recognize the need for systematic workflow of investment licensing procedures by use of a manual.

- Involvement in assistance for company registration procedures

KBOI does not assist companies in registration procedures. It is because it has a problem in collaborating with other ministries and agencies and is hesitant to provide the support. This situation is caused by the backdrop of its organizational culture in which matters are decided only on a top-down basis, by the chairmen of committees and directors general, and they did not actively try to solve the problem of collaboration with other ministries and agencies.

- Provision of services at One Window Service (OWS)

KBOI does not provide one-window service. Its executive officers mention that it is because they cannot have support from other ministries and agencies. They could not ask the top management of other ministries and agencies for cooperation to launch one-window service in the Supreme Investment Council due to the absence of the chairman for nearly one year as of December 2014.

- Proper monitoring or follow-up of investment projects

Currently, monitoring to observe investment progress or follow-up efforts to ascertain the effects of investment incentives is performed around once every two years. Although investment activity plans and investor information are filed, they are not checked periodically, and thus they are not utilized sufficiently for monitoring. As a result, the gap between project plans and actual situations is not understood although it is the original purpose of monitoring.

This is because KBOI is not familiar with the purpose of monitoring and does not recognize the current situation as a problem.

The problems above are encouraged to be resolved as follows:

- 1) Sharing a common understanding of roles and demarcation for the investment attraction among executive officers of ministries and agencies in the Supreme Investment Council.

- 2) Improvement of investment procedure efficiency by developing a manual for investment license issuance.
- 3) Promotion of officials' understanding of company registration procedures.<sup>71</sup>
- 4) Enhancing collaboration with investment-related ministries and agencies
- 5) Improving system-based monitoring thorough comprehension of the purpose of monitoring for investment projects

## Investment promotion services

There are problems related to investment promotion services, as follows:

- KBOI website does not provide sufficient information needed by investors.  
Information on the website does not includes details of costs, potential local partner companies, local living conditions, or business support including legal and tax issues (Business Development Service) that are necessary to make decisions on whether to make an investment.  
This is because of a lack of personnel with experience in business in KBOI and absence of a system of reflecting information that meets requests from investors on the website.
- The updates of the website data are outsourced.  
Currently, KBOI outsources website updating. Under such circumstances, it is difficult to provide information on the website actively as needed. KBOI cannot hire an official with the required capacity, and no system that enables officials to update the contents easily has been introduced.
- Information gathering or sorting for business matching  
KBOI is not equipped with a database on local industries, experts in legal issues, taxation and insurance or engineers for providing business matching service for investors. As a result, investors have to gather information from scratch on local procurement of materials, means of transportation, taxation, and insurance, and obtaining the service of lawyers, tax accountants, and engineers.  
There has been no database compilation because of technical problems and no study of its use for investment attraction activities beyond the vertically divided sections.
- Provision of services for financial resources, which includes information on available financial resources for investors and information sharing obtained from financial institutions

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<sup>71</sup> Company registration procedure is not clearly defined as the duties of KBOI by the Kurdistan Investment Law. However, KBOI recognizes it as a necessary support for investors.

KBOI does not offer services to satisfying investors' needs related to financial resources. Although there is much need for financial information among investors, KBOI does not provide relevant service. This is explained by the fact that the Kurdistan Investment Law does not specify support for financial services as its own duty. Therefore, it is not interpreted as being included as part of business environment improvement. Another reason is that they have never hired officials with good knowledge on financial matters. Because the salary standard of financial experts is high, it is difficult to hire them as public servants.

➤ Comprehensive information provision for investors by the Department of Promotion and Information

KBOI's Department of Promotion and Information does not offer sufficient information to investors. They do not update information on the website periodically. Their activity plan for investment promotion from the information collection stage onward is insufficient, and thus they cannot gather sufficient information regularly.

It is assumed to be the lack of collaboration between information gathering (input) and offering (output). In other words, they are likely to have no plan to input information needed for output.

The problems above are suggested to be improved, as follows:

- 1) KBOI can organize a relevant system for periodic supply of information updates needed by investors.
- 2) Development of a staff training program for capacity enhancement of KBOI officials who contact investors can be done.
- 3) Replacement of the on-line update system with the one, which officials can easily handle.
- 4) Improvement of the capacity of KBOI officials in charge of financial matters can be done.
- 5) Arrangements can be made for a consistent plan for information collection and sharing.

### Investment promotion policy formulation

There are problems related to investment promotion policy formulation, as follows:

➤ Formulation of investment promotion policies

KBOI expects to formulate investment promotion policies in the future. As a result, it does not involve ministries and agencies in the drafting stage and cannot collaborate with them when they promote investment. This is because of the absence of clarification of the section involved in their drafting. Because it is not clear which section is responsible, they even cannot agree on how to draft policies although they try to draft them.

- Role of the Department of Industrial Cities and Zones because of redundancy of its duties related to industrial park development with the Ministry of Trade and Industry and the Ministry of Municipalities

The Department of Industrial Cities and Zones simply files decisions on industrial parks by the Ministry of Trade and Industry and Ministry of Municipalities without playing any active role on industrial park development. It is because of rigidity of work within KBOI organization of automatic allocation of officials and budget without reviewing what is done as the work of the department.

The problems above are encouraged to be improved as follows:

- 1) Building of a consensus on the formulation approach for investment promotion strategies and policies within KBOI.
- 2) Improve investment promotion by redefining roles related to industrial park development of the Department of Industrial Cities and Zones, based on agreement with the relevant ministries.

## 5. Comparison with Investment Promotion Agencies in Other Countries

In this chapter, the National Investment Commission (NIC) and the Kurdistan Board of Investment (KBOI) are compared with investment promotion agencies of other countries to learn lessons for the capacity enhancement of the two organizations. They are compared with investment promotion agencies in Thailand, Malaysia, Indonesia, Azerbaijan and Turkey. Descriptions about the Thai Board of Investment (TBOI) are in more detail because NIC and KBOI visited them and exchanged opinions there. Thailand has achieved amazing economic development based on the success of Foreign Direct Investment (FDI) promotion. Of special importance is the Thai Board of Investment (TBOI) that has played a crucial role as the comprehensive investment promotion agency and accumulated record of good practices for almost four decades.

### 5.1 Thai Board of Investment (TBOI)

The TBOI was compared with NIC/KBOI in terms of the purpose and year of establishment, responsibilities, policy decision-making agency, workforce, investment policies, and information on supporting industries, One Stop Shop (OSS), trade promotion, company registration and environmental safety considerations as organized below.

#### Purpose and responsibilities

The TBOI<sup>72</sup> was established for promoting investment in Thailand based on the Thai Investment Law that was promulgated in 1977. Its responsibilities are review of investment applications and investment approval along with investment promotion and policy decision making (of priority sectors).

#### Investment policy decision-making agency

The Board of Investment that is the superagency of the TBOI determines investment policies. It is comprised of the Prime Minister as the Chairman, with economy-related ministers, high-ranking bureaucrats, representatives of the private sector, and scholars serving as board members and advisors. The investment board also includes members from the private sector such as the Chamber of Commerce and Industry in addition to 10 ministries and agencies. The TBOI staff in charge of each sector organizes public hearings and prepares drafts for policy decision making. They meet with the chamber of commerce and industry at least once a month to have discussions on problem solving. The views reflected on this approach are those of large

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<sup>72</sup> The TBOI had an annual average of 2,100 investments registered in 2012 and 2013. It is as many as 30 times the number of the investments of Kurdistan, which is an annual average of 70.



companies that are members of the Chamber of Commerce and Industry. On the other hand, opinions of SMEs are shared in the meetings held by local governments.

## Workforce

The TBOI has five full-time officials, and more than 20 workers are outsourced. For instance, communication with investors is outsourced to a private company. Most of the officials have studied abroad. TBOI provides a country desk with expertise knowledge about the country and region with linguistic proficiency for investors from Japan, China, the US and Europe, each of which invest a significant amount in Thailand.

## Information on supporting industries

Information on supporting industries (SME information database by sector) in ASEAN member nations is provided and updated more than once a month.

## One Stop Shop

The One Start One Stop Investment Centre is TBOI's OSS and provides consultation services on how to benefit from investment incentives as part of its patrons' services. It also accepts investment license applications, issues visas and work permits for companies that have received investment licenses, changes visa categories, collects fines, and handles procedures for re-entry.

## Investment policy

The investment policy, drafted by the TBOI, consists of incentives by sector and region, industrial promotion policies and collaboration with priority industries. Investment policy is reevaluated every year, and the next evaluation will be done in January 2015.

## Investment promotion

Its investment promotion is outlined in regard to information tools, investor surveys, and marketing and promotion of industrial collaboration, as below.

### 1) Information tools

The management information system section of the TBOI prepares and manages information tools (website content, investment guides, and investment firm list). TBOI also joins in an e-government scheme and provides information services for investors using information tools through data sharing with other ministries and agencies and a remote payment system.

TBOI owns and maintains an online business matching system, prospective investor management database, database of companies that obtained investment incentives, and various relevant statistical data as information tools.

2) Investor surveys and marketing

TBOI's marketing section is in charge of investor surveys and marketing. Their duties are overall marketing related to investment, which includes advertisements, press releases, promotion campaigns, assistance of investment survey groups, and survey and data management of investors and prospective investors.

3) Promotion for industrial collaboration

The TBOI Unit for Industrial Linkage Development (BUILD) provides information on supporting industries for investors. Furthermore, TBOI has prepared the ASEAN Supporting Industry Database (ASID) and manages its website [www.asidnet.org](http://www.asidnet.org).

### Company registration

The TBOI provides consultation services for registration of the limited liability companies, the most common form of company in Thailand. It also assists in procedures for obtaining a certificate (investment from a country with a bilateral agreement or regional agreement) and license application (investment from a country without bilateral agreement or regional agreement).

### Environmental safety considerations

The TBOI supports and mediates environmental and safety considerations. The Directorate of Industry and Labor of the Ministry of Industry grant and evaluate licensing of plants in accordance with environmental conservation and safety standards under the Machine Registration Act, Hazardous Substance Act and Factory Act.

## 5.2 Comparison with NIC/KBOI

NIC/KBOI was established in 2007 and 2006 respectively. They have accumulated eight years of experience while the TBOI was established in 1977 and thus has 38 years of experience. The difference in terms of, 30 years of experience and the number of foreign investments has resulted in a significant difference in their organization, operational services and planning and formulation of investment promotion policies.

As for the organization, NIC and KBOI have 151 officials and 470 officials, respectively, whereas the TBOI is operated by 25 staff members comprising of full-time officials and temporary workers. The TBOI is directly under the Office of the Prime Minister and thus has

been under the strong leadership of the Prime Minister since its establishment and the Investment Council that is the policy decision-making body has developed collaborative relations with other ministries and agencies under his leadership. Meanwhile, NIC's Board of Directors is attended by department-head-level officers of investment-related ministries and agencies. Top officials such as the prime minister or minister do not attend the board meetings. On the other hand, the Supreme Investment Council that supervises KBOI is comprised of the Kurdistan prime minister and vice prime minister as well as investment-related ministers. The Council works as policy decision-making agency and supervising agency of KBOI. However, it is regarded as a regional agency in comparison with the state government of Iraq so that the policy decision is limited to matters inside Kurdistan within the scope that does not contradict with the laws of the Iraqi government.

The autonomy of the Supreme Investment Council and KBOI is legally recognized by the Iraqi Government. For example, the authority of regional and provincial investment commissions in Iraq is stated in Chapter 2 Article 5 in the Iraqi Investment Law. To be concrete, the law allows KBOI to issue investment licenses, formulate investment plans, promote investment, and establishment of branch offices in regions and provinces.

The Kurdistan Government also determines incentives for investors and land use right allocation. It also can transfer free of charge or sell Kurdistan land to investors at a considerably low price for certain investment projects. The Iraqi Government approves such decisions.<sup>73</sup>

The TBOI gathers information from investors that are large companies or small and medium enterprises through working-level meetings organized by the Chamber of Commerce and Industry in addition to local governments and reflects it in the policies. On the other hand, NIC and KBOI do not organize working-level meetings with investors and their opinions are not reflected on the policies.

## Investment promotion

The investment promotion activity is outlined below in sections on information tools, investor surveys, and marketing and promotion of industrial collaboration.

### 1) Information tools

NIC's Media Department is in charge of creation of information tools, which include business guide, investment guides, investment maps, and web contents. However, it does not own data on prospective investors. It has no statistical data of its own and refers to the databases of other ministries and agencies as needed.

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<sup>73</sup> The Iraqi constitution that was ratified in 2005 grants autonomy of Kurdistan and other regional governments.

KBOI's Department of Studies and Information is in charge of preparation of information tools and website content. Its tools used are the contents and investment guidance. It also compiles and releases a database of companies with registered investment licenses. However, it has no statistical data of its own nor it does not use any external databases. It has no data on prospective investors.

NIC and KBOI are behind the TBOI in that the latter has information tools they create are managed by the computer and are capable of providing prompt access for investors. It also maintains and manages a database including its updating, and it manages data on prospective investors.

## 2) Investor surveys and marketing

The Department of Media of NIC conducts investor surveys and marketing through seminars and meetings. It also gathers information on overseas investors through commercial attachés at Iraqi embassies.

KBOI's studies section of the Department of Studies and Information analyzes its database of companies with registered investment licenses for purposes of making investor surveys. It also conducts marketing and investor surveys by distributing investment guidelines through Iraqi embassies and investment seminar.

The TBOI provides more fine-tuned responses to overseas investors than NIC/KBOI. The TBOI has overseas offices in Frankfurt, Paris, New York, and Tokyo and sets up special desks for priority countries that are targets as sources of FDI and staffs them with officers with linguistic proficiency and cultural knowledge of the respective country.

## 3) Promotion of industrial collaboration

Both NIC and KBOI lack a section for promotion of industrial collaboration, and it does not conduct any promotional activities although it has a plan to do so. The TBOI has officials and a small and medium enterprise database of the ASEAN region in the special unit for the promotion of industrial collaboration and offers information to investors upon request.

The TBOI provides investment promotion services for investors. They include introduction to administrative services on environmental and safety considerations and company registration, whereas NIC and KBOI do not provide such investment promotion services.

Table 5.1 below shows an overview of roles of NIC, KBOI and TBOI and their performance of the roles.

Table 5.1 Roles and degree of implementation defined by Investment Law: TBOI, NIC and KBOI

	TBOI		NIC		KBOI	
	Rolls regulated under the law	Exersion of expected rolls	Rolls regulated under the law(No.13 of 2006)	Exersion of expected rolls	Rolls regulated under the law(No.4 of 2006)	Exersion of expected rolls
Stipulation of investment policy and formulation of investment related regulations						
Stipulation of investment strategy/policy	○	○	○	x	x	x
Development of investment promotion strategy and plan	○	○	○	x	○	△
Drafting of investment incentives	○	○	x	x	△	△
Data collection from investors	△	○	△	x	△	x
Investment licensing and issuance of approval						
Investment license issuance	○	○	○	○	○	○
Approval of land use	○	○ <sup>●</sup>	○	△	○	△
Approval of raw materials' import	○	○	○	○	○	○
Company registration and approval	○	○	x	x	x	x
Approval of commercial operation	○	○	x	x	x	x
Approval of business activity of each industrial sector	○	○	x	x	x	x
Approval of business establishment	○	○	x	x	x	x
Approval required by environmenta act	○	○	x	x	x	x
Establishment of OSS/OWS (as a centralization of approvals)	○	○	○	△	○	x
Monitoring and follow-up activity after issuance of investment license	○	○	○	△	○	△
Promotion activities to attract investors						
Activity to attract potential investors	○	○	○	△	○	△
Marketing of potetial investors	○	○	○	△	○	△
Investment support services						
Business matching service	○	○	○	x	○	x
Recruiting service	○	○	○	x	○	x
Investment cost data provision	○	○	○	x	○	x
Development of investment relating tools						
Development of web contents	○	○	○	△	○	△
Publication of investment guidebook	○	○	○	△	○	△
Networking with investment related entities	○	○	○	x	○	x

Remarks

Roles defined by Law

○ : Defined    x : Not defined    △ : Clear definition not found

NIC:National Investment Commission, KBOI: Kurdistan Board of Investment

Degree of Implementation

○: Implemented    x: Not implemented    △: On the way to be proceeded

● : limited to industrial estates

Source: JICA team

### 5.3 Other investment promotion agencies

Investment promotion agencies in Malaysia, Azerbaijan, Indonesia and Turkey<sup>74</sup> in addition to Thailand are summarized as reference for NIC and KBOI. Their characteristics are summarized below.

#### Malaysian Investment Development Agency

The Malaysian Investment Development Agency (MIDA) was established in 1967. MIDA reviews and approves investment applications as part of its duties as an investment promoter. MIDA, however, does not formulate investment attraction policies (priority sectors and incentives). Investment desks have been set up for priority countries to offer detailed investment information and attract investment. MIDA provides the following services on its website: application for production license, procedures of preferential tax treatment, provision of job opportunity information for foreigners, and procedures of exemption of tariffs on raw materials, parts and machinery and equipment. It requires an average of one week to issue an investment license at the one stop shop.

#### Azerbaijan Investment Corporation

The Azerbaijan Investment Corporation (AIC), established in 2006, does not determine investment attraction policies (priority sectors and incentives) although it performs screening of investment applications and issues investment approvals, and has other duties as an investment promoter. It provides information on the following issues on the website: company registration, land use right, taxation system, tariffs, and corporate privatization. It requires an average of 15 days to have the one stop shop issue an investment license.

#### Indonesia Investment Coordinating Board

The Indonesia Investment Coordinating Board (Badan Koordinasi Penanaman, BKPM) was established in 1973. BKPM formulates investment attraction policies (for priority sectors and incentives) in addition to performing review and giving approval of investment applications as duties of an investment promoter. It also receives investment license applications on the Internet. It requires an average of three days to issue an investment license at the one stop shop.

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<sup>74</sup> The four countries above are suitable as candidate sites of training for Iraq for the following reasons: 1) Islam is the state religion, 2) they are oil producing countries, 3) they actively promote investment, 4) investment attraction promotion agencies are active, and 5) they promote industrial diversification. Overview of the countries above, NIC and KBOI, assistance from Japan, reports, organizations, past investments, exports and imports, infrastructure, provision of E-Service, one stop shop, and investment attraction activities are compared in Table 5.2.

## The Republic of Turkey Prime Ministry Investment Support and Promotion Agency

The Republic of Turkey Prime Ministry Investment Support and Promotion Agency (ISPAT) was established in 2005. ISPAT does not formulate investment attraction policies (priority sectors and incentives) although it reviews and approves investment applications among the duties of an investment promoter. It accepts on the Internet applications for investment and resident status. It requires an average of one day to issue an investment license at the one stop shop. However, it takes about six months to launch a project since the land use allocation is begun after the license acquisition.

### **5.4 Comparison of NIC/KBOI with MIDA, AIC, BKPM and ISPAT**

#### Establishment

As for the time of establishment of the investment promotion agencies introduced in this chapter, Indonesia's BKPM (1973) and Malaysian MIDA (1967) have a history of approximately 40 years, whereas the Azerbaijani AIC (2006) and Turkish ISPAT (2005) were established almost the same time as NIC and KBOI.

#### Roles of investment promotion agencies

As for roles of investment promotion agencies, MIDA and AIC implement review of investment applications and issue investment approvals among their duties as an investment promoter. However, they do not formulate investment attraction policies (priority sectors and incentives). This is the same as NIC and KBOI. On the other hand, the BKPM and ISPAT decide on investment attraction policies (priority sectors and incentives) in addition to reviewing investment applications and issuing investment approvals and other duties as an investment promoter.

#### Handling of investors

The BKPM and MIDA have country desks such as the one for Japan to provide detailed, country-specific services for investors, whereas NIC/KBOI does not provide such services. Although the AIC and ISPAT do not provide services for specific countries, they have earned a better reputation in the international community for their quick response to inquiries from investors and provision of information.

#### Average time required for investment license issuance

The investment agencies introduced in the chapter review and issue investment licenses as NIC/KBOI. The AIC requires the longest duration, 15 days, and the ISPAT requires the shortest, one day, as the average times required for issuance. The time has been shortened in each case as

a result of involvement of top officials in obtaining cooperation from relevant ministries and agencies. However, NIC requires up to 135 days, far exceeding the standard processing time of 45 days defined by the Investment Law. KBOI requires up to 134 days also exceeding the standard processing time of 30 days provided under the Investment Law.

The comparison of investment agencies with the other countries described in 5.1 to 5.4 is summarized in Table 5.2.



Table 5.2 Comparison of Investment Promotion Agencies in Malaysia, Azerbaijan, Indonesia and Turkey and Iraq and Kurdistan Region

		Malaysia	Azerbaijan	Indonesia	Turkey	Iraq	Kurdistan Region
Overview	Population	29.95 million (2013)	9.38 million (April 2014)	247 million (2012)	76.48 million (2013)	34.77 million (2014)	8.35 million (2013)
	Ease of doing business index (business environment evaluation by World Bank)	Ranked 6th	Ranked 70th	Ranked 120th	Ranked 69th	Ranked 151st	Not Available
Assistance from Japan	JETRO's local office	Yes	None	Yes	Yes	None	None
	JICA's local office	Yes	None	Yes	Yes	Yes	Yes
	Availability of assistance for training from JETRO	JETRO does not assist training.	None	None	Cannot be confirmed.	None	None
Report	Availability of report on investment promotion	It does not produce any report, although it did in the past.	It produces an annual report.	It produces an annual report on investment in Indonesia by foreign companies.	It produces a report. It also publishes ICT Sector report (IT industry in Turkey) and monthly newsletter and produces web information and videos.	Global Trade and Investment Report covers Iraq's Investment	Doing business and investing in Kurdistan Guide by International Business Publications, USA, Washington DC
Organization	Investment promotion agency	MIDA (Malaysian Investment Development Authority)	1) AIC Azerbaijan Investment Company 2) Azerbaijan Export and Investment Promotion Foundation (AZPROMO)	BKPM (Indonesia Investment Coordinating Board)	ISPAT (Investment Support and Promotion Agency of Turkey)	NIC	BOI
	Year of establishment	1967	2006	1973	2005	2007	2007
	Supervising Ministry	Ministry of International Trade and	Ministry of Economy and Industry of	President	Office of the Prime Minister	Office of the Prime Minister	NIC, Supreme Investment

		Malaysia	Azerbaijan	Indonesia	Turkey	Iraq	Kurdistan Region
Organization	/agency	Industry(MITI)	Azerbaijan				Council
	Workforce of investment council	Unknown	Unknown	Unknown	60	151 Excluding the workforce of Provincial Investment Commissions in 15 provinces under the umbrella of NIC	470 (87 at KBOI Head Office, 96 at Erbil Branch Office, 190 at Sulaymaniyah Branch Office and 97 at Duhok Branch Office)
	Contact point for investment information acquisition	Business Information Center	Investor Relations department(AIC)  Department for Local and Foreign Representative Offices (AZPROMO)	One stop services	Information center for media	OSS	Department of Promotion, Assessment and Licensing Projects
Past Investments	Annual investment amount received	12.3 billion USD (2013)	10.5billion USD (2013)	24.5billion USD (2012)	10.1billion USD (2012)	69.3billion USD (2011)	600 million USD (2012)
	3 top Investors by country	1) Japan 2) Saudi Arabia 3) Singapore	1) Turkey 2) UK 3) US	1) Singapore 2) Japan 3) Korea	1) UK 2) Austria 3) Luxemburg	1) Turkey	1) Turkey 2) Lebanon 3) Egypt
	Major sector invested	1) Chemicals and chemical products 2) Electric and electronics equipment 3) Transportation equipment	Oil and gas account for 86% of 2.2 billion USD inward investments from January to June 2014.	1) Chemicals and pharmaceuticals 2) Metal machinery and electric 3) Transportation equipment	1) Food, beverage and tobacco 2) Chemicals, basic chemical drugs 3) Rubber and plastic	1) Oil, gas and chemical plant 2) Housing 3) Infrastructure	1) Industry 2) Tourism 3) Commerce
Import and export and infrastructure (international ports and airports)	Top 3 exported items	1) Electric and electronic products 2) Palm oil 3) Liquefied natural gas	1) Crude oil 2) Petroleum products 3) Other industrial products	1) Oil and gas 2) Animal and plant fuel 3) Animal and plant fat and oil	1) Precious metal 2) Automobile and auto parts 3) General machinery	1) Oil and gas 2) Food 3) Livestock	1) Oil and gas 2) Iron and steel 3) Cement
	Main export destinations	1) China 2) Japan	1) Italy 2) India	1) Japan 2) China	1) Germany 2) Iraq	1) US 2) India	N/A

		Malaysia	Azerbaijan	Indonesia	Turkey	Iraq	Kurdistan Region
Import and export and infrastructure (international ports and airports)	by country	3) US	3) France	3) Singapore	3) Iran	3) China	
	Int'l ports and airports	Airport: Kuala Lumpur Int'l Airport  Ports and harbors: 1) Penang Port 2) PORT Kelang 3) Port of Tanjung Pelepas 4) Port of Kuantan 5) Pasir Gudang 6) Johor Port	Airport: Heydar Aliyev Int'l Airport Port and harbor: N/A	Airport: 1) Soekarno-Hatta Int'l Airport 2) Juanda Int'l Airport 3) Adisutjipto Int'l Airport 4) Polonia Int'l Airport Ports and harbors: 1) Tanjung Priok port 2) Tanjung Perak Port 3) Belawan Port 4) Tanjung Emas Port	Airport: 1) Atatürk Int'l Airport 2) Antalya Int'l Airport 3) Sabiha Gokcen Int'l Airport  Ports and harbors: 1) Port of Izmir 2) Port of Mersin 3) Port of Izmit 4) Port of Haidar Pasha, Istanbul	Airport: 1) Baghdad Int'l Airport 2) Basra Int'l Airport  Ports and harbors: 1) Umm Qasr, Khor 2) Al-Zubair 3) Al-Magal 4) Abou Flous	Airport: 1) Erbil Int'l Airport
Information that can be obtained on the Internet	Available Internet services (specifically, application for company registration, company registration, etc.)	1) Production license 2) Preferential tax treatment 3) Job offers for foreigners 4) Raw materials, parts and machinery and equipment 5) exemption of tariffs, etc.	1) Company registration 2) Land use right 3) Taxation, tariffs 4) Information on company privatization	Investment license application	1) Oversea market information 2) Information on destination of investment 3) Corporate information for business matching 4) Information on relevant government agencies 5) Investment procedures 6) Procedures for residence permit	Investment license application form available in PDF	Investment license application form available in PDF

		Malaysia	Azerbaijan	Indonesia	Turkey	Iraq	Kurdistan Region
Information that can be obtained on the Internet	Information available on the Internet (e.g.: human resources matching, investment laws, information on incentives, relevant ministry information on investment, guidelines, etc.)	<ol style="list-style-type: none"> <li>1) Mutual introduction of Malaysian company (less than business matching)</li> <li>2) Documents necessary for procedures of company establishment</li> <li>3) Supervising government agency</li> <li>4) Foreign company protection policies</li> <li>5) Information on priority policies by sector</li> </ol>	<ol style="list-style-type: none"> <li>1) Information on sector-specific investment projects and portfolio distribution</li> <li>2) Information on investment environment of Azerbaijan</li> <li>3) Overseas market information for foreign companies</li> <li>4) Information on domestic market</li> <li>5) Business matching</li> <li>6) Collaboration with international investment agencies</li> <li>7) Offering of information on overseas business</li> </ol>	<ol style="list-style-type: none"> <li>1) Investment procedures</li> <li>2) Information on company establishment</li> <li>3) Offering of corporate information of relevant sectors (no business matching between Japanese and Indonesian companies)</li> </ol>	<ol style="list-style-type: none"> <li>1) Introduction of staff members of relevant government agencies</li> <li>2) Legal information</li> <li>3) Relevant information on JV</li> <li>4) Investment guidelines</li> <li>5) Individual company information</li> </ol>	<ol style="list-style-type: none"> <li>1) Investment guide</li> <li>2) Investment-related laws</li> <li>3) Link portal to relevant ministries and agencies</li> <li>4) Investment environment of 15 provinces</li> <li>5) Introduction of strategic projects</li> </ol>	<ol style="list-style-type: none"> <li>1) Investment guide</li> <li>2) Investment environment by sector</li> <li>3) Local investment environment</li> <li>4) Investment project data from 2006 to the present</li> <li>5) Investment law</li> </ol>
One-Stop Shop	Availability of OSS and procedures handled there	One-stop service offered mainly for investment procedures, and other administrative procedures	One-stop service offered from 2007 (The term “Single Window Principle” is used.)	One-stop service offered. For visa acquisition, Immigration Bureau staff provides information at BKPM Office.	One-stop service offered when multiple government agencies are involved for investment procedures	Applications for investment license accepted	OSS is not functioning at present.
	Standard days required for investment license acquisition	1 week to obtain business license	Usually 15 days to obtain business license	3 days in principle for applications for permit	Permit can be obtained one day after the application.	Response of approval or rejection of licensing within 45 days from the application	Response of approval or rejection of licensing within 30 days from the application
Investment Attraction Activities	Any noteworthy attraction activity	Ratio of high added values, corporate management system and high technical levels of companies, excellent inspection system	Nothing in particular	Investment attraction activities under collaboration among ministries and agencies and attraction activities by sector	Offering of individual information, including success story of foreign companies operating in Turkey	No unique activities in comparison with other countries	No unique activities in comparison with other countries

		Malaysia	Azerbaijan	Indonesia	Turkey	Iraq	Kurdistan Region
Investment Attraction Activities	Priority sector	Such manufacturing industries as automobile and electronics	Agriculture, energy, food processing, manufacturing, IT and telecom, Logistics, transportation, tourism	Mainly infrastructure sector	Iron and steel, energy	Oil, chemicals, construction materials, textile, infrastructure	Industry, agriculture, tourism
	Promotion tools (pamphlet, video clip, etc.)	Investment guidebook used to be published for foreign companies. It is no longer published.  Pamphlet for investment seminar is produced. Main information is offered on the Internet.	In collaboration with int'l investment and trade agencies, overseas business information is gathered and distributed. Pamphlet, video clip and publications are produced.	No pamphlet, mainly website information	In addition to ICT Sector report and other sector report, monthly newsletter is published to distribute various overseas businesses information.	Investment guide, information offered on the website	Investment guide, information offered on the website
	Any overseas office of investment council? If any, main office	Overseas office in 10 countries: Thailand, UK, Belgium, China, India, Indonesia, Japan, the Philippines, Switzerland and Singapore	Office in US, Germany, Austria, UAE and UK	BKPM Foreign Desk (Taipei, Japan, Korea and Saudi Arabia)	Overseas office in 21 countries including Japan, UK, Belgium, Luxemburg, Germany, gulf countries, China	None, commercial attaché at overseas embassies can offer information.	None, commercial attaché at overseas embassies can offer information.
	Participation in industrial park development	No involvement in industrial park development	No special note on industrial park development	Industrial park development carried out mainly by private companies and no involvement of BKPM	263 industrial cities in Turkey and 148 of them in operation, not supervised by ISPAT	Export processing zone development (free zone) is carried out. There are 4 sights in the country.	No participation in industrial park or export processing zone development at present
Source	Interview with MIDA and JETRO, MIDA website	AIC and AZPROMO website	Interview with BKPM Tokyo Office and its website	ISPAT website	NIC website, CIA, The World Fact Book, etc.	KBOI website, etc.	

Source: JICA Team

## 5.5 Lessons for NIC and KBOI

The comparison with investment promotion agencies summarized above suggests lessons for NIC and KBOI to enhance their function and overcome their problems as follows:

### 1) Promotion of inter-ministerial collaboration

The activities of other countries introduced in this chapter indicate that the challenges can be solved through active work by OSS with the involvement of government top officials related to collaboration among ministries and agencies.

OSS promotes inter-ministerial collaboration for investment attraction and its robust efforts and wide support are keys to its success. This requires interaction and communication on two tiers, those of top officials and working-level officials, among the related ministries and agencies.

### 2) Efficient investment procedures

The average time required for investment promotion agencies of other countries to issue an investment license is far shorter than that of NIC/KBOI. The counterparts of the latter issue licenses in up to 15 days (AIC), whereas NIC/KBOI requires more than four months at a maximum.

The gap is caused by the investment application procedures. NIC/KBOI can learn efficient application procedures from their counterparts. For example, they should be able to improve efficiency by standardizing the investment licensing procedures.

### 3) Investment promotion policies and operational services based on requests from the private sector

The investment promotion agencies of other countries introduced in the chapter have close communication particularly with the private sector for vigorous information gathering. They have created systems to use the information to improve the investment promotion policies and operational services. For example, the TBOI in Thailand organizes a monthly meeting for overseas investors who belong to the Chamber of Commerce and Industry in order to exchange opinions, through which they can reflect the requests and experiences of the latter in their policies. The results are also fed back to the investors in a swift manner.

On the other hand, NIC/KBOI does not have any system of working-level exchange of opinions with the private sector or scheme for reflecting their views on policies or services. They are expected to respond to investor needs properly and see to it that understanding of those needs is reflected in investment promotion policies and services.

## 6. Challenges and Recommendations

### 6.1 Sorting out priorities and important challenges

Chapters 3 and 4 clarify the roles that the National Investment Commission (NIC) and Kurdistan Board of Investment (KBOI) are expected to play, respectively, under their relevant investment law and development plan, and confirm the roles they are actually playing. Problems have been identified in the process of so doing, and concrete challenges they need to tackle have been discovered.

The degree of importance of the challenges and relevance of assistance are assessed in this paragraph. The degree of importance is defined as based on the indicators of repeatability, seriousness and impacts. Repeatability means the frequency of occurrences of the task or undertaking. For example, screening of investment applications and licensing at One Stop Shop (OSS) is routine work and readily standardized. Seriousness is determined based on the scale of impact that leads to suspension of investment services. The impacts indicate the scale of the chain reaction to multiple challenges.

The relevance of assistance to overcome the challenges is also examined. When assistance from outside and cooperation with outside is expected or likely to help the achievement of an entity's purpose more efficiently than trying to overcome challenges by the entity's own efforts, it is considered "relevant". Relevance is judged using the cooperation assistance provided for such investment promotion agencies as the TBOI in Thailand and BKPM in Indonesia as facilitated by the Government of Japan.

Based on the two criteria, when challenges satisfy all of the three indicators of the degree of importance and the relevance of assistance are recognized, they are regarded as priority challenges. When challenges satisfy two of the three indicators of the degree of importance and the relevance of assistance is recognized to some degree, they are regarded as important challenges. The results are classified into priority challenges and important challenges in Table 6.1, Draft of Responsive Measures to Priority and Important Challenges. The table includes proposals of training, surveys, seminars, or workshops as responsive measures to challenges.

### 6.2 Recommendations of responsive measures to challenges

An assistance project plan and responsive measures for NIC and KBOI for overcoming priority and important challenges or improve their work performance capacity is examined in consideration of their expectations and needs, and they are sorted out into the three categories of investment procedures, investment promotion services and investment promotion policy formulation. The results are described below.

**Investment procedures**

- 1) Training for the improvement of investor-oriented response and operational services
- 2) Training for the development of interministerial collaboration in investment licensing procedures: invigoration of OSS functions
- 3) Training to promote standardization of investment licensing tasks
- 4) Technical workshop on investment license review
- 5) Training to assist improvement for monitoring of investment projects

**Investment promotion services**

- 1) Training for website planning and improvement of web engineers
- 2) Practical training for the development and operation of an information database file sharing system
- 3) Development of investment consultants and promoters' skills for investment guidance

**Investment promotion policy formulation**

- 1) Third-country comparative survey for investment policy formulation
- 2) Survey of industrial development master plans
- 3) Seminar for investment promotion strategy formulation and investment attraction activities
- 4) Training for the development of investment promotion and attraction tools for working-level officials

The survey, sorting out of challenges and results of examination of the road map for each of the challenges in 6.1 and 6.2 are summarized in Table 6.1, Road Map of Investment Promotion in Iraq. Data organization and analysis for the determination of the degree of importance and relevance of assistance to lead to the table are shown in Table 6.2. However, it does not include such a challenge as improvement of English proficiency that needs to be solved through self-help efforts.

Figure 6.1 is a comprehensive summary of details of the discussions of the report. It contains challenges NIC/KBOI should tackle, and assistance project plan and responsive measures as a road map. The assistance project plan is assistance for NIC/KBOI in the form of third-country training for the next one to two years and the responsive measures are the challenges of NIC/KBOI with the plausible international cooperation.

In the right column in the figure are requirements provided by the Investment Law and goals of NIC/KBOI. As the goals and concrete outcomes, concrete outcomes are described in accordance with the enhancement of functions of the investment licensing contact point,



activation of investment attraction activities, improvement of capacity to develop investment promotion policies, and improvement of investment and business environments.

The road map for NIC and KBOI is identical in regard to operational reasonableness and because of the future course of development the two organizations will have in common. Although NIC and KBOI are operated based on different investment laws, they both aim to be agencies that focus on investment application screening and investment attraction promotion, and policy decision makers (on priority sectors and incentives). Thus, they have an identical direction on the road ahead.

The contents of assistance are indicated for all challenges of investment procedures, investment promotion services and investment promotion policy formulation in chronological order.

Table 6.1 Responsive Measures for Priorities and Important Challenges

	Priorities	Responsive Measure	Important Challenges	Responsive Measure
Investment procedures	Opening OSS/OWS  Investment project monitoring	<b>Investment procedures</b> 2) Training for the development of interministerial collaboration in investment licensing procedures: invigoration of OSS functions  <b>Investment procedures</b> 5) Training to assist improvement of monitoring of investment projects	Improvement of transparency  Improvement of investment procedures efficiency	<b>Investment procedures</b> 1) Training for the improvement of investor-oriented response and operational services  <b>Investment procedures</b> 3) Training to promote standardization of investment licensing works
Investment promotion services	Enhancement of investment attraction activities	<b>Investment promotion policy formulation</b> 3) Seminar for Formulation of investment promotion strategies and investment attraction activity seminar	Periodical information update  Improvement of routine work handling capacity of officials  Information database development  Marketing for addressing investors  Website content development  Decision of investment attraction incentives	<b>Investment promotion services</b> 3) Development of investment consultants and promoters  <b>Investment procedures</b> 1) Training for the improvement of investor-oriented response and operational services  <b>Investment promotion services</b> 2) Practical training for the development and operation of information database file sharing system  <b>Investment promotion policy formulation</b> 3) Seminar for investment promotion strategy formulation and investment attraction activities  <b>Investment Promotion</b> 1) Training for website planning and improvement for web engineers  <b>Investment policy formulation</b> 3) Seminar for investment promotion strategy formulation and investment attraction activities

	Priorities	Responsive Measure	Important Challenges	Responsive Measure
Investment policy formulation	Capacity development for formulation of investment promotion strategies and policies  Land use allocation	<b>Investment promotion policy formulation</b> 1) Third-country comparative survey for investment policy formulation  Not applicable	Formulation of investment promotion	<b>Investment promotion policy formulation</b> 3) Seminar for investment promotion strategy formulation and investment attraction activities
Other Assistance Private Companies Request (Investment Agencies to Provide)	None	None	Handling of undeveloped legal system <sup>75</sup> , frequent amendments and unclear authorization process	<b>Investment procedures</b> 1) Training for the improvement of investor-oriented response and operational services

Source: JICA Team

Note: The works (in gothic typeface), number and assistance program title in the column of the responsive measures correspond to each project in 6.3, Responsive Measures.

Responsive measures that correspond to priority and important challenges excluding the land use allocation<sup>76</sup> are shown in the table above. The list of the measures is proposed in 6.3.1 and thereafter.

<sup>75</sup> These topics are regarded as the issues of Iraq business environment by the precedent 'Data Collection Survey on business environment in the Republic of Iraq' in 2013

<sup>76</sup> The land use allocation is not included in the table because it was difficult to propose appropriate and effective responsive measures.

Table 6.2 Summary on Iraqi Investment Promotion

Large Classification	Middle Classification and Major Challenges	Provision under Investment Law	Performance Evaluation by Survey Team		NIC	KBOI	Degree of Importance			Relevance of assistance	Responsive Measure		Expected Effects
			NIC	KBOI			Repeat-ability	Serious-ness	Impacts		Responsive measures for each challenge		
Investment Procedures	Investment license issuance/improvement of transparency	×	×	×	The flow is provided and it provides consultation on procedures to investors.	There is a flow but it is managed by one official in charge, because there are only 11 FDI projects a year.	○	○	○	▲	Training for improvement to provide investor-oriented response and operational service	Because NIC issues only 11 licenses for FDI investment projects a year, it is difficult to expect visible effects in a short period. However, preparation for future increase of investment projects can be made.	
	Land use allocation	○	▲	▲	Land use allocation takes the most time in investment procedures.	Land use allocation takes the most time in investment procedures.	×	○	○	○	3 <sup>rd</sup> -country comparison survey for investment policies improvement Attraction strategies formulation/investment attraction activity seminar	Land use allocation takes the most time for investment license issuance and joint training to study overseas cases can contribute to the improvement.	
	Efficiency improvement of investment procedures	×	×	×	45 days as standard handling time in provisions of the Investment Law. It takes 40 to 135 days in reality.	30 days as standard handling time in provisions of the Kurdistan Investment Law. It takes 29 to 134 days in reality.	○	○	○	▲	Training to develop interministerial collaboration for investment license and approval procedures	Enhancement of collaboration with other ministries and agencies to improve efficiency of investment procedures	
	Company registration procedures	×	×	×	Not provided under the Investment Law and NIC do not handle it.	Not provided under the Investment Law and KBOI do not handle it.	×	×	×	×			
	Work permit for foreigners	○	○	×	Department of Media takes care of work permit issuance.	It does not take care of work permit issuance.	×	×	×	×			
	Permit of raw material importation	×	×	×	It does not issue permit of raw material import.	KBOI does not issue permit of raw material import.	○	×	×	×			
	Opening of OSS/OVS	○	▲	×	OSS is operated.	No OSS operation	○	▲	○	○	Training to develop interministerial collaboration for investment license and approval procedures	Increase of impacts of NIC/KBOI on other relevant ministries and agencies	
	Business activity permit by sector	×	×	×			×	×	○	×			
	Permit for sales and commercial activities	×	×	×			×	×	×	×			
	Permit for office opening	×	×	×			×	×	×	×			
Environmental permit	×	×	×	Not involved.	Not involved.	○	▲	▲	▲				
Investment project monitoring	○	▲	▲	Investment project filing and work plan management as well as project site visits by engineers performed in accordance with provisions of the Investment Law	Provided as KBOI's responsibility under the Kurdistan Investment Law. Although it is performed, the record is not digitalized.	○	×	○	○	Observation of monitoring system of foreign investment promotion agency and hold a workshop to improve own system.	Visualization of operational process by improving monitoring system		
Investment Promotion Services	Periodical information update	▲	×	×	Website updated once every two weeks	Website updated once every two weeks	○	×	○	▲			
	Investment attraction activities	○	▲	▲	Organizes investment seminar in and outside Iraq.	Organizes investment seminar in and outside Iraq.	×	○	○	○	Learn drafting of strategies and attraction activities from overseas investment promotion agencies with experiences in investment attraction	Recognize the gap between the current investment attraction activities in Iraq an excellent activities of other countries to promote efforts to narrow the gap	
	Decision of investment promotion incentives	×	×	×	Not planned	Not planned	○	○	○	▲	Attraction strategy formulation/investment attraction activity seminar	Drafting and formulation of investment policies that meet investors' demand	
	Improvement of routine work handling capacity of officials	▲	×	×	Routine work-related problems NIC officials recognize 1) Foreign language (English) proficiency 2) Investor data management 3) Handling of investors	Introduction of relevant authorizing ministries and agencies in accordance with the contents of consultation	○	×	○	▲			
	E-government system	×	×	×	Investors cannot go through investment procedures on the net. No establishment of interministerial web network. No development of interministerial document and information management system	Investors cannot go through investment procedures on the net.	○	×	×	▲			
	Marketing for addressing investors	×	▲	▲	Offer information on the Internet, investment seminar, investment attraction tool production	No information offered on the Internet	○	×	×	▲	Planning and formulation of investment promotion policies	Periodical and frequent information offering to draw attention of investors	
	Business matching	×	▲	×	NIC conducts business matching.	KBOI does not conduct business matching.	○	×	○	×			
	Matching of human resources	×	▲	×	NIC conducts matching of human resources.	KBOI does not conduct matching of human resources.	○	×	○	×			
	Investment cost information	×	×	×	Does not offer it.	Does not offer it.	○	×	○	×			
	Web contents development	×	▲	▲	Not enough information investors seek is prepared	Not enough information investors seek is not prepared	○	×	○	▲	Website planning and KAIZEN training for web engineers	Increase of investors' interest	
	Production of investment guidebook	×	▲	▲	Investment guidebook is produced.	Investment guidebook is produced.	○	×	○	▲	Training for investment promotion attraction tools development	Effective investment promotion	
	Collaboration development with relevant organizations	×	×	×	Interministerial collaboration has a problem	Interministerial collaboration has a problem	○	×	○	×			
Development of information database	×	×	×	Investors cannot access database directly.	There is no database.	○	×	○	▲				
Assistance for fund procurement	×	×	×	Not provided.	Not provided.	○	×	×	▲				
Investment Policy Formulation	Capability to develop investment promotion strategies and incentives	○	×	×	Although NIC is supposed to draft investment promotion strategies under the Investment Law, the Ministry of Planning drafts and decides them. Incentives are decided by the Council of Ministers under the Investment Law. However, an Advisory Committee of the Office of Prime Minister formulate it in fact.	KBOI does not draft investment promotion strategies. Ordinary incentives are decided by the Council of Ministers. KBOI has the exclusive authority over regional promotion incentives, but does not execute it. KBOI has the exclusive authority over special incentives and KBOI executes it.	○	×	○	○	3 <sup>rd</sup> -country comparison survey for investment policy improvement Attraction strategy formulation/investment attraction activity seminar	Enhance capacity of formulating investment promotion strategies and incentives and attraction activities to improve NIC's and KBOI's performance so they will be able to fulfill the original duties provided in the Investment Law.	
	Investment promotion policies	○	×	×	It is provided under the Investment Law and it is expanding its efforts gradually, which includes agency service of visa issuance.	It is supposed to be formulated by the Supreme Investment council under the Kurdistan Investment Law. However, in reality, the Ministry of Planning is formulating them.	○	×	○	○			
	Investment and business environment improvement	×	×	×	Although it has been improved under the Investment Law, the progress is slow.	Although it has been improved under the Kurdistan Investment Law, the progress is slow.	○	×	○	×			
	Industrial city development	×	▲	×	NIC plans industrial city development with support from OECD.	KBOI only files information on industrial cities.	○	○	○	▲	Support for industrial development M/P formulation	Industrial city planning and operation to meet investors' expectations as an investment attraction tool	
	Investment promotion strategy and plan formulation	○	×	×	No formulation	No concrete effort is observed.	○	○	○	▲	Attraction strategy formulation/investment attraction activity seminar	Active drafting of investment attraction policies and attraction activities	
Information gathering from private investors	▲	×	×	Inactive	Inactive	○	○	○	×				
Other Assistance Private Companies Seek (Investment Agencies to Provide)	Political instability, security measures	×	×	×			○	○	○	×			
	Handling of complicated legal system, frequent revisions and vagueness	×	×	×			○	○	○	▲	Investment environment law development (2012) and overseas investment promotion course (2013) carried out in training by country in Japan	Investment environment improvement	
	Payments	×	×	×			▲	▲	×	×			
	Customs clearance	×	×	×			▲	▲	×	×			
	Visa acquisition	×	○	×	Takes care of visa issuance in a short period in cooperation with the Ministry of Interior.	Learning from NIC, KBOI will start the services	▲	▲	×	×			
	Contract negotiations and contents	×	×	×			×	▲	×	×			
	Human resources	×	×	×			×	▲	○	×			
	Tender/procurement	○	○	×	Tender and procurement information offered in collaboration with other ministries and agencies	Information offering only	×	▲	×	×			
Foreign remittance	○	×	×	Information services on foreign remittances not provided	Information services on foreign remittances not provided	▲	▲	×	×				

(Note) The problems of NIC/KBOI found in the survey are sorted out in terms of the degree of importance and priority challenges identified. By work item, outputs obtained from the three approaches--1) response of NIC/KBOI to provisions under the Investment Law, 2) interview outputs with NIC/KBOI, and 3) Challenges confirmed with NIC/KBOI participants in the workshop—are analyzed, evaluated and sorted out. The results are shown in Table 6.5 Summary on Iraqi Investment Promotion. Four indicators are evaluated in three levels of “○”, “×” and “▲” as in the table above. “○”, “×,” and “▲” indicate “high correlation,” “low correlation,” and “neither of the two,” respectively.

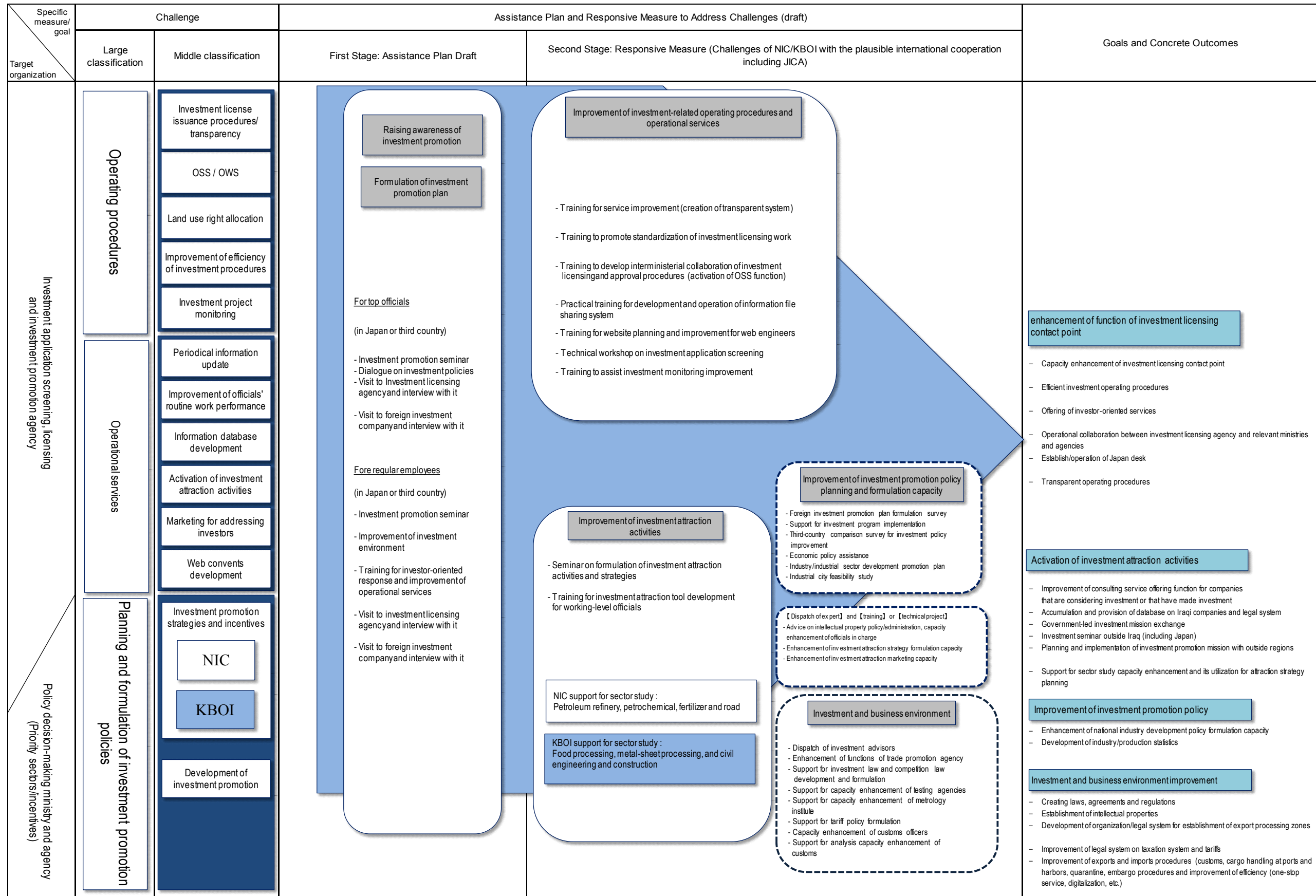


Figure 6.1 Roadmap of Foreign Investment Promotion in Iraq (draft)

### **6.3 Details of assistance project plan and responsive measures to individual challenges**

Specific examples are listed below to refer to the details of the assistance project plan and responsive measure to individual challenges addressed in this survey.

### 6.3.1 Assistance project plan for challenges of investment procedures

#### 1) Training for the improvement of investor-oriented response and operational services

Target	Managers and working-level officials NIC: 10 persons (including 3 OSS workers), KBOI: 4 persons (4 persons from the Department of License and Follow-up and the Department of Project Assessment or 1 manager from KBOI Head Office and 1 working-level official each from Erbil, Duhok and Sulaymaniyah Branch Offices)
Assumed country	Malaysia and Turkey
Duration	7 days
Purpose	1) Improve knowledge on works and working experiences and awareness of roles and services of investment promotion agencies 2) Improve knowledge on investment promotion activities through training of investment promotion services for investors and procedures.
Background	NIC/KBOI that is Iraqi investment promotion agencies provide limited investment promotion services that do not sufficiently match demand from investors. The reason for the limitation has the following causes: <ul style="list-style-type: none"><li>● Foreign direct investment has been hindered due to long-term warfare and economic sanctions.</li><li>● The nation's main revenue source is oil, and it is a seller's market.</li><li>● An enlarged public sector (weak private sector)</li></ul>
Contents	Part 1: 4 days Lecture, visit to actual sites and project sites, questions to persons in charge: 3.5 days  Lecture and site visits and Q&A session with officials on the following three issues <ul style="list-style-type: none"><li>● Handling of investors at investment contact window site</li><li>● Services provided for investors</li><li>● Concept as investment acceptance window and attraction organization for investors</li></ul> Wrap-up of the above project: 0.5 day

Part 2: 3 days

Sorting out challenges of NIC and KBOI, compilation of work improvement plan, and individual presentations: 2 days

Note

Preliminary preparation and follow-up after the training is particularly necessary to prevent the training from failing and becoming just an aimless visit. Prior to the training, it is effective to learn about the organization to be visited, organize questions, and produce materials to present the work, organization and features of NIC/KBOI and also serve as self-introduction in the preliminary study sessions. Possible follow-up activities include review of the work; production of an investment promotion works manual, and organization of a workshop.



2) Training for the development of interministerial collaboration in investment licensing procedures: activation of OSS functions

Target Managers and working-level officials  
NIC: 10 persons (representative of investment-related ministries and agencies.  
NIC top officials and working-level officials),  
KBOI: 5 persons (5 members of KBOI Supreme Investment Council

Assumed country Indonesia or other countries where all licensing services are carried out at OSS

Duration 4 days

Background Iraqi ministries and agencies do not share the recognition of the importance of foreign direct investment, and there are insufficient collaboration and information offerings on investment procedures or attractions. This puts Iraq in an unfavorable condition in foreign investment promotion.  
NIC/KBOI OSS do not have integrated licensing procedures.

Purpose Visit investment promotion agencies in other countries where the licensing procedures are integrated under conditions of interministerial collaboration to observe their situations and systems in order to examine the possibility of adopting such a system.

Contents Days 1 and 2 : Visit OSS in Indonesia and study its system  
Day 3 : Interviews with foreign companies  
Day 4 : Wrap-up and examination of possibility of adopting such a system

Note NIC/KBOI is making bottom-up efforts for interministerial collaboration. However, it takes time and will be ineffective without top-down encouragement.

It is important to confirm the commitment from the top officials of the investment-related ministries and agencies in the training program in order to achieve it. Proactive involvement of ministers and equivalent members of the Board of Directors of NIC and the Supreme Investment Council of KBOI significantly affect the outcome of the training.

As of the follow-up of the training, it would lead to the successful training if top NIC/KBOI management submits an invitation on investment-related interministerial collaboration to the Prime Minister and the committee. It is necessary to select officials capable of drafting the proposal to the Prime Minister as members of the training program.

### 3) Training to promote standardization of investment licensing works

Target	Managers and working-level officials NIC: 10 persons (managers and working-level officials), KBOI: 5 persons (2 managers of KBOI Head Office, 1 working-level official each from Erbil, Duhok and Sulaymaniyah Branch Offices)
Assumed country	Malaysia
Duration	7 days
Purpose	Standardize investment application screening and license issuance to improve screening capacity and work efficiency.
Background	The routine license review proceeds based on individual experience and capacity of NIC and KBOI officials, and this causes inconsistency in the judgments of application documents and differences in work efficiency among them. The collective review capacity as an organization is expected to be improved through development of a work manual and standardization of the procedure.
Contents	Part 1: 4 days Training, visits and seminar to study contents of investment application screening and license issuance and introduction of work standards in the country: 3 days Wrap-up of training, visits and seminar: 1 day  Part 2: 3 days Sorting out challenges related to work standardization of investment application review and license issuance of NIC and KBOI: 1 day Production of drafts of solutions to challenges and work standards: 1.5 days Presentation of outcomes and wrap-up of work: 0.5 day
Note	It is to be encouragement for participants to recognize the advantages of standardization of the processes of investment application review and license issuance. Superficial understanding will result in satisfaction and justification of the status quo, and thus the standardized work will not take root. It is also recommendable to concretely discuss how to standardize the work after the training.  Japanese experts or JICA experts are expected to participate in works by NIC/KBOI in Parts 1 and 2, and to lead efficient discussions among the participants.

#### 4) Technical workshop for investment license review

Target	Managers and working-level officials NIC: 4 persons (1 manager and 3 working-level officials), KBOI: 4 persons (1 manager of KBOI Head Office, 1 working-level official each from Erbil, Sulaymaniyah and Duhok Branch Offices)
Assumed country	Japan or in third-country training with Japanese instructor participation
Duration	5 days
Purpose	Improve evaluation capacity in investment license review
Background	<p>NIC/KBOI evaluates feasibility studies in the course of investment license review. On the other hand, the evaluation is inconsistent among examiners because of the lack of a standardized evaluation method.</p> <p>Currently, quite a few people are responsible for Foreign Direct Investment License review because there are about 10 to 30 license applications per year each in Iraq and Kurdistan Area. However, the standardization of their evaluation capacity and quick response will be expected when the volume of investments increases in the future.</p> <p>Although KBOI granted regional branch offices with the authority for evaluation and investment license issuance, the local officials were not equipped with the evaluation capacity and their screening was inappropriate, which has become a problem. Thus, they have the recognition that evaluation capacity improvement and standardization are tasks they should confront.</p>
Contents	<p>Technical workshop on investment license review: 5 days</p> <ul style="list-style-type: none"><li>● Financial analysis of profitability of sample projects</li><li>● Growth potential analysis of sample projects</li><li>● Technical evaluation analysis of sample projects</li><li>● Value analysis added to macro economy of sample projects</li><li>● Training on environmental impact analysis of sample projects (training of social and environmental considerations and concept of 5 items of DAC evaluation)</li></ul>
Note	Knowledge on standardization of feasibility study review capacity in investment license screening needs to be shared with PIC officials for NIC and with officials of Sulaymaniyah and Duhok Branch Offices for KBOI.

Thus, it is necessary to organize workshops to transfer skills to officials of PCI and regional branch offices and compile a manual of investment license screening.

NIC/KBOI has strong interest in the standardization of investment license review and diffusion of acquired knowledge.

## 5) Training to assist improvement of monitoring of investments

Target	Managers and working-level officials NIC: 10 persons (managers and working-level officials), KBOI: 4 persons (1 manager of KBOI Head Office, 1 working-level official each from Erbil, Duhok and Sulaymaniyah Branch Offices)
Assumed country	Malaysia and Indonesia
Duration	7 days
Purpose	To be able to perform monitoring systematically so as to understand the progress from actual execution of investment to completion after investment license issuance.
Background	Current investment monitoring of NIC/KBOI consists of filing hardcopy records of investment license application documents, written progress management reports on investment plans, and reports on site visits by engineers. However, there is no digitized information or information database. Furthermore, there is no monitoring check sheet and thus monitoring is not systematized.
Contents	Part 1: 4 days Monitoring system of the accepting agency (project management method: information digitization, database development, implementation structure, monitored items, monitoring check sheet and support system for incentive execution by the Government for investors)  Part 2: 3 days Development and presentation of implementation structure, monitored items, monitoring check sheet and support system based on challenge analysis of NIC and KBOI
Note	It is necessary for participants to have a clear vision of systematized monitoring before the training. For example, it is important to understand what is expected in each stage of information flow from acquisition, entry, database sorting, output and data sharing for each goal and what is needed to be prepared in the data collection stage.

### 6.3.2 Responsive measures to each challenges related to investment promotion services

#### 1) Training for website planning and improvement of web engineers

Target	NIC: 3 persons (3 working-level officials), KBOI: 3 persons (3 working-level officials from KBO Head Office)
Assumed country	Malaysia
Duration	5 days
Purpose	Learn good practices of e-system utilization and web contents design methods that are directly linked to the assignments of the investment promotion agency that has introduced e-government and create a road map.
Background	Investment-related information update on the Internet is decisively important for investors to select candidate countries of their investment. However, NIC/KBOI websites require improvement as their design, contents, usable data, etc., are different from those of their counterparts in other countries.
Contents	Technical training: 4 days <ul style="list-style-type: none"><li>● Basics of logical web design to attract viewers</li><li>● Writing practice for effective information release</li><li>● Website development concept of investment promotion agencies of the country that accepts the training</li></ul> Wrap-up and road map drafting: 1 day

Note JICA has a network in several countries that have succeeded in investment attraction. On one hand, it can complement NIC/KBOI's own efforts, and on the other, the participants should clearly identify problems they can work on by themselves. Thus, problems should be separated into two groups: the one treaded by their self-reliant effort and the one to be handled with JICA'S assistance.

The training demands participants to have technical capacity for web design as well as capacity to plan investment promotion and to coordinate with relevant ministries and agencies. This should be taken into consideration in the selection of participants. If the participants do not have relevant capacity, however, additional study sessions are worth consideration to enhance their capacity before training.

Further, additional training for CMS (contents management system) work will help

officials to update their websites easily with the automatic support for contents design and web page arrangement.

- 2) Practical training for the development and operation of information database sharing system (work visa issuance, labor insurance subscription, investment license issuance, company registration, etc.)

Target Managers and working-level officials  
NIC: 4 persons (1 manager and 3 working-level officials),  
KBOI: 3 persons (1 manager of KBOI Head Office and 1 each from Duhok and Sulaymaniyah Branch Offices)

Assumed country Malaysia

Duration 5 days

Purpose Learn how to promote investment attraction and services for investors and enhance a network among relevant investment agencies by the instruction from the precedent e-government and investment attraction agencies.

Background NIC/KBOI does not share an information database. They have not developed any information file sharing system with other ministries and agencies.

#### Contents

- Part 1: Training and visit to observe operation: 3 days
- Explanation about the overall e-government and collaboration with other ministries and agencies for network development
  - e-government operation and maintenance
  - Interministerial collaboration through e-government
- Part 2: e-government analysis and workshop for training wrap-up: 2 days
- e-government analysis and understanding of what needs to be improved through interview with foreign chamber of commerce and industry and foreign companies
  - Cost-benefit analysis method of e-government
  - Wrap-up of training and feasibility study of e-government introduction to NIC/KBOI

Note It worthwhile to consider the participation in training by other investment-related ministries and agencies that are interested in an information database sharing system.

It is necessary to develop the training content carefully for managers who are not familiar with the expertise or technical knowledge to understand the outline of information database sharing in the training.

### 3) Development of investment consultants and promoters' skills for investment guidance

Target	Managers and working-level officials NIC: 6 persons (3 officials each from OSS and Directorate of Legal Affairs) KBOI: 4 persons (4 officials from the Department of Promotion, Assessment and Licensing of Projects)
Assumed country	Iraq
Duration	2 years
Purpose	Development of investment guidance skills for investment consultants and promoters
Background	It takes time to develop the skills of investment consultants and investment promoters, and it is also difficult for trainees who participate in seminar to work actively as consultants immediately after the participation. NIC/KBOI does not offer consulting services for inquiries from investors. They simply advise them to visit the relevant ministries and agencies. Exceptionally, officials of the Directorate of Legal Affairs respond to individual and specific questions on laws and taxation system.
Contents	Japan or third-country training (2 weeks) Local consultant development through OJT in Japan or a third country and with the assistance of external experts
Note	Dispatch of experienced investment consultants in Japan or a third country to provide training for NIC/KBOI officials in addition to their enhancement on an OJT basis through long-term dispatch of experts for transfer of consulting skills  It would be better to take into consideration the possibility of a spin-off after the training (outflow of human resources from the public sector (NIC/KBOI) to the private sector for the launch of a similar business) and adverse effects on private consultants by crowding-out (pressure on private business) in the planning stage.



### 6.3.3 Responsive measures to challenges related to investment policy formulation

#### 1) Third-country comparative survey for investment policy formulation

Target	Managers and working-level officials NIC: 5 persons, KBOI: 5 persons
Countries to be surveyed	Dubai, Turkey, Tunisia, Egypt and Morocco
Duration	9 months
Purpose	Learn investment policy formulation methods of countries that have attracted foreign investment effectively, to use them as reference for their own attraction strategy development.
Background	Iraqi and Kurdistan Investment Laws provide investment policy formulation as roles of NIC/KBOI. However, in reality, the Ministry of Planning formulates it. Neither NIC nor KBOI has a section or official in charge of investment planning and does not engage in it, although they formulate investment attraction activity plans.
Contents	Comparison survey of target countries by external consultants and support for investment policy formulation for NIC/KBOI counterparts  External consultants will select countries for comparative study and investigate investment policy formulation methods as reference. Afterwards, a site visit of the country with officials in charge of NIC/KBOI (counterparts) to produce a draft of investment policy formulation of their own country with the counterparts.
Note	As for the third-country nomination for the comparison survey, the candidate countries should be nominated based on the convincing reasons for the concerned parties.  NIC/KBOI is encouraged to examine the availability to bear the cost for the implementation of survey.  Resources and collaboration with other ministries and agencies need to be confirmed in the training planning stage.  Training on investment promotion policy formulation should focus on the visible impact after the training.

## 2) Survey of industrial development master plan

Target	Managers and working-level officials NIC: 5 persons (Economic Analysis Department), KBOI: 5 persons (Department of Promotion, Assessment and Licensing of Projects)
Assumed country	Iraq
Duration	9 months
Purpose	Technical transfer for identification of priority sectors, proposal of development methods and survey methods necessary for investment promotion strategy formulation
Background	Iraqi and Kurdistan's priority sectors vary, and these priority sectors are not broken down at the sub-sector level. And, challenges of human resources, technology transfer, boosting of productivity that are necessary for investment attraction are not indicated. Against this backdrop, a survey is to be conducted to identify the priority sectors in the country and then develop strategies to realize the sector development as stages of investment promotion strategy formulation. Formulation of strategy plan to attract foreign direct investment for sector development is also to be conducted as part of the survey.
Contents	Hire external consultants to conduct a master plan survey and propose effective attraction strategies and an effective approach to Iraq while maintaining consistence with overall industrial policies. To be concrete, it includes investment promotion administration, incentives, public investment, regulation by sector, local procurement ratio, employment conditions, industrial location policies (industrial parks and special economic zones), and regulations on foreign workers.
Note	It is important to encourage the participation from sections in charge of investment promotion strategy formulation—NIC's Economic Analysis Department and KBOI Department of Promotion, Assessment and Licensing of Projects—in the selection of training participants. Survey method techniques are supposed to be transferred to officials while the master plan survey is carried out.

### 3) Seminar for investment promotion strategy formulation and investment attraction activities

Target	Managers and working-level officials NIC: 5 persons (2 managers and 3 working-level officials of the Economic Analysis Department), KBOI: 5 persons (2 managers, 1 each from the Department of Studies and Information and the Department of Promotion, Assessment of Licensing of Projects of KBOI Head Office, 1 manager each from Erbil, Duhok and Sulaymaniyah Branch Offices)
Assumed country	Azerbaijan, Malaysia
Duration	10 days
Purpose	Learn investment strategy formulation methods and attraction activities from investment promotion agencies with many experiences of attraction to use it as reference for NIC and KBOI activities.
Background	NIC/KBOI does not formulate attraction strategies. Their sector analysis that serves as the of basis investment promotion strategies is not good enough to satisfy investors.
Contents	<p>Part 1: Investment strategy formulation: 5 days</p> <ul style="list-style-type: none"><li>● Sector study approach of research institutes and training for using it for investment strategy formulation: 2 days (sector profiling, structure of priority sectors, market trend, manufacturing technique trend, technical distribution and parts supply, etc.)</li><li>● Target sector of NIC's sector study: petroleum refinery, petrochemical, fertilizer and road</li><li>● Target sector of KBOI's sector study: food processing, sheet-metal processing and civil engineering and construction</li><li>● Seminar on investment promotion strategy formulation based on investment trend analysis and comparative analysis of investment environment: 1 day</li><li>● Interview with investors (foreign chambers of commerce and industry, foreign companies): 1 day</li><li>● Wrap-up of investment strategy formulation training and Q&amp;A: 1 day</li></ul> <p>Part 2: 5 days (Investment council officials and officials of research institutes and chamber of commerce and industry)</p> <ul style="list-style-type: none"><li>● Explanation about investment strategies and plan (lecture) and visit to observe information dispatch activities: 2 days<ul style="list-style-type: none"><li>• Investment strategies and plan formulation methods of the accepting agency (lecture)</li><li>• Annual investment promotion plan</li><li>• Contents of investment promotion tools (guidebook and website), collaboration with other ministries and agencies</li></ul></li><li>● Visit to observe attraction activities, investment seminar organized by Iraq: 2 days</li></ul>

- Visit to observe attraction activities (section in charge of attraction activities)
- Investment seminar organized by Iraq
- Exchange of opinions with foreign chambers of commerce and industry and foreign companies
- Wrap-up of training and presentation of feedback plan to NIC and KBOI investment activities by participants, Q&A: 1 day

Note

Officials of NIC's Economic Analysis Department and KBOI's Department of Promotion, Assessment of Licensing of Projects are expected to be involved in sector analysis be given priority in the selection of training participants.

The participants are encouraged to make use of the opportunities to exchange opinions with officials of the Ministry of Planning and Ministry of Industry that perform sector analysis and formulate investment promotion strategies in Iraq before and after the training.

#### 4) Training for the development of investment promotion and attraction tools for working-level officials

Target	Managers and working-level officials NIC: 5 persons (2 managers and 3 working-level officials), KBOI: 5 persons (1 manager of KBOI Head Office, 1 official from the Department of Investment Promotion of the head office, 1 working-level official each from Erbil Head Office and Duhok and Sulaymaniyah Branch Offices)
Assumed country	Azerbaijan
Duration	5 days
Purpose	Learn promotional image strategy formulation methods using promotion videos and use it as reference for NIC and KBOI to improve investment promotion activities.
Background	NIC/KBOI's investment promotion tools are printed pamphlets and websites with no promotional video or other relevant moving images. As a result, information on Iraqi situation sent out is limited to negative news on public security. Investment promotion officers of NIC and KBOI are not able to inform investors of the current situation of the country. For example, it is efficient to use the visual appealing power of promotion video on the living environment and labor force not limiting to data.
Contents	Part 1: 3 days  Seminar on the process of promotion video production, concept, information transmission media development, and tools necessary for development: 2 days Visit to observe development zones and industrial cities used for investment promotion strategies: 1 day  Part 2: 2 days  Analyze investment environment to increase comparative advantage of its own country, create promotion video image construction in simple drawings to attract investors and present it to all training participants evaluate it together. The presentation will be followed by Q&A.
Note	The same as the website training, NIC/KBOI in principle are expected to make their own efforts in the promotional video. Thus, knowledge on JICA's investment promotion cases in other countries as well as its network is to be used to assist them in the scope of complimentary roles.

It is also important for NIC/KBOI to sort out the key points to appeal to investors in relation to investment attraction to Iraq and Kurdistan Region. NIC/KBOI is expected to look at their country from the viewpoint of foreign investors to make it effective before the training.

#### **6.3.4 More feasible third-country training**

Unstable security is likely to continue in Iraq considering the recent situation and constraints. Thus, it is difficult to dispatch experts and carry out a development project survey and a technical assistance program with a precondition of sending Japanese experts there. A most realistic assistance project plan is to invite Iraqi government officials to one third country or more, including Japan, and carry out a training program (third-country training).

#### **6.3.5 Points of attention in third-country training**

In carrying out third-country training, it is important to pay attention to selection of participants, preparation, operation, sharing of knowledge and application of the contents to actual operational work in order to enhance its outcomes. The points of attention are described separately chronologically before, during, and after the training.

##### **1) Before training**

###### **a) Selection of participants based on production of work instructions**

In the preparatory stage before training, it is important to select appropriate participants. For the selection, JICA and NIC/BKOI should prepare Terms of Reference together to describe concrete requirements for the participants so candidates with desirable qualifications will participate in the training.

It was difficult to select appropriate trainees in the early staff capacity building training of NIC/KBOI. The qualifications and requirements for the trainees were not clarified so that inappropriate trainees had been selected several times in the past.

###### **b) Appointment of NIC/KBOI authorized focal point for training**

If NIC/KBOI top officials appoint those in charge of training-related work including selection of candidates, discussions with other ministries and agencies and cost application and transfer the power to them in advance, swift responsive action and time for preparation are expected to be ensured.

Because NIC/KBOI requires approval from top officials to decide training participants, it takes time. As a result, the participants are confirmed immediately before the training and they cannot make preparation.

###### **c) Prior study sessions**

Prior study sessions enhance training effects. The sessions consist of sorting out of visit schedule of the country where the training is conducted and knowledge and information on the organization, determination of NIC/KBOI challenges, organizing

questions, and preparation of materials of NIC/KBOI presentation in the training accepting country.

## 2) During training

### a) Hiring a Japanese advisor

Utilization of Japanese consultants or JICA experts as advisors for participants during the training enables them to coordinate views of the destination of visit and NIC/KBOI trainees, help them organize workshop and sort out and analyze gathered information, and enhance the learning effects of the training.

## 3) After training

### a) Link training outcomes to actual work

It is important to have training participants directly link training outcomes to their actual work and have them be aware of it. For example, reflection of the outcomes on investment operating procedures guideline will promote understanding of participants—officials of investment-related ministries and agencies—on investment operating procedures. Furthermore, if top officials of NIC/KBOI send the guidelines to their counterparts of other ministries and agencies and if they are ratified by the Board of Directors and the Supreme Investment Council, it will greatly promote the use of guidelines.

### b) Workshop

If participants offer workshop for investment-related ministries and agencies after the training, they can share the outcomes with them. The workshop also helps them organize the knowledge of training participants themselves.

### c) Reflection of training outcomes on NIC/KBOI's work plan (annual action plan)

Concrete reflection of training outcomes on NIC/KBOI's work plan will lead to improvement of their works. The application of successful cases of other countries to their own country, analysis of the results and additional creative efforts will bring improvement effects.



## Table of Annex

- Annex 1 Source materials on the policy of attracting investment in Iraq (Republic of Iraq and Kurdistan region) and Thailand
- Annex 2 Procedure and legal basis related with investment
- Annex 3 Summary with the Focus on challenges and Potential Solutions Learned by NIC and KBOI Staff in the Training Program in Thailand
- Annex 4 Questionnaire of the investment promotion policy and investment promotion agency regarding the quality and promotion (English), Data Collection Survey on Foreign Investment Promotion in the Republic of Iraq
- Annex 5 Record of Interviews concerning training in Thailand
- Annex 6 The Training Program in Thailand for Investment Promotion Agencies of Iraq
- Annex 7 NIC Action Plan based on Findings and Challenges
- Annex 8 KBOI Action Plan based on Findings and Challenges

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## Correspondence relation between source literatures and verified items

<b>Types of procedures required for investment, base law, procedure method, challenges of the procedure</b>
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	Verified items	Iraq		Thailand
		Nationwide	Kurdistan Region	Nationwide
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		Nationwide	Kurdistan Region	Nationwide
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12	One Stop Service			
	1) Name	(4) The One Stop Shop Iraq-Enabling and sustaining Private Foreign Investment in Iraq	(24) Frequently Asked Questions	(32) Investment Environment of Thailand (44) One Start One Stop Investment Centre
	2) Contents of Business Operations	(4) The One Stop Shop Iraq-Enabling and sustaining Private Foreign Investment in Iraq	(24) Frequently Asked Questions	(32) Investment Environment of Thailand (44) One Start One Stop Investment Centre
	3) Relevant Government Offices			
13	Free Trade Zone	(3) Trade/Investment Related Legal System in the Middle East/North African Countries—Iraq	N/A	(32) Investment Environment of Thailand (40) Thailand Plus One (41) Business and Economic Handbook of Thailand
	1) Incentive	(2) Investor Guide to Iraq 2013	(18) Law No.4 of 2006 Law on the Investment in the Kurdistan Region Iraq	(41) Business and Economic Handbook of Thailand
	2) Free Zone District	(2) Investor Guide to Iraq 2013	(25) Interview Fathi al Mudaris	(32) Investment Environment of Thailand
	3) Charter Operation	(16) A Completed Project to Attract Investment	(18) Law No.4 of 2006 Law on the Investment in the Kurdistan Region, Iraq	(30) FACT-LINK Business and Economic Handbook of Thailand: Outline of Industrial Estate Authority of Thailand
	4) Foundation Requirement	(16) A Completed Project to Attract Investment	N/A	(30) FACT-LINK Business and Economic Handbook of Thailand: Outline of Industrial Estate Authority of Thailand



<b>Investment Promotion</b>
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	Verified items	Iraq		Thailand
		Nationwide	Kurdistan Region	Nationwide
1	Information Tool	(8) National Investment Commission	(26) Kurdistan Board of Investment	(45) Thailand Board of Investment
2	Identification of potential investors and marketing along with publicity and campaign	(8) National Investment Commission	(26) Kurdistan Board of Investment	(45) Thailand Board of Investment
3	Public Relations	(8) National Investment Commission	(26) Kurdistan Board of Investment	(45) Thailand Board of Investment
4	One Stop Service	(8) National Investment Commission	(26) Kurdistan Board of Investment	(45) Thailand Board of Investment
5	Investors' Association	N/A	(27) Association of Industry and Trade Development for Iraqi Businessmen Kurdistan Region	(45) Thailand Board of Investment
6	Investment Matchmaking	(8) National Investment Commission	N/A	(45) Thailand Board of Investment
7	Industrial Linkage Development	N/A	N/A	(45) Thailand Board of Investment
8	Investment related Service	N/A	N/A	(45) Thailand Board of Investment
9	Seminars/Conferences	(8) National Investment Commission	(26) Kurdistan Board of Investment	(45) Thailand Board of Investment
10	Other Services of BOI	N/A	N/A	(45) Thailand Board of Investment
11	Overseas Office	N/A	N/A	(45) Thailand Board of Investment

## Annex 2 Procedure and legal basis related with investment

No.	Items	Country	Iraq		Thailand	
		Category	Whole Territory except Kurdistan Region	Kurdistan Region		Whole Territory
		Relevant Law	Laws after the transition to civilian rules, Investment Law 2006	Kurdistan Investment Law 2006		Investment Promotion Act
		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)		Thailand Board of Investment (BOI)
(1)	Function of Investment Promotion Institution	<ol style="list-style-type: none"> <li>1) Provide one stop service to investors (comprehensive service gate)</li> <li>2) Evaluate investment applications including Feasibility Study (F/S), financial viability certified by bank</li> <li>3) Coordinate concerned ministries and agencies</li> <li>4) Handle national level strategic investment project for (other investment projects are handled by provincial investment commissions)</li> <li>5) Plan investment policy</li> <li>6) Stipulate investment guideline</li> <li>7) Monitor the execution of investment guideline</li> </ol>	<p><b>【Chapter III Investment Hierarchy Section I Investment Board, its Structure and Tasks】</b>  <b>Article (10):</b>                      The following departments shall be associated with him:</p> <ol style="list-style-type: none"> <li>1) Department of Research and Information</li> <li>2) Department of Promotion, Assessment and Licensing of Projects</li> <li>3) Department of Legal Administrative and Financial Affairs</li> <li>4) Department of Industrial Cities and Zones</li> </ol>	<p>The BOI enforces its decisions and handles screening of investment applications preliminary to propose them to the subcommittee and committee, supervision and investigation of the investment environment, promotion to local and foreign investors, investment approvals and supporting activities to investors who are to start business in Thailand.</p> <p>Incentives to a certain scale investment project will be granted by BOI.</p>		
(2)	Foreign Investment related Law	<b>【Investment Law No.13 of 2006】</b>	<p><b>【Prime Minister Order 2004 Number 89】</b>                      ⇒lapsed  <b>【Kurdistan Region Investment Law No.4 of 2006】</b></p>	<b>【Investment Promotion Act (in effect in March, 2000)】</b>		
(3)	Definition of Foreign Investor	<ol style="list-style-type: none"> <li>1) The investor who does not hold the Iraqi nationality in the case of a real person.</li> <li>2) The investor who registered in a foreign country in the case of a juridical or legal person.</li> </ol>	N/A	<ol style="list-style-type: none"> <li>1) A natural person whose nationality is not Thai;</li> <li>2) A juristic person that is not registered in Thailand;</li> <li>3) A juristic person registered in Thailand that possesses one-half or more of its capital</li> </ol>		
(4)	List of Investment Sectors	<p><b>【Negative List】</b></p> <ol style="list-style-type: none"> <li>1) All areas of investment except investment in Oil, Gas extraction and production, banks and insurance company sectors.</li> </ol>	<p><b>【Positive List】</b></p> <ol style="list-style-type: none"> <li>1) Manufacturing industries, electric power and related services</li> <li>2) Agriculture, whether crop growing farms or animal farms, forestry and related services</li> </ol>	<p><b>【Negative List】</b>  <b>【Foreign Business Act】</b></p> <ol style="list-style-type: none"> <li>1) The Press, radio broadcasting station or radio and television station business; Rice farming, plantation or crop growing; Livestock farming; Forestry and timber</li> </ol>		

No.	Items	Country	Iraq		Thailand
		Category	Whole Territory except Kurdistan Region	Kurdistan Region	Whole Territory
		Relevant Law	Laws after the transition to civilian rules, Investment Law 2006	Kurdistan Investment Law 2006	Investment Promotion Act
		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(4)	List of Investment Sectors		3) Hotels, tourist and recreational projects, funfairs, and amusement parks 4) Health and environment 5) Science and technology research, and information technology 6) Modern communication and transport 7) Banks, insurance companies, and other financial institutions 8) Infrastructure projects, including construction, reconstruction and housing projects, roads and bridges, railways, airports, irrigation and dams 9) Free zones, modern commercial markets, and relevant advisory services 10) Education at all levels, within the framework of the educational policy of the Region 11) Any project in any other industry which the Council agrees that it is covered by the provisions of this Law.	processing from a natural forest; Fishery, only in respect of the catchment of aquatic animals in Thai waters and specific economic zones of Thailand; Extraction of Thai medicinal herbs; Trading and auction sale of antique objects of Thailand or objects of historical value of the country; Making or casting Buddha Images and monk alms - bowls; Land trading 2) National security or culture , tradition , local crafts , 13 subsectors that affect national resources and the environment ( However, projects approved by Minister of Commerce deemed as positive) : gun , bullet , gunpowder , explosives , weapons and combat ship , airplane and vehicles , all of equipment and parts for the war, transportation business , antiques , etc. 3) Projects where Thai people is unable to compete with foreign companies ( 21 industries) : rice milling industry , milling industry rice and field crops , aquaculture , afforestation , accounting , law , construction design , engineering , etc.  <b>【Positive List】</b> <b>【Investment Announcement No.10/2522】</b> List of Activities Eligible for Promotion (Information as of February 2011) Section 1: Agriculture and Agricultural Products Section 2: Mining, Ceramics and Basic Metals Section 3: Light Industry Section 4: Metal Products, Machinery and	

No.	Items	Country	Iraq		Thailand
		Category	Whole Territory except Kurdistan Region	Kurdistan Region	Whole Territory
		Relevant Law	Laws after the transition to civilian rules, Investment Law 2006	Kurdistan Investment Law 2006	Investment Promotion Act
		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(4)	List of Investment Sectors			Transport Equipment Section 5: Electronic Industry and Electric Appliances Section 6: Chemicals, Paper and Plastics Section 7: Services and Public Utilities	
(5)	Requirement that foreigners can apply for a business certificate	<p>【Investment Regulation Number 2 for 2009 Chapter 2 The Commission's Functions and Jurisdiction】</p> <ol style="list-style-type: none"> <li>1) The minimum investment limit not be less than USD 250,000/- or equivalent in Iraq Dinar.</li> <li>2) Common projects between more than one region or province</li> <li>3) Projects related to the mining of natural resources that do not conflict with the Article 29 of Investment Law</li> <li>4) Project owned by the Iraq government</li> <li>5) Engineering, mineral, petrochemical, pharmaceutical and manufacturing of automotive products with capital of more than US \$ 50 million or equivalent in Iraq Dinar</li> <li>6) Project promoting archeology and historic field</li> <li>7) Roads, ports, airports, transport projects such as railway with capital of more than USD 30 million, or equivalent in Iraq Dinar.</li> <li>8) Construction of power plant, more than 30MW in terms of capacity.</li> <li>9) Projects relating to dams, water reservoirs and irrigation greater than 20,000 acres (80.94 km<sup>2</sup>) or more.</li> <li>10) Telecommunication project.</li> <li>11) Any projects with capital greater than US</li> </ol>	N/A	<p>【Foreign Business Act】 License Section 16</p> <p>Foreigners applying for a license shall have the following qualification and shall not have the prohibited characteristics below:</p> <ol style="list-style-type: none"> <li>(1) Being not younger than 20 years old.</li> <li>(2) Having residency or being permitted to temporarily enter into Thailand under the immigration law.</li> <li>(3) Being neither incompetent nor quasi-incompetent.</li> <li>(4) Not being a bankrupt.</li> <li>(5) Never having been punished by a court judgment or fined for an offense under this Act or Announcement No. 281 of the National Executive Council No dated November 24, 1972 unless they have been released at least five years prior to the date of the license application.</li> <li>(6) Never having been imprisoned for fraudulent acts, debtor cheating, embezzlement, offenses connected with trade under the Criminal Code or for offenses relating to fraudulent loans to the public or for offenses under the immigration law unless they have been released at least five years prior to the date of application.</li> <li>(7) Never having a license issued under this</li> </ol>	

No.	Items	Country	Iraq		Thailand
		Category	Whole Territory except Kurdistan Region	Kurdistan Region	Whole Territory
		Relevant Law	Laws after the transition to civilian rules, Investment Law 2006	Kurdistan Investment Law 2006	Investment Promotion Act
		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(5)	Requirement that foreigners can apply for a business certificate	<p>\$ 1 billion or more, or equivalent in Iraq Dinar.</p> <p>12) Project that Council of Ministers regarded as SPFN (strategic investment projects) should be handled by the central government</p>	N/A	<p>Act or under Notification No. 281 of the National Executive Commercial dated November 24, 1972 revoked during the five-year period prior to the date of the license application.</p> <p>In case of the juristic person being the license applicant, the Foreign directors, managers or the persons responsible for the operation of the juristic person shall also have the qualifications and shall not have the prohibited characteristics referred to in paragraph one.</p>	
(6)	<p>1) Name of Investment License</p> <p>2) Documents required for license</p>	<p>【The Investment Law No.13 of 2006 (Iraq) Chapter 6, Article 19】</p> <p>【Investment Regulation Number 2 for 2009 Chapter 6】</p> <p>1) Investment License</p> <p>2) Application Format (Project framework, Feasibility study report (F/S Report), Project schedule</p>	<p>【Kurdistan Regional Investment Guide】</p> <p>1) Investment License or Strategic Status</p> <p>2)</p> <p>a) Specimen of Form for Applying for an Investment License</p> <p>b) Project proposal</p> <p>c) Original architectural drawing printed on A3-sized paper and designed by engineering firm or licensed engineers</p> <p>d) Site plan for the project</p> <p>e) Estimated capital, or estimated cost</p> <p>f) Construction method</p> <p>g) Amount of water and electricity units consumed</p> <p>h) Amount of labor force required during and after implementation of the project</p> <p>i) Economic Feasibility Study</p> <p>j) Environmental Impact Assessment (EIA)</p> <p>k) A topographical survey map of the land; and a photocopy of the registration and demarcation of the</p>	<p>1) Foreign Business Certificate</p> <p>2)</p> <p>a) Name of applicant, Registered Identification Number, Investment Promotion Certificate Number, Date of authorization for the Certified Business, Explanatory Letter of the business applied for certification, Address, Shareholder's structure,</p> <p>b) Certified copy of register</p> <p>c) List of shareholders</p> <p>d) Approval from IEAT or BOI</p> <p>e) Factory Location</p> <p>f) Certificate of contract manufacturing submitted by BOI</p> <p>g) Letter of attorney, copy of personal ID</p>	

No.	Items	Country	Iraq		Thailand
		Category	Whole Territory except Kurdistan Region	Kurdistan Region	Whole Territory
		Relevant Law	Laws after the transition to civilian rules, Investment Law 2006	Kurdistan Investment Law 2006	Investment Promotion Act
		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(6)			boundaries 1) For the Board of Investment 1. Administrative Structure, 2. Activities in previous years, 3. Future investment priorities according to the Board's vision		
(7)	Process of the license request through the approval	<p>【The Investment Law No.13 of 2006 (Iraq) Chapter 6, Article 20】            【Investment Regulation Number 2 for 2009 Chapter 6】</p> <ol style="list-style-type: none"> <li>1) Preparation of Application Format</li> <li>2) Check – up of the application format at OSS (Thorough overview of project feasibility explained in the F/S Report examining investment requirement)</li> <li>3) Submission of reference letters to the relevant institutions for the permission</li> <li>4) Detailed evaluation from the relevant institutions (especially regarding the F/S Report)</li> </ol>	<p>【Investment Law Chapter IV Section One Procedures on Granting Licenses to Projects Article 16】</p> <ol style="list-style-type: none"> <li>1) Submission of investment proposal</li> <li>2) First assessment of submitted proposal for eligibility to receive public benefits</li> <li>3) Land allocation for approved projects and submission of detailed plans</li> <li>4) Second assessment and licensing</li> <li>5) Construction commencement and completion in compliance with BOI license</li> <li>6) Operation commencement in compliance with BOI license</li> </ol> <p>The board shall grant a license for the establishment of the project on the basis of an application submitted by the investor in accordance with the conditions set by the board. The board must decide on issuing the license within 30 days from the date all the requirements have been met with the provision of the law. The board should seek the opinions of the concerned entities on the feasibility of issuing the establishment license. The lack of a reply shall be considered as approval. And in the case of rejection, the applicant has the right to object to it before the president of the council within 15 days from the date of his notification of the negative decision.</p>	<ol style="list-style-type: none"> <li>1) Preparation and submission of investment proposal</li> <li>2) Interview for assessment of the proposal by BOI officer (details of products, manufacturing process, domain of the projects, etc.)</li> <li>3) Final evaluation based on the interview result:               <ol style="list-style-type: none"> <li>a) Projects with capital smaller than 200 million Bahts: internal committee of BOI</li> <li>b) Projects with capital more than 200 million but lower than 750 million Bahts: internal sub -committee of BOI</li> <li>c) Projects with capital over 750 million Bahts and expecting export may be more than 80 % of total production: sub - committee</li> <li>d) Project with capital over 750 million but expecting export may be lower than 80%: the main committee (chaired by the prime minister)</li> </ol> </li> </ol>	

No.	Items	Country	Iraq		Thailand
		Category	Whole Territory except Kurdistan Region	Kurdistan Region	Whole Territory
		Relevant Law	Laws after the transition to civilian rules, Investment Law 2006	Kurdistan Investment Law 2006	Investment Promotion Act
		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(8)	Approval and Notification for Company Establishment				
(8)	1) Procedure and Notification	<p>【Iraq Company Law No.21 of 1997 (amended in 2004) Section II】</p> <p>【Required Procedure for Company Registration】</p> <p>* Limited Liability Company</p> <p>1) Reserve the company trade name at the relevant Chamber of Commerce and the Union of Chambers of Commerce.</p> <p>2) Apply to the following agents for company registration</p> <p>a) Article of incorporation</p> <p>b) Deposit company's capital (more than 1 million Dinars) in Iraqi Dinars in an authorized bank in Iraq and submit deposit certificate.</p> <p>c) A copy of passport or personal ID for foreign founders or Iraqi founders as well as for the representative authorized to lodge the application to the OCR (Office of company register).</p> <p>d) Establishment forms signed by founders or their legal representative.</p> <p>e) Address in Iraq</p> <p>f) Nomination of a legal consultant for the company according to a letter from the Iraqi Lawyers.</p> <p>g) Tax registration certificate and social security certificate.</p> <p>* Branch office</p>	<p>【Required Procedure for Company Registration】</p> <p>Limited Liability Company</p> <p>Note: It is strongly advised to seek appropriate local legal assistance</p> <p>* Requirements for incorporating a limited liability company in the Kurdistan Region and documents/actions needed:</p> <p>1) Reservation of name of proposed company at Chamber of Commerce;</p> <p>2) Completed application form;</p> <p>3) Draft company statement/company contract (similar to a memorandum of association);</p> <p>* For each corporate shareholder:</p> <p>1) Certificate of incorporation;</p> <p>2) Articles of association/charter;</p> <p>3) Board resolution approving incorporation of a subsidiary in the Kurdistan Region;</p> <p>4) Power of attorney in favor of a Kurdistan Region lawyer to undertake</p> <p>5) Incorporation procedures;</p> <p>* or each individual shareholder:</p> <p>1) Passport copy; Power of attorney in favor of a Kurdistan Region lawyer</p> <p>2) Lease of premises in the Kurdistan Region;</p> <p>3) Evidence of residency of proposed</p>	<p>1) Approval notifications through an agent (it is necessary to answer whether you agree with the notice within one month after the notification receipt is required)</p>	

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		Category	Whole Territory except Kurdistan Region	Kurdistan Region	Whole Territory
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		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(8)	1) Procedure and Notification	<ul style="list-style-type: none"> <li>a) Incorporation certificate of parent company</li> <li>b) Article of incorporation of parent company</li> <li>c) Audited assets report of the previous year of the parent company</li> <li>d) Instruction and authorization document from the parent company on; <ul style="list-style-type: none"> <li>(i) branch office establishment in Iraq, (ii) approval of commercial operation in Iraq, (iii) project manager, legal procedure agents, financial manager</li> </ul> </li> <li>e) Legal confirmation letter from the parent company with respect to assuring to bear all the financial and legal responsibility of branch office.</li> <li>f) Nomination of a legal consultant for the company according to a letter from the Iraqi Lawyers.</li> <li>g) Passport copy of representatives for both parent company and branch office</li> <li>h) Signed contract with the counterpart government</li> <li>i) Address in Iraq</li> <li>j) Employment agreement for both local and foreign employees (generally, it will be submitted to tax office or social security department.</li> </ul>	<ul style="list-style-type: none"> <li>managing director in the Kurdistan Region;</li> <li>4) Deposit of initial share capital (minimum one million Iraqi dinars);</li> <li>5) Appointment of statutory lawyer;</li> <li>6) Appointment of statutory accountant</li> </ul> <p>All documents submitted to the Companies Registry must be in Kurdish or Arabic or accompanied by a translation. Documents signed outside Iraq must be notarized and legalized at the nearest KRG Representation Office or Iraqi Embassy.</p>		
(8)	2) Incentives assured by investment license	<p>【The Investment Law No.13 of 2006 (Iraq) Chapter 6, Article 15】</p> <ul style="list-style-type: none"> <li>1) The investor shall have the right to take out the capital he brought into Iraq.</li> <li>2) The foreign investor shall have the right to exchange shares and bonds listed in the</li> </ul>	<p>Incentives in KRG</p> <ul style="list-style-type: none"> <li>1) The investor may insure his investment project with any foreign or national insurance company that he considers suitable</li> <li>2) Non-Iraqis who are contracted by the</li> </ul>	<ul style="list-style-type: none"> <li>1) Corporate tax reduction (differ by zones) <ul style="list-style-type: none"> <li>Zone 1: 6 provinces of Bangkok metropolitan area,</li> <li>Zone 2: 12 provinces near to metropolitan area,</li> <li>Zone 3 ( part): 36 other provinces, (part 2)</li> </ul> </li> </ul>	



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		Relevant Law	Laws after the transition to civilian rules, Investment Law 2006	Kurdistan Investment Law 2006	Investment Promotion Act
		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(8)	2) Incentives assured by investment license	<p>Iraqi Stock Exchange in addition to forming investment portfolio in shares and bonds.</p> <p>3) Non-seizure or nationalization of the investment</p> <p>4) Renting or leasing lands needed for the project for the term of the investment project, provided that it does not exceed 50 years renewable with the agreement of the Commission.</p> <p>5) The right to employ and use non-Iraqi workers in case it is not possible to employ an Iraqi with the required qualifications</p> <p>6) Exemption from taxes and fees for a period of ten years</p>	<p>investment project are entitled to transfer the salaries and other remunerations to outside of Kurdistan Region.</p> <p>3) The foreign investor may return his capital abroad upon the liquidation or disposal of the project as long as this does not contradict with the provisions of existing customs and tax laws and procedures.</p> <p>4) The investor may transfer his investment wholly or partially to another foreign investor or national investor or concede the project to his partner with the approval of the board. The new investor replaces the previous investor in the rights and obligations evolving from the project.</p> <p>5) The investor may possess real estates, land and rent rights.</p> <p>6) The investor may open in the interest of his licensed project in accordance with the provisions of this law bank accounts in the national or foreign currency or both with banks inside and outside the region.</p> <p>Open bank account</p> <p>1) Regardless of the nature of the legal form and investment funds, registered project is granted as private project</p> <p>2) Employment of non-Iraqi citizens</p> <p>3) Technical and economical</p>	<p>other 23 provinces.</p> <p>Also, different incentives are provided for important industrial and special important industry.</p> <p>2) tax reduction for import of machinery and facility</p> <p>3) acceptance of land possession to a project of which foreign investment ratio exceeds 49%</p> <p>4) work permission to foreigners in a simple and special treatment</p> <p>5) Tax reduction to importation of raw materials for export production</p> <p>Foreigners permission to work in a simple and special frame</p>	

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		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(8)	2) Incentives assured by investment license		<p>confidentiality rights of investors are guaranteed. Investors of technical and economic confidentiality rights held</p> <p>In addition to the above rights and guarantees, investment law of KRG stipulates the following incentives.</p> <ol style="list-style-type: none"> <li>1) The project shall be exempted of all non-customs taxes and duties for a period of 10 years as of the date on which the project begins offering its services or as of the day of actual production</li> <li>2) The board may, for the requirement of the public interest in the region, grant additional incentives and facilities to investment projects that are licensed under the provisions of this law and that enjoy one of the following two characteristics in accordance with the rules set by the board for the purpose <ol style="list-style-type: none"> <li>a) Projects that are established in the less developed areas in the region</li> <li>b) Joint projects by national and foreign investors</li> </ol>                     (Investment Law Chapter II Exemptions and Obligations Article 5 and Article 6)                 </li> <li>c) Investments in service projects, particularly hotels, hospitals, tourism villages, universities and schools (Investment Guide pp.9)</li> </ol>		

No.	Items	Country	Iraq		Thailand
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		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(8)	3) Real estates	<p>【The Investment Law No.13 of 2006 (Iraq) Chapter 6, Article 10 and Article 11, Third】</p> <p>Renting or leasing lands needed for the project for the term of the investment project, provided that it does not exceed 50 years.</p> <p>The investor commits to make residential units within a period specified in the agreement, and sell or lease them to citizens as per the directives issued for that purpose.</p>	<p>【Investment licenses】</p> <p>Benefits of investment license include provision of land plots for nominal lease charge or long period in special area.</p> <p>【Strategic project】</p> <p>The Supreme Council of Investment will transfer land ownership at a promotional price or free of charge for projects that receive strategic status.</p>	<p>【Land Code Act Section 57】</p> <p>1) In principle, investors cannot buy the land if the foreign capital is greater than the majority of the company.</p> <p>【Investment promotion law section 27】</p> <p>Foreign investors are allowed to buy land if the project is included in the promotional project.</p> <p>【Industrial estate law Section44】</p> <p>Investors who are to move into industrial estates where is administrated by BOI or IEAT can possess land.</p>	
(8)	4) Factory Construction	N/A	N/A	<p>【The Factory Act of 1992】</p> <p>1) Plant establishment is concerned by Industrial Development Bureau of Ministry of Industry. However, IEAT shall consider taking the position if the plant will be established in an industrial estate.</p> <p>【Thailand Industrial Corporation Act Section 42】</p> <p>In the case of local area, it is necessary to apply to industrial office of each province. The documents required to submit are as below:</p> <ol style="list-style-type: none"> <li>Application documents (with description of the factory)</li> <li>Copy of company registration</li> <li>Location map of the factory</li> <li>Plant and machine layout drawing</li> <li>Plant design drawing</li> <li>Explanation of pollution control</li> <li>Other necessary documents</li> </ol>	

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		Relevant Law	Laws after the transition to civilian rules, Investment Law 2006	Kurdistan Investment Law 2006	Investment Promotion Act
		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(8)	5) Import of Machinery	<p>【The Investment Law No.13 of 2006 (Iraq) Chapter 5, Article 17】</p> <p>Assets imported for the purposes of the investment project shall be exempted from fees, provided that their entry to Iraq is made within 3 years from the date of granting the investment license.</p>	<p>1) The vehicles, machinery, equipment and imported machines for the project shall be exempted of taxes and duties and the condition to obtain import license, provided they are imported through the border crossings of the region within two years from the date of the approval of their lists by the chairman of the board and are used exclusively for the purpose of the project.</p> <p>2) The spare parts imported for the project shall be exempted of taxes and duties provided their value is not more than 15 % of the price of the machinery and equipment upon the prior approval of their lists and quantities by the chairman of the board.</p> <p>3) The machinery and equipment needed for the expansion, development, or modernization of the project shall be exempted of taxes and duties.</p> <p>4) The investor may in accordance with the provisions of this law import all the needs of his project, including machinery and equipment. These imports shall be exempted of all customs duties provided they enter through the border crossings of the region and are used exclusively for the purposes of the project.</p> <p>【Investment Law Chapter II Section One Tax and Customs Exemptions Article 5】</p>	<p>【Investment promotion Act, section 28.29】</p> <p>1) Import of machines need to apply BOI for import tax reduction after receiving project incentives</p> <p>2) The equipment shall be equivalent quality to similar items manufacture in outside of Thailand.</p>	

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		Relevant Law	Laws after the transition to civilian rules, Investment Law 2006	Kurdistan Investment Law 2006	Investment Promotion Act
		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(8)	6) Import of Raw Materials	<p>【The Investment Law No.13 of 2006 (Iraq) Chapter 5, Article 15】 The Project shall enjoy exemption from taxes and fees for a period of 10 years as of the date of commencing commercial operations.</p>	<p>1) The raw materials needed for production shall be exempted of customs duties for a period of five years, provided the types and quantities of these materials are determined by the board, while giving priority to the use of locally available raw materials that are suitable for the investment project in quantity and quality.</p> <p>【Investment Law Chapter II Section One Tax and Customs Exemptions Article 5】</p>	<p>【Investment promotion Act Section 30】</p> <p>1) Import tax of raw materials used for manufacturing export products and under BOI projects are exempted. 2) Tax exemption for 1 to 5 years and extendable. 3) Raw materials used for manufacturing and under promotion project are allowed to exempt not more than 90% import tax only for one year.</p>	
(8)	7) Attached documents to the authorization from BOI	N/A	N/A	<p>1) Answer sheet for approval and application for requesting deadline extension 2) Application form for promotion certificate 3) Notification of import tax reduction 4) The notice relates to a machine import and equipment list that are able to manufacture locally 5) Method to apply corporate tax reduction incentives 6) Criteria and methods of machine item table approved by the MCTS) 7) Form of utility and manpower requirements. 8) Proposal for investment incentives</p> <p>(Documents necessary for apply investment incentives)</p> <p>1) Proposal documents for investment incentives(FOSCT21) 2) Copy of the certificate of corporate registration</p>	

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		Relevant Law	Laws after the transition to civilian rules, Investment Law 2006	Kurdistan Investment Law 2006	Investment Promotion Act
		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
		N/A	N/A	3) A certificate stating the registered capital 4) A certificate of investment from overseas 5) A joint venture contract, licensing agreement, technical assistance contract and/or technology transfer contract (if any) 6) Form of utility and manpower requirements	
(9)	Types of Enterprises	<p>【Iraq Company Law No.21 of 1997 (amended in 2004) Section II】</p> <p>- 100% foreign company is allowed.</p> <p>1) Joint stock companies (JSC)</p> <p>a) JSC can be formed by maximum of 100 shareholders (private or corporate)</p> <p>b) Public-Private JCS can be established by public and private joint investment</p> <p>2) Limited Liability Company (LLC)</p> <p>a) LLC can be established by maximum of 25 shareholders (private of corporate status)</p> <p>b) Public-Private LLC and Private LLC can be established</p> <p>3) Joint Liability Company (JLC)</p> <p>a) JLC are formed by a number of investors ranging between two and twenty five natural or legal persons.</p> <p>b) Owners participate in proportion to their respective quotas and have unlimited personal liability.</p> <p>4) Sole Owner Enterprise</p> <p>a) In sole proprietorships the owner assumes personal, unlimited liability.</p>	N/A	<p>【Civil and Commercial Code】</p> <p>1) Ordinary Partnership (Section 1025-1076)</p> <p>2) Limited Partnership (Section 1077-1095)</p> <p>3) Limited Company (Section 1096 - 1195)</p> <p>【Three types of companies above are based on Civil and Commerce Code】</p> <p>Public Limited Company</p> <p>【Public Limited Company Act 1992】</p> <p>1) Branch</p> <p>2) Representative Office</p> <p>3) Regional Operating Headquarter</p>	

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		Relevant Law	Laws after the transition to civilian rules, Investment Law 2006	Kurdistan Investment Law 2006	Investment Promotion Act
		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(9)	Types of Enterprises	5) Branch office a) It fully belongs to the parent company overseas and is not admitted as liable corporation. 6) Representative office a) It is allowed to do market development, market studying and sales promotion but commercial operation such as business contracting is not permitted. 7) Commercial Agency and Distribution a) It is able to nominate commercial agent in Iraq if foreign company needs to hire distribution network for its own products.	N/A		
(10)	Entry and Stay Permission and Work Permission for Foreigners	1) Local employ should not be less than 50% of the project total employment. 2) It is allowed to employ non-Iraqi workers in case it is not possible to employ an Iraqi with required qualifications and capable of performing the same task. 3) There are no restrictions to hire foreign workers by age, gender, academic level and numbers. 4) Short term business purpose entry is required to obtain a single entry visa. 5) In order to obtain the single entry visa, applicants are requested to prepare 1.Trusted agent authorization and trusted agent identification document, 2.Copy of each applicant's passport picture/signature page, 3.Contract between the company and Iraqi government and etc. 6) Single visa holder is allowed to entry Iraqi	The Kurdish law provides that US, European and Canadian citizens are allowed to entry KRG territory without obtaining visa.	<b>【Work permit for foreigners, Enacted in July, '78】</b> - Foreigners entering or willing to stay in Thailand are requested to obtain visa.  <b>【Immigration law】</b> - Foreigners who are to enter Thailand for working need to obtain Non-immigrant visa. Also, they are requested to apply work permit. However short and urgent tasks such as repair or conference are allowed only by special declaration to the immigration office. - There are 39 negative lists that are not allowed foreigner to engage in.	

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		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(10)	Entry and Stay Permission and Work Permission for Foreigners	territory for less than one month and is not extendable. While the business visa holders are required to receive a blood test within 10 days after disembarkation for resident permit. 7) Foreign employee with a single entry visa entitles the holder to remain in the country for a three-month continuous stay. 8) The competent authority may issue a Residence Permit to foreigners for them to stay in Iraq for a period of time not longer than eight years. But, granted consent, extension for residence may be for one year. One month before the residence period expires, the foreigner may request for residence extension for another year. 9) The Law provides that in case where the employer is employing expatriate workers with Arabic nationalities, he shall inform the labor office of that employment within a period not exceeding 30 days from the date of employment. 10) In the case of non-Arab expatriate workers; the employer can employ the workers after obtaining a work permit in accordance with the conditions and the procedures determined by the instructions of the Minister of Labour and Social Affairs. Expiration period is one year.			
(11)	Intellectual Property Rights` Protection	【CPA Order 81 Patent, Industrial Design, Undisclosed Information, Integrated Circuits and Plant Variety】 【CPA Order No83 Amendment to the Copyright	N/A	【Thai Patent Act B.E.2542】【Copyright Act of 1992】【Trademark Act of 1991】 In 1997, a new intellectual property and	



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		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(11)	Intellectual Property Rights` Protection	<p><b>Law</b></p> <p>1) Article 1 of the Copyright Law No. 3 of 1971 is amended as follows; This law (Order No.83, Amendment to the Copyright Law) protects the authors of original literary, artistic and scientific works, whatever their type, method of expression importance and purpose.</p> <p>2) The protection shall include the works whose method of expression is in writing, sound, drawing, painting or movement, and in particular the following: computer programs, works conveyed verbally such as lectures, lessons, speeches, sermons and works entered under the arts of drawing and painting with lines and colors, engraving, sculpture and architecture.</p> <p><b>【Trademark and Geographical Indications Law】</b></p> <p><b>【CPA Order No80 Amendment to the Copyright Law】</b></p> <p>1) Amendments to the Trademarks and Descriptions Law No. 21 of 1957 Any natural person or legal entity shall have the right to apply for the registration of a trademark with all attendant rights in accordance with the provisions of this Law.”</p> <p>2) Period of validity is 10 years and free to extend.</p>	N/A	<p>international trade court began an operation.</p> <p>Thailand became a party to the Paris Convention on August 2, 2008 and Patent Cooperation Treaty (PCT)</p> <p>The term of an invention patent is 20 years from the date of filing an application in Thailand and is not renewable. The term of protection for a petty patent is 6 years from the date of filing an application in Thailand, which can be extended twice, for 2 years each.</p> <p>The term of a design patent is 10 years from the date of filing an application in Thailand.</p> <p><u>Copyright Protection Period</u> A copyright in literature, drama, artistry or music is valid throughout the lifetime of the creator, and for an additional 50 years thereafter. In the event the creator is a juristic person, the copyright will be valid for a period of 50 years following the creation of the work. The copyright for applied artistic work is valid for a period of 25years following the creation of the work.</p> <p><u>Trademark registration period</u> Trademark registration is effective for a period of 10 years from the filing date of the application.</p>	
(12)	One Stop Service				
(12)	1) Name	The One Stop Shop (in the National Investment Commission)	One Stop Shop	OSOS: One Start One Stop Investment Center	

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		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(12)	2) Assignments		<ol style="list-style-type: none"> <li>1) Process Investment Applications in a single, easily accessible spot: NIC</li> <li>2) Create a single clearing house where investors can get answers to all questions</li> <li>3) Streamline the investing process by clarifying legislation and improving service quality in registration, licensing, permitting and land allocation.</li> <li>4) Provide investors with pre-approval support including approval facilitation, local partnering and information on markets, sectors and investment incentives</li> <li>5) Provide post-approval support, including application for permits</li> </ol>	<p>KBOI's regional offices function as a general reception for investment licensing. KBOI (headquarter) carries out evaluation of project proposal, supporting land allocation, issuing investment license and monitoring of utilization situation of incentives.</p>	<ol style="list-style-type: none"> <li>1) Quick company registration services (providing application form and receipt of proposals)</li> <li>2) Granting of visa and work permit for BOI license holders</li> <li>3) Applying one stop services for visa application process and work permit process</li> <li>4) Complete issuing visa and work permit process in 3 hours by establishing extension service in collaboration with immigration office and labor department</li> <li>5) Special service for altering visa (from tourist visa or transit visa to non-immigrant visa) and paying penalty, re-entry process. These services can be complete in 3 hours.</li> </ol>
(12)	3) Relevant Ministries	N/A	N/A	<ol style="list-style-type: none"> <li>1) Ministry of Commerce <ul style="list-style-type: none"> <li>• Business Development Department</li> <li>• Company Registration</li> <li>• Foreign Business</li> </ul> </li> <li>2) Ministry of Finance <ul style="list-style-type: none"> <li>• Revenue Department</li> <li>• Customs Department</li> <li>• Excise Department</li> </ul> </li> <li>3) Ministry of Industry <ul style="list-style-type: none"> <li>• Office of the Board of Investment</li> <li>• Department of Industrial Works</li> <li>• Department of Primary Industries and Mines</li> <li>• Industrial Estate Authority of Thailand</li> </ul> </li> <li>4) Ministry of Interior</li> </ol>	

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		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(12)	3) Relevant Ministries	N/A	N/A	<ul style="list-style-type: none"> <li>• Department of Lands</li> <li>• Department of Public Works and Town and Country Planning</li> <li>• Provincial Waterworks Authority</li> <li>• Provincial Electricity Authority</li> <li>• Metropolitan Electricity Authority</li> <li>5) Ministry of Labor <ul style="list-style-type: none"> <li>• Department of Employment</li> <li>• Department of Labor Protection and Welfare</li> <li>• Social Security Office</li> </ul> </li> <li>6) Ministry of Foreign Affairs <ul style="list-style-type: none"> <li>• Department of Consular Affairs</li> </ul> </li> </ul>	
(13)	Free Trade Zones				
(13)	1) Overview	<p>【1998 Free Trade Zone Law No3】</p> <p>Free Zone Board was established under the Ministry of Finance and provision of the Free Zones LawNo.3 of 1998.</p>	N/A	<p>1) General Industrial Zones (GIZ) GIZ is the area allocated for manufacturing of domestic and export market products.</p> <p>2) Export Processing Zones(EPZ) EPZ is the area allocated only for export orient products manufacturing. EPZ has extension custom office for quick custom clearance procedure.</p> <p>3) Free Zones (FZ) FZ is an industrial zone having a specific area where tax-free production is allowed.</p>	
(13)	2) Incentives	<p>1) Exemptions of capital, profits and revenues resulting from the investment of all taxes and fees over the life of the project, including the establishment and construction of project</p> <p>2) Exempting the wages of foreign workers</p>	N/A	<p>1) General Industrial Zones (GIZ)</p> <p>a) Foreigner can possess land</p> <p>b) Foreign engineers, specialists and their accompanied families can acquisition entry visa and work permit easily.</p> <p>c) Permit to take out or remit money abroad</p>	

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		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(13)	2) Incentives	<p>from taxes and allowing the transfer of their income outside Iraq. As for Iraqi workers, 50% of their wages are exempted from income tax.</p> <p>3) Exempting imported and exported goods and raw materials from all taxes and fees, except those exported to the interior of the country</p> <p>4) Getting foreign currencies inside and outside or dealing in them inside the free zone is not subject to any restriction or condition</p> <p>5) Investors in the free zones are allowed to open accounts in certain banks with currencies received from abroad.</p> <p>6) Giving investors a temporary entry customs privilege for their cars according to the need of the project</p> <p>7) Granting the right to waive the investment, incorporating or excluding the partner</p>	N/A	<p>in foreign currency</p> <p>d) Permit to construct factory and building pursuant to construction law and city planning law can complete at OSOS.</p> <p>e) Permit to entry service industry such as logistic, warehouse, training center and clinic.</p> <p>2) Export processing zones (EPZ)</p> <p><b>【Industrial Estate Authority of Thailand Act, 1979】</b></p> <p>a) Relief from Special Surcharges and Import/Internal Taxes/Duties: Machinery, equipment, tools and supplies including parts of them removed into the EPZ for the purpose of producing goods and constructing, assembling, or installing a factory or a building in the EPZ are not subject to special surcharges under the Investment Promotion Act, import duty, excise tax, and value added tax.</p> <p>b) Relief from Export Duty, Excise Taxes, and Value Added Tax:</p> <p>c) Entitled for Export Tax Refund/Exemption Schemes:</p> <p>d) Zero Tax Rate: A zero tax rate is applied to calculate VAT in the following circumstances:</p> <ul style="list-style-type: none"> <li>- Sale of services or goods among industrial operators whether in the same or different EPZs;</li> <li>- Sale of services or goods between industrial operators and bonded warehouse licensees; and</li> </ul>	

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		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
(13)	2) Incentives		N/A	<p>- Domestic merchandise removed into the EPZ.</p> <p><b>【EPZ plus system】</b></p> <p>a) As an eligibility to enter the zone, “Sales” and “Service” industry has been added to the current conventional manufacturing</p> <p>b) Export ratio requirement has been canceled in 2003.</p> <p>3. Free zone (FZ)</p> <p>a) Import tax exemption to Machineries, tools</p> <p>b) Commodity and consumer tax exemption</p> <p>c) Alcohol tax, tobacco tax exemption</p> <p>d) Exemption from standardization and quality control requirement by law.</p> <p>e) Swift custom clearance services on site</p> <p>f) Well developed infrastructure</p> <p>g) Various incentives</p> <p><b>【Common amenity of FZ and EPZ plus】</b></p> <p>a) Exemption of bank guarantee</p> <p>b) Right to ship out to ASEAN market to enjoy AFTA preferential treatment tax</p> <p>c) No limitation to the bond warehouse, no constraints of raw material consumption formula and exemption to scrap materials</p>	
(13)	3) Free Zone Area	<p>1) Baghdad Province</p> <p>2) Basra Province (Khor Al-Zubair Area) including BIOGH</p> <p>3) Babylon Province (Hittin Area)</p> <p>4) Anbar Province</p> <p>5) Mid-Euphrates area (b/w the governorates</p>	<p>Ministry of Trade and Investment (Draft)</p> <p>1) Erbil</p> <p>2) Slemani</p> <p>3) Duhok</p> <p>4) Garmian</p> <p>5) Zakho (bilateral free trade zone b/w</p>	<p>There are 60 industrial parks approximately in central to eastern Thailand. Especially, it locates in Rayong, Chonburi, Chachoengsao and Ayutaya area. Majority of them have FTZ within the park.</p>	

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		Name of Investment Promotion Unit	National Investment Commission (NIC)	Kurdistan Board of Investment (KBOI)	Thailand Board of Investment (BOI)
		of Al-Najaf Al Ashraf and Holy Kerbala) 6) Nineveh Province 7) Diyala Province (New Iraq Camp)	Kurdistan and Turkey)		
(13)	4) Approval of incorporation	1) Industrial (production and sales) activities and assembling, manufacturing and repacking 2) Warehousing--re-exporting and trading 3) Warehousing services 4) Various types of transportation 5) Banking, insurance and re-insurance 6) Supporting complementary and professional activities and services	N/A	Unlike the BOI, approval for plotted zone acquisition is evaluated based on the demand of infrastructure, presence of pollution and its measures. BOI issue promotion certificate to investors when licensing, while IEAT decide based on the contract concluded with IAET.	
(13)	5) Requirements for establishment of enterprises	1) Submit an application from the investor to the commission to elect his invested project and clarify specification of the requested location (bureau, building, paved or unpaved land) and define his previous and recent project. 2) Submit any document to confirm the economic and financial centre to the investor as his belonging to the chamber of commercial or industrial. 3) Fees of activity license. 4) Fill the form of investment application. 5) Submit (3) copies of the economic feasibility study of the projects. 6) After prime agreement the rent should be paid first to the requested location for investment for one year. Rent for subsequent year should be paid each at the same time and pay the guarantee fees. 7) Ratify the contract and arrange report of the	N/A	<b>【Industrial Estate Authority Thailand Act】</b>  (Section 42) All the construction of buildings, establishments and operation of factories in the industrial estate shall be in accordance with the law on factories, the law on control of the building construction and the law on city planning; provided that the grant of permission which is the authority of the official under said laws shall be the authority of the Governor or a person designated him.  (Section 45, 46) An industrial operator may be permitted to bring into the Kingdom foreign nationals who are: (1) skill workers; (2) Experts; (3) spouse or dependents of persons under (1) or (2) in such numbers and for such periods as the Board deems appropriate even though it may exceed the quota or period permissible under	

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(13)	5) Requirements for establishment of enterprises	<p>location and then submit the geometrical scheme to the location of the project in accordance to the instructions depending on the Arabian text when a dispute arising.</p> <p>8) License of activity delivered when the building is established completely.</p> <p><b>【Requirement from Free Zone Board】</b></p> <ol style="list-style-type: none"> <li>1) Submission of duly signed article of incorporation, if necessary</li> <li>2) Submission of board member list if it is not clearly defined at the article of incorporation.</li> <li>3) Submission of formal commencement request of the project from the executive director of the company</li> <li>4) Submission of color copy of passport in triplicate if the investor is not corporation status but a foreign personal</li> </ol>	N/A	<p>the law on immigration.</p> <p>(Section 44)</p> <p>An industrial operator may be permitted to own land in an industrial estate required for his industrial activity in such size as the Board may deem appropriate even though it may exceed the limit permissible under other laws. In the case where an industrial operator who is a foreign national ceases his business or assigns it to another person, he shall dispose of the land which has been permitted to own to IEAT or the transferee of the business, as the case may be, within three years as from the date of the cessation or transfer thereof or the Director-General of the Land Department shall dispose of the said land to IEAT in accordance with the Land Code.</p>	

### **Annex 3 Summary with the Focus on challenges and Potential Solutions Learned by NIC and KBOI Staff in the Training Program in Thailand**

In a training program in Thailand, NIC and KBOI staff has indicated the following challenges and potential solutions in the workshop.

#### **A. Output obtained from presentations of the participating agencies**

##### **1. Objective of the workshop:**

Based on findings from the training program conducted from August 18 to 21, the participating agencies discuss their challenges and viable improvement strategies in a group meeting, wrap them up and present the outcome.

##### **2. Output from presentation materials**

The following challenges and potential solutions applicable to each agency are highlighted in presentation materials prepared by each participant as well as those compiled by leaders.

##### **(1) NIC**

###### **1) Challenges**

- Delay of application procedures filed by investors for land use. The processing has been delayed in a negotiation primarily between government agencies holding land and farmers using the land as well as groups of illegal occupation.
- Inconsistency existing between the Investment Law and related laws and regulations under the jurisdiction of other ministries (including authorization of land use). For instance, Ministries of Industry and Finance, and NIC have claimed their land ownership of Industrial Estate Zone on the ground of laws applicable to their respective jurisdictions.
- Security problems
- Lack of experience and capacities of NIC staff: In particular, investment attraction, IT, investment consultation service, and investment project assessment
- Inadequate information database for each sector: Information on leading companies, particular technologies and technology sources, and the equivalent sectors abroad
- Bribery received by officers
- Inconsistency in overseas remittance procedures at National Bank
- Absence of monitoring system for internal operations related to investment procedures
- Lack of experience in developing industrial estate



## 2) Potential solutions

- Enactment of a law to determine the jurisdiction of government agencies with respect to land ownership
- Improvement of inter-agency communication by means of the e-system
- Regular update of information database
- A training program for capacity development of staff (Industrial estate development and management, and monitoring methods)

## (2) KBOI

## 1) Challenges

- Insufficient inter-agency cooperation
- Complicated investment review procedures and inefficiency of work: Types of required documents and steps to obtain a license do not significantly differ from those in Thailand. At KBOI, however, its work efficiency is low, as screening criteria are not clearly defined, and the screening process not standardized. KBOI is aware of these problems. At the same time, KBOI recognizes that more transparent investment review procedures have not been much established, including clarification of where application documents are suspended, or what screening criteria are applied.
- Operations that prioritize the interest of government agencies over service provision to investors
- Underdevelopment of communication via information networks of related government agencies
- Difficulties in reorganizing rights and compensation schemes applicable to government agencies holding land, land users (such as farmers) and illegal land occupants, and thus difficulties in allocating land to investors. The land is allocated on properties of the Ministry of Interior. However, in a case where land section is not clearly identifiable, it may be overlapped with areas under the jurisdiction of the Ministry of Agriculture. According to KBOI, as a result of unsuccessful inter-agency negotiation, investment license, though once issued, was actually cancelled because the land was not available for allocation.
- Unfavorable sentiment established toward insecurity
- Lack of human resources
- Lack of practical experience of investment promotion staff
- Intervention of activities by political parties
- Top management provides no feedback to working staff with respect to their training output.
- Delay in infrastructure development due to insufficient budget allocation. According to KBOI, power development is particularly behind because of inadequate budget.
- Land development corporations or companies do not exist in the country (A good model of industrial estate development is unavailable.)

2) Potential solutions for identified challenges

- A PR campaign with the media to foster a favorable attitude toward Iraq
- Land allocation to develop industrial estate. Currently, the Ministry of Industry is primarily developing the existing industrial estate. In fact, it is actively encouraging new entry of foreign developers for the sake of promoting industrial estate development.
- Promotion of streamlined investment license procedures. This may be achieved by simplification of application documents along with enactment and reviewing of the legal system and standardization of operations through implementing work instructions.
- Creation of an investment map. This illustrates locations, amounts, project scales and timetables of public procurement and investment projects which all the government agencies announce. The map is posted on the web site or newspapers.
- Enhancement of communication between KBOI and related government agencies
- Elimination of procedural inefficacy through implementation of human resource development programs
- Hands-on training for front desk staff serving for investment review procedure
- Introduction of OSS for streamlining licensing procedure.
- IT network connection between government agencies
- Implementation of training for promotion staff

**B. Comments from the question-and-answer and closing sessions in the workshop**

Questions and comments posed by participants during presentations and the subsequent closing session are highlighted below. Refer to ANNEX 7 and 8.

(3) Confirmations

Confirmation on current situation and expecting supports is as follows:

- Confirmation on the current situation

(3) (1) Clarifications

Some questions were raised and clarified by NIC/KBOI as follows;

1) Coordination between NIC and KBOI

Some investors are served both by KBOI and NIC, while the former seeks for the latter's supports. Thus, both institutions try to coordinate and harmonize their supports.

2) Useful technological transfers to Iraq

Besides the latest technologies including production facilities or technique, know-how is part of technical capacities, including organizational management. Thus, all kinds of technologies need to be updated. In addition to those related to power plants and industrial production facilities, NIC/KBOI seek for a technical transfer in terms of capacity development such as organizational management. Practical know-how needs to be also obtained

- 3) Expectations of NIC/KBOI for the concrete fields of the capacity development program from JICA
  - a) Strategies of investment attraction promotion (KBOI)
  - b) Communication networks
  - c) Information sharing
  - d) Revision of guidelines (for the investment attraction media)
  - e) Development of practical capacities for staff
  - f) Enhancement of language proficiency (English)
  
- 4) Communication with other ministries  
Interpersonal communication is particularly important, and an inter-sector training with the participation from the relevant ministries would be useful.
  
- 5) Level of position to be focused in terms of external support to NIC/KBOI  
DG having policymaking authority, managers, and working staff will be effective practitioners of what is learned in a training program.
  
- 6) Expectation of NIC/KBOI for support of development of an electronic system  
Support for capacity development of staff to operate the electronic system
  
- 7) Original database to each ministry  
Ministries of Industry, Oil, Labor and Health and other agencies operate and update their own databases

(4) Comments from participants during the closing session

Participants addressed the comments as follows;

- Appreciation for the training session
  - 1) The training contents were successfully enhanced through discussion.
  - 2) Discussion was useful.
  - 3) This training program was very successful where participants from different divisions and investment promotion agencies have learned through their vigorous discussion. It also offered valuable input to the Japanese side in terms of developing better assistance programs.
  - 4) This was excellent, and the best training program I have attended so far. It was unique in that

different programs were combined.

- 5) It was good to know Thailand provides one stop services.
  - 6) I appreciate both NIC and KBOI have been committed to prepare for excellent presentations. I hope you will practice what you have learned in the program.
- Request for the improvement of training
    - 1) In addition to NIC and KBOI, related government staff may participate in a training program. JICA and Unico must be able to involve themselves in a selection of the participants, rather than leaving it to Iraqi side.
    - 2) Future training programs may need to deliberate on selection of participants.
    - 3) A plant visit should be accompanied by a capable guide. This time, the attendant did not know much about the site. A coordinator of training programs must arrange an interview with a candidate in advance to review his/her qualification.
  - Wishes for the next capacity development training
    - 1) A three-week training program will be valuable.
    - 2) The next training program should desirably include participants from each governorate.
    - 3) The training period should be extended. One week is too short.
    - 4) (In addition to lectures,) programs should include more workshops to address specific issues and simulation sessions assuming specific investors. Such course must be planned to deal with scenarios of what requests potential investors may make. This would be hopefully realized in the next training program.
    - 5) A similar training program is useful, targeting both working level staff and managers at NIC and KBOI in Iraq.
    - 6) More site visits to Industrial Zones (rather than plant visits) should be included.
    - 7) Future training programs may be planned to offer visiting opportunities in countries other than Thailand that hosted this training program.
    - 8) (Comments for NIC/KBOI) Investment attraction organizations should provide investors impartial information that may or may not serve their own interests. This will lead to trust gained from the investors.
    - 9) Effectiveness of a training program will be enhanced if participating organizations can prepare the sessions and conduct follow-up activities with the Japanese side at the pre- and post-training stages.

Annex 4 Questionnaire of the investment promotion policy and investment promotion agency regarding the quality and promotion (English)  
Data Collection Survey on Foreign Investment Promotion in the Republic of Iraq

Date 22-Aug-14  
 Venue Bangkok, Thailand  
 interviewer Takao Kikuchi, Hirofumi Yamauchi  
 interviewee Mr.Luay, Dr.Hussein, Ms.Huda, Ms.Jehan (NIC) Dr.Kamaram, Mr. Jamil, Mr.Saman, Mr. Yadgar (KBOI)

Annex 4-1

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
1			FDI contribution in Iraq How does FDI contribute to the national economy?	1) FDI diversifies the National Economy by focusing on the role of domestic and foreign private sector through Conversion and Extraction Industries (Oil, Chemical, Petrochemical, building material, textile and nutrition industries) 2) FDI Promotes the infrastructure and contributes to national economy in Iraq	National Development Plan 2013-2017 (Prepared by Committee chaired by Ministry of Planning. NIC is heard from the Committee for its opinion, but NIC is excluded from the committee membership)	FDI will transfer the technology and employment opportunity to KRG so that FDI enables KRG to grow.	Kurdistan Region of Iraq 2020:
2			Actual FDI Promotion Strategy				
2	1		Key Sectors of FDI	Construction (Housing sector for the post-war reconstruction), Petrochemicals, Oil, Gas, Manufacturing Industries	Feedback to the Questionnaire in July, 2014	Agriculture, Construction and Industry.	Hearing Survey (First and Second Field Survey)

Annex 4

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
2	2		Principal FDI Promotion Strategy	Based on the needs of Iraq to rebuild its infrastructure and rehabilitate the economic sector, FDI is promoted.	Feedback to the Questionnaire in July, 2014	No special FDI promotion strategy is planned other than dissemination of investment climate information through website and delivery of investment guidebook at embassies abroad, KBOI offices and airport satellite office.	Law No.4 of 2006 Law on the Investment in the KRG Chapter II Exemptions and Obligations Article 5 and Article 6
2	3		Incentives in detail	Tax and Custom Exemption, import of machinery, investment license, freedom of capital transfer, visa	Investor Guide to Iraq 2013 The Investment Law No.13 of 2006 (Iraq) Article 15	Tax and Custom Exemption, import of machinery, investment license, freedom of capital transfer,	Law No.4 of 2006 Chapter II Exemptions and Obligations Article 5 and Article 6
2	4		Prospective private company profile category	Not clarified	Second Field Survey	Not clarified	Second Field Survey
3			FDI Promotion Strategy Planning Process				

		Question	Iraq		KRG	
		<u>Investment Promotion Policy</u>				
			Information	Source	Information	Source
3	1	Decision making process of incentives	<p>(Procedure for the amendment of investment law or the request for any investment environment related issues)</p> <ol style="list-style-type: none"> <li>1) Private sector investor can choose the contact point from the ones listed below;               <ol style="list-style-type: none"> <li>a) One Stop Shop</li> <li>b) Economic Department</li> <li>c) Promotion Directorate</li> <li>d) Ad-hoc Chairman meeting with investors</li> </ol> </li> <li>2) After the meeting with investors, these contact points are supposed to submit the request to revise the law or any rules to the Legal Advisor of Legal Department in NIC</li> <li>3) Send bill to `Shawra (=Consulting Council` under the Ministry of Justice to check the letter, grammar and style.</li> <li>4) Legal Department of NIC submits the bill to Council of Ministers</li> <li>5) Approve or disapprove the bill at the Parliament</li> </ol> <p>The Promotion Department of NIC present guidelines for investors to indicate how to implement rules and clauses of the</p>	Questionnaire	Ministry of Planning is the focal point to decide incentives for investment project that every ministry concerns.	Questionnaire (First Field Survey)

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
				investment law and governmental decrees to assist investors in Iraq. Surprisingly, messages sent from Investors to the Chairman through internet are reviewed by himself.			
3	2		Other relevant public institutions for FDI promotion	Relevant public institutions with regard to FDI promotion:  Council of Ministers, Ministry of Planning for the National Budget, NIC for the Investment Projects, Ministry of Health, Ministry of Environment, Ministry of Finance, Ministry of Industry, Ministry of Labor, Ministry of Oil	Questionnaire	Ministry of Municipality, Ministry of Planning, Ministry of Finance, Ministry of Industry Ministry of Agriculture	Questionnaire (First Field Survey)
3	3		FDI promotion strategy planning procedure (according to Investment	Not clarified	Investment Law	Not clarified (No strategy planning function in	New KRG Investment Law (Draft)



		Question	Iraq		KRG	
		<u>Investment Promotion Policy</u>				
			Information	Source	Information	Source
		Law)			KBOI. According to the New KRG Investment Law (draft), it indicates as follows: Planning section will be established under Research and Statistic Department. Also, Promotion and Media Department (new department) will be established.)	
3	4	FDI promotion strategy planning procedure (actual situation)	(Procedure of international procurement by ministries) 1) Following the Procurement and Joint Venture (JV) information provision from the relevant ministries, `Investment Map` is prepared by Project Sector of Technical Department in NIC which consists of 18 staff. 2) Internal committee of NIC evaluates the appropriateness of the Map. 3) The Map is circulated in public through internet, conference to investors, newspaper (Al-Sabah... Government newspaper, Zamman, Tkher, New Sabah) and Iraqi Embassy through Ministry of Foreign Affairs.	Hearing Survey (Second Field Survey)	Not proceeded	Hearing Survey (Second Field Survey)

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
				<p>4) Investment Map consists of the elements as follows;</p> <p>a) Investment opportunities provided by all the ministries (location, responsible entity, size, TOR) Successively, internal committee of NIC discuss appropriateness of these opportunities.</p> <p>b) Economic indicators to measure the progress of these opportunities provided by the ministries</p> <p>c) Investment opportunities sent from PIC and Governorate to NIC.</p> <p>d) `Promotion Plan` is prepared by the Promotion Department of NIC which consists of 5 staff.</p> <p>e) FDI Strategy is planned by the Committee chaired by Ministry of Planning as a part of National Development Plan.</p>			
3	5		Examples of FDI promotion strategy planning practice up to now	Announcement of project information, mainly infrastructure project or JV project	Hearing Survey (Second Field Survey)	Not exist	Hearing Survey (Second Field Survey)

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
				through diversified communication channels.			
			<u>Operational Quality and Promotion Activity of Investment Promotion Institution</u>				
4			Confirmation of methodology regarding the key FDI promotion industry along with the adequacy of analysis mentioned above				
4	1		Methodology to fix the priority industry for investment promotion (Benchmark, Mid and Long-Term Development Strategy)	Use the statistics as the reference for target setting of priority industry for investment promotion, but many statistics are obsolete so that estimation calculated by Ministry of Planning is counted. The national 5 year target is set in the National Development Plan.	Hearing Survey (Second Field Survey)	Ministry of planning summarizes a draft based on information from concerned ministries.	Questionnaire at the first field survey
4	2		Procedure to fix the priority industries for investment promotion	1) Ministry of Industry submits the draft to Ministry of Planning. 2) Ministry of Planning hears from the other relevant ministries.	Hearing Survey (Second Field Survey)	Priority industries are defined in the National Development Plan 2020 prepared by Ministry of Planning. Priority industry will be added based upon request from investors` union.	Hearing Survey (Second Field Survey)
4	3		Check-up methodology to review the priority industries for investment	Comparative study based on the international criteria and national criteria at	Hearing Survey (Second Field Survey)	N/A	Hearing Survey (Second Field Survey)

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
			promotion (Comparison with the other countries and the adequacy of the target (terms, numbers and indicators))	each relevant ministry.			
5			Confirmation of the One Stop Service which includes authorization and administrative procedures defined by the law and public administration in the documented manner.	Services provided by One Stop Service were confirmed as defined by Investment Law	Hearing Survey (Second Field Survey)	One Stop Service has not started yet	Hearing Survey (First Field Survey)
5	1		Confirmation of Law and Administration Order about One Stop Service which includes authorization and administrative procedure	Investment Law Article 9, Section Third	Hearing Survey (Second Field Survey)	Only new investment law clearly defines One Stop Service (but not in the old law).	Hearing Survey (Second Field Survey)
5	2		Comparison between the defined roles and current practice of One Stop Service	Due in course as defined in the investment law	Hearing Survey (Second Field Survey)	Just preparing One Stop Shop now and targeting to complete in 2 years.	Hearing Survey (Second Field Survey)
5	3		Name of Ministries and Public Agencies in charge of investment authorization (One Stop Service)	Property Department of Ministry of Finance, Baghdad Municipality, Ministry of Health, Ministry of Electricity, Ministry of Oil, Ministry of Environment, Ministry of Industry, Ministry of Water Resources	Hearing Survey (Second Field Survey)	Ministry of Municipality, Agriculture, Industry, Electricity, Environment, Public Relations (due to the lack of Ministry of Foreign Affairs), Finance	Hearing Survey (Second Field Survey)
5	4		Name of Department in charge of investment authorization (One Stop	One Stop Service	Hearing Survey (Second Field Survey)	Department of Promotion and Licensing	Hearing Survey (Second Field Survey)

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
			Service)				
5	5		Role of Investment promotion agency to facilitate the investment authorization from the other public institutions (One Stop Service)	<ol style="list-style-type: none"> <li>1) Meeting Coordination with other relevant ministries</li> <li>2) Facilitation to obtain the authorization from the relevant ministries</li> <li>3) Issue Investment License</li> <li>4) Support to assure the incentives for investors</li> <li>5) Mitigate the conflict between investors and ministries</li> </ol>	Hearing Survey (Second Field Survey)	Communication with concerned ministries. With Ministry of Municipality and Agriculture: discuss the allocation of land. With Ministry of Electricity: power related topics like installation capacity of power at the target site.	Hearing Survey (Second Field Survey)
5	6		FDI promotion activities are financed by the national budget? (including One Stop Service)	Yes	Hearing Survey (Second Field Survey)	Yes, and the budget is requested to the Ministry of Planning.	Hearing Survey (Second Field Survey)
5	7		How Iraqi Embassy supports the FDI Promotion?	<p>Through MOFA and Ministry of Trade</p> <ol style="list-style-type: none"> <li>1) Commercial attaché is dispatched by Ministry of Trade so that NIC provides training to commercial attaché through Ministry of Trade</li> <li>2) Contact MOFA and provide information to the Embassy</li> <li>3) Iraqi-Japan Committee or any relevant bilateral or regional committee</li> </ol>	Hearing Survey (Second Field Survey)	KBOI headquarter works jointly with the embassy. Investors' guideline is delivered through the embassy overseas as well.	Hearing Survey (Second Field Survey)
5	8		Sector Study				
5	8	1	Purpose of Sector Study	Not clarified	Hearing Survey	To identify sectorial needs and	Hearing Survey

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
					(Second Field Survey)	importance of attracting skills.	(Second Field Survey)
5	8	2	How often you publish sector study report?	Not published (Ministry of Industry publishes annual sector report and shares it with NIC. In addition, Study and Planning Section of each ministry engage in sector study.)	Hearing Survey (Second Field Survey)	Not published.	Hearing Survey (Second Field Survey)
5	8	3	Which sector has been analyzed?	Not clarified	Hearing Survey (Second Field Survey)	Not published.	Hearing Survey (Second Field Survey)
5	8	4	How many staff are engaged in sector analysis?	Not clarified	Hearing Survey (Second Field Survey)	Not yet	Hearing Survey (Second Field Survey)
5	8	5	How you make use of sector study analysis for FDI Promotion Strategy?	Not used effectively yet	Hearing Survey (Second Field Survey)	KBOI obtains investment statistics data through Ministry of Trade. Also, KBOI requests Ministry of Industry to collect necessary information on industries with regard to technology, manufacturers and so on. Through these information, KBOI stipulates strategy for FDI promotion.	Hearing Survey (Second Field Survey)
6			Confirmation of Detailed Promotion Practice (Disclosure of information				

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
			on web site, guidebook of investment procedure, investment potential field, investment seminars)				
6	1		Disclosure of Information on Web Site				
6	1	1	Category	Investment related laws, reference materials, investment application form, introduction of OSS, housing construction program, investment guide	NIC Web Site	Investment license application, investment law (more than 6 months not updated), investment climates (not updated at all as well).	KBOI Web Site
6	1	2	Languages	English and Arabic	NIC Web Site	English, Kurdish and Arabic	KBOI Web Site
6	1	3	Degree of frequency to update the contents periodically (e.g. every 6 months, not decided)	Daily News is not literally updated daily basis. Furthermore, Investment Opportunities are not updated around the year.	NIC Web Site	Sometimes, not updated more than 6 months, because of shortage of human resources to take care of it.	KBOI Web Site
6	2		Investment Procedure Guidebook				
6	2	1	Name of Guidebook	Investor Guide to Iraq 2013	Investor Guide to Iraq 2013	Investment Guide	Investment Guide
6	2	2	Languages	English and Arabic	Hearing Survey (Second Field Survey)	English, Kurdish, Arabic	Hearing Survey (Second Field Survey)
6	2	3	Copies of circulation	5,000 copies	Hearing Survey (Second Field Survey)	Not clarified	Hearing Survey (Second Field Survey)
6	2	4	Circulation points	Embassy, Ministries, Chamber of Commerce	Hearing Survey (Second Field Survey)	Embassies, each directories, Chamber of Commerce, Erbil	Hearing Survey (Second Field Survey)

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
						airport, Government website	
6	2	5	Date for the publication of the latest version	`Investor Guide to Iraq 2014` Arabic version already printed, but English version has not been printed due to the delay of budget release caused by the cabinet nomination issue.	Hearing Survey (Second Field Survey)	Original copy was printed in 2010 and is going to be modified within 2014 (hopefully, after the new chairman seated.	Hearing Survey (Second Field Survey)
6	2	6	Name of Publisher (Name of Department)	Prepared by Promotion Department of NIC	Hearing Survey (Second Field Survey)	Department of Promotion collaboration with Dept. of Study and Reception	Hearing Survey (Second Field Survey)
6	3		Investment Potential Information				
6	3	1	Absence or Presence of Investment Potential Information	Investment Potential Information is provided by the relevant ministries.	Hearing Survey (Second Field Survey)	Local business opportunity, sector information covering housing, agriculture, tourism, education, transportation, telecommunication, industry/trade, art, sports are disseminated by website and investor's guide.	Hearing Survey (Second Field Survey)
6	3	2	Detail of Investment Potential Information	Public Procurement Information and JV Project information	Hearing Survey (Second Field Survey)	Not specified	Hearing Survey (Second Field Survey)
6	3	3	Entities to define Investment Potential Information	Each Ministry	Hearing Survey (Second Field Survey)	Promotion section	Hearing Survey (Second Field Survey)
6	3	4	Media to circulate Investment Potential Information	Newspaper (Al-Sabah), internet	Hearing Survey (Second Field Survey)	KBOI website and information obtained from other ministries by	Hearing Survey (Second Field Survey)



			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
						networking.	
6	3	5	Entity in charge of circulation of Investment Potential Information	NIC and each ministry	Hearing Survey (Second Field Survey)	KBOI	Hearing Survey (Second Field Survey)
6	4		Investment Seminar				
6	4	1	Number of Investment Seminars organized (Annual Basis)	25-35 times a year	Hearing Survey (Second Field Survey)	5 times each at Iraq and overseas. Last year: Japan, Turkey and Egypt (Cairo)	Hearing Survey (Second Field Survey)
6	4	2	Venues of Investment Seminar	In Iraq, Germany, UK, USA, Japan, South Korea, UAE, Jordan, Egypt, Turkey, Iran	Hearing Survey (Second Field Survey)	5 outside KRG, 5 inside KRG: United Kingdom, Egypt, Jordan , UAE, Austria, 5 others in KRG. Conference in Japan, Turkey, Egypt. No regularly organized seminar.	Hearing Survey (Second Field Survey)
6	4	3	Prospective guests of Investment Seminar	Businessmen, Ministries, business organization, investment promotion agencies, international organization	Hearing Survey (Second Field Survey)	Officials of KRG, businessmen, investors,	Hearing Survey (Second Field Survey)
6	4	4	Number of Visitors for the Investment Seminars (Accumulated numbers)	70 to 150 for each seminar. Total amount of 3,500 - 5,000 a year	Hearing Survey (Second Field Survey)	Average 200/seminar. Total amount of 2,000 people attend per year.	Hearing Survey (Second Field Survey)
6	4	5	Investment Seminar Organizer (Name of Institution)	Media and Relationship Department of NIC with Ministry of Industry, Ministry of Oil, Advisory Commission, Chamber of Commerce	Hearing Survey (Second Field Survey)	KBOI	Hearing Survey (Second Field Survey)
6	4	6	Annual Budget of Investment Seminar	Not clarified.	Hearing Survey (Second Field Survey)	Not clarified.	Hearing Survey (Second Field Survey)

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
6	5		Potential Investors` Information				
6	5	1	How do you collect potential investors` information	Not clarified.	Hearing Survey (Second Field Survey)	Information Department through the exhibition outside the country: UK, Turkey, Germany, Japan, UAE, Jordan, mostly focusing on neighboring countries	Hearing Survey (Second Field Survey)
6	5	2	Do you have business matching services to potential investors?	Merely through the web announcement	Hearing Survey (Second Field Survey)	At this moment, only direct dialogue with Chamber of Commerce but no networking communication on database information sharing	Hearing Survey (Second Field Survey)
6	5	3	How do you respond to the inquiry about skilled labors?	Contact Ministry of Labor and Social Health which is equipped with its own database for social security and insurance	Hearing Survey (Second Field Survey)	At this moment HRD data base is not available. But KBOI is entitled to hold direct access to university and schools to obtain human resource information.	Hearing Survey (Second Field Survey)
6	5	4	How do you respond to the inquiry about raw material supply sources?	Refer to the database and resource map of Ministry of Oil and the Department of Mineral Resources of Ministry of Industry	Hearing Survey (Second Field Survey)	Ministry of Industry has a data of suppliers so that KBOI refers to it.	Hearing Survey (Second Field Survey)
6	5	5	How do you respond to the inquiry for BDS, especially for taxation and	Legal Department of NIC is responsible for these topics and responds to the inquiry	Hearing Survey (Second Field Survey)	KBOI is able to arrange and facilitate a meeting with BDS.	Hearing Survey (Second Field Survey)

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
			legal issues?	from investors.		No database for BDS is available. It would be provided by promotion division now. But in a future it will be managed at OSOS.	
6	5	6	How do you respond to inquiry about logistics?	Media and Relationship Department of NIC and responds to the inquiry from investors.	Hearing Survey (Second Field Survey)	Using Investors' guide line (it is available now). Promotional CD (promotion tool of KBOI) has been revised, and it will be revised monthly.	Hearing Survey (Second Field Survey)
7			Record management of authorized investment projects and the management system of evaluation process of authorized projects.	License Section of One Stop Shop in NIC register the investment license nominee information and digitalize it to control by sectors along with hard copy filing system.	Hearing Survey (Second Field Survey)	Controlling section conducts the follow-up in addition to the concerned ministries on applied technologies. And if any problem found, KBOI issues warning letter. If they do not follow the advice, then KBOI voids the investment license. KBOI tries to address a new investor to continue the project.	Hearing Survey (Second Field Survey)
(1)							
7	1		Item of Investment Authorization	Register of Company	Feedback to	Ministry of Agriculture and	Hearing Survey

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
					Questionnaire in July, 2014	Ministry of Finance is the core organization for the investment procedure. Register of company: Ministry of Commerce and Trade. Company registration: first of all need to finish obtaining certificate from notary public and certificate from a bank for paid-up capital and trade union for company name registration and then complete application for approval to the ministry of trade.	(Second Field Survey)
7	2		Name of Ministries in charge of Investment Authorization	Ministry of Trade	Feedback to Questionnaire in July, 2014		Hearing Survey (Second Field Survey)
(2)							
7	1		Item of Investment Authorization	Commercial Operation	Questionnaire	Commercial Operation	Questionnaire (First Field Survey)
7	2		Name of Ministries in charge of Investment Authorization	NIC	Questionnaire	KBOI	Questionnaire (First Field Survey)
(3)							
7	1		Item of Investment Authorization	Work Visa	Questionnaire	Work Visa	Questionnaire

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
							(First Field Survey)
7	2		Name of Ministries in charge of Investment Authorization	Ministry of Interior	Questionnaire	Ministry of Interior	Questionnaire (First Field Survey)
(4)							
7	1		Item of Investment Authorization	Location Permit	Questionnaire	Location Permit	Questionnaire (First Field Survey)
7	2		Name of Ministries in charge of Investment Authorization	NIC	Questionnaire	KBOI	Questionnaire (First Field Survey)
(5)							
7	1		Item of Investment Authorization	Construction Permit	Questionnaire	Construction Permit	Questionnaire (First Field Survey)
7	2		Name of Ministries in charge of Investment Authorization	Ministry of Housing and Construction, Ministry of Municipality, Baghdad Governorate	Questionnaire	Ministry of Housing and Construction, Ministry of Municipality,	Questionnaire (First Field Survey)
(6)							
7	1		Item of Investment Authorization	Importation License	Questionnaire	Importation License	Questionnaire (First Field Survey)
7	2		Name of Ministries in charge of Investment Authorization	Ministry of Trade	Questionnaire	Ministry of Trade	Questionnaire (First Field Survey)
8			Follow-up Services and Monitoring for the licensed companies	NIC	Questionnaire (First Field Survey)	KBOI	Questionnaire (First Field Survey)
8	1		Follow-up services for the authorized enterprises	Depend on the projects: housing, is concerned by ministry of construction for example	Questionnaire	Not confirmed	Questionnaire (First Field Survey)
8	1	1	Confirmation of Follow-up services for the authorized enterprises	Two years after the execution of investment	Feedback to Questionnaire in July,	Two years after the execution of investment	Questionnaire (First Field Survey)

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
					2014 (First Field Survey)		
8	1	2	Detail of Follow-up Services	Follow-up section is responsible for monitoring after the provision of investment license. 18 Technical staffs serve directly under the control of chairman of NIC.	Hearing Survey (Second Field Survey)	Follow-up services are done by Issuing letter. KBOI provides services connecting with other relating ministries and monitor the execution of public services, like tax holiday, allocation of land and so far.	Questionnaire (First Field Survey)
8	1	3	Implementation Agency of Follow-up Services	NIC	Feedback to Questionnaire in July, 2014	KBOI	Questionnaire (First Field Survey)
8	1	4	Name of Department for the Follow-up Services	One Stop Shop Department of NIC	Feedback to Questionnaire in July, 2014	Not in service now	Questionnaire (First Field Survey)
8	1	5	Date of the Follow-up Services	N/A	N/A	N/A	Questionnaire (First Field Survey)
8	1	6	Implementation Criteria of the Follow-up Services	Not fixed	Hearing Survey (Second Field Survey)	Not fixed	Questionnaire (First Field Survey)
9			Effort for Institutional Improvement and Human Development				

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
9	1		Institutional Improvement				Roland Berger's quarterly report
9	1	1	Detail	Visa provision at NIC without applying to Ministry of Interior	Hearing Survey (Second Field Survey)	Training program, scholarship, computer, IT: supply budget for goes to school and send staff to official opened seminar and by international organization. Mostly by off-JT method.	Hearing Survey (Second Field Survey)
9	1	2	Objective	Facilitate visa provision	Hearing Survey (Second Field Survey)	Enhance capacity of staff to meet investor's satisfaction	Hearing Survey (Second Field Survey)
9	1	3	Effect	Positive, but slight conflict between foreign low skill labor and domestic labor	Hearing Survey (Second Field Survey)	Not started yet	Hearing Survey (Second Field Survey)
9	2		Preparation of job descriptions				Roland Berger's quarterly report
9	2	1	Objective	Transparent and efficient allocation of HR	Hearing Survey (Second Field Survey)	Effective assignment and hiring new staff	Hearing Survey (Second Field Survey)
9	2	2	Department which apply job descriptions	To request the budget for the new post of each department, job description is submitted to the chairman of the NIC. However, it is not reflected in the successive hiring process since most of the hiring process relies on interview without objective examination process.	Hearing Survey (Second Field Survey)	Not started yet	Hearing Survey (Second Field Survey)
9	2	3	Effect	Still limited	Hearing Survey (Second Field Survey)	Not clarified.	Hearing Survey (Second Field Survey)

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
10			Coordination with the other stakeholders				
10	1	1	Coordination with National Chamber of Commerce	MOU is established with most of chamber of commerce and agreed the agenda as follows; 1) Organize investment tour 2) Organize seminar 3) Organize meeting with ministries 4) Organize Conference 5) Receive foreign business delegation	Hearing Survey (Second Field Survey)	Just only exchanging opinions at a conference but no definite cooperation agreed. Instead, KBOI cooperate with an investors union	Hearing survey (First Field Survey)
10	1	2	Coordination with Foreign Chamber of Commerce	NIC works with the Chamber of Commerce of Arabic countries and Germany etc.	Hearing Survey (Second Field Survey)	KBOI organize coordination with Investors` union which practically works as Foreign Chamber of Commerce in Kurdistan. KBOI collaborates with the union.	Hearing survey (First Field Survey)
10	2		Database				
10	2	1	Current situation of database regarding the domestic enterprises	Ministries (Health, Industry) have its own updated database. However, it is not shared fully.	Hearing Survey (Second Field Survey)	Chamber of Commerce has its own database.	Hearing survey (First Field Survey)
10	2	2	Information sharing with the external database	Not fully shared due to the conflict of Confidentiality and Investment Promotion.	Hearing Survey (Second Field Survey)	Not conducted or not linked	Hearing survey (First Field Survey)
10	2	3	Access to the foreign industrial category data	Not clarified.	Hearing Survey (Second Field Survey)	Expecting, but not started	Hearing survey (First Field Survey)
11			Investment Licensing and Investment approval				



			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
11	1		Meeting Deadline requirement	License provision for some big project delays.	Hearing Survey (Second Field Survey)	License provision without delay in general	Hearing survey (First field survey)
11	1	1	NIC 45 days and KBOI 30 days	Maximum delay up to 3 months due to land ownership coordination issue	Hearing Survey (Second Field Survey)	In general 30 days. But sometimes more delays are observed due to the land ownership issue.	Hearing survey (First field survey)
11	2		Procedure Manual	Not exist	Hearing Survey (Second Field Survey)	Only draft but not completed yet therefore, it is not in use now. It depends on the contract with the subcontracting with RB.	Hearing survey (First field survey)
11	2	1	Exist Operational Procedure Manual	Not exist	Hearing Survey (Second Field Survey)	Prepared but not in use. Not recognized at DG level.	Roland Berger report
11	2	2	How often it is updated	Not exist	Hearing Survey (Second Field Survey)	Not exist	Hearing survey (First field survey)
11	2	3	When was it prepared for the first time?	Not exist	Hearing Survey (Second Field Survey)	2013	Hearing survey (First field survey)
11	2	4	Operational process in the regional branch is harmonized with the HQ	Not exist (contact the PIC through Governorate at high level communication. However, communication at technical level is not established.)	Hearing Survey (Second Field Survey)	Well-coordinated	Hearing Survey (Second Field Survey)
12			Other issues				

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
12	1		Amendment of Investment Law	The amendment draft of investment law has been prepared by the Law Officers of NIC. It has been submitted to the National Congress after the approval from the Cabinet of Ministers.	Hearing Survey (Second Field Survey)	The amendment draft of investment law has been prepared by KBOI. Main subject of the amendment: land allocation, current period of 25 years to be modified as 50 years. Structural change of KBOI: Eliminate 2 departments: Department of City and Industrial Zone and Promotion Department and newly, Promotion and Media, Planning and Monitoring will be established. Planning and Monitoring focuses on short and long term strategic plan. Prior to establish new department, KBOI is going to recruit new staff and work jointly with relevant ministries.	Hearing Survey (Second Field Survey)
12	1	1	any amendment to investment law so far	Yes	Hearing Survey (Second Field Survey)	On process and it will be amended in 2 years (expected)	Hearing Survey (Second Field Survey)
12	1	2	when amended?	Not clarified.	Hearing Survey (Second Field Survey)	On process and it will be amended in 2 years (expected)	Hearing Survey (Second Field Survey)
12	1	3	Detail of amendment	Land ownership	Hearing Survey (Second Field Survey)		

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
12	2		Security Risk				
12	2	1	How to minimize the security risks	1) By insurance (Multilateral Investment Guarantee Agency of the World Bank) 2) Public Relations Department provides the information regarding the guards and security information	Hearing Survey (Second Field Survey)	Development of industrial estate that has full security protection by the government	Hearing Survey (Second Field Survey)
12	2	2	How to make the investment environment attractive regardless of the security concerns	1) Incentives (Based on the survey made by Mr.Luay two years ago, the investment incentives of Iraq is revealed to be better than the other countries in the region.) 2) Establishment of Investment Zones (more secured, incentive application concluded inside, new infrastructure)	Hearing Survey (Second Field Survey)	Introduce various comparative advantages of the region: i.e. nature, water and natural resources and etc.	Hearing Survey (Second Field Survey)
12	3		Improvement				
12	3	1	Which issue of the organization should be improved first?	Weakness of inside NIC 1) Lack of electronic system 2) Lack of department coordination within the region 3) Capacity limitation of NIC Officers 4) Awareness of Investment in Council of Ministers (Contact Ministries through Council of Ministers)	Hearing Survey (Second Field Survey)	1) Lack of experience in FDI attraction work as well as developing promotion strategy 2) HR training assisted by foreign aid organization	Hearing Survey (Second Field Survey)
12	3	2	How you have improved your organization so far?	1) Through the training provided by external organization (UNIDO, USAID,	Hearing Survey (Second Field Survey)	Same as above and Hiring international consultant as	Hearing Survey (Second Field Survey)

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
				OECD, GIZ, KOICA) e.g. DFID of UK dispatched Investment Promotion Expert for the Investment Promotion to lecture promotion announcement, treatment of investors three years ago. (one week lecture)		an in-house consultant	
12	3	3	Example of latest improvement	<ol style="list-style-type: none"> <li>1) Provision of Visa at NIC</li> <li>2) Land allocation coordination (e.g. Land allocation process of power project is institutionalized and streamlined.)</li> <li>3) Skill of staff (however, staff still lacks understanding of investment.)</li> <li>4) Investment oriented mindset in other ministries (NIC provide training and instruction to other ministries. Head of Technical Staff, Legal Department and Ms. Huda visit other ministries every week to inspire the officers of other ministries.</li> <li>5) Proactive management of OSS (visit the ministries instead of waiting the representatives from the ministries at the office)</li> </ol>	Hearing Survey (Second Field Survey)	Improvement of licensing procedure.	Hearing Survey (Second Field Survey)
12	4		Comparative advantage				
12	4	1	Comparative advantage of your	1) Geographical position	Hearing Survey	1) Rich natural resources	Hearing Survey

			Question	Iraq		KRG	
			<u>Investment Promotion Policy</u>				
				Information	Source	Information	Source
			country	2) Natural resources	(Second Field Survey)	2) Calm weather	(Second Field Survey)
12	4	2	Reason	Access to regional market and existence of oil confirmed	Hearing Survey (Second Field Survey)	Opinion from foreign visitors	Hearing Survey (Second Field Survey)
12	5		OSS				
12	5	1	Do you have a Plan to improve OSS?	Yes	Hearing Survey (Second Field Survey)	Yes	Hearing Survey (Second Field Survey)
12	5	2	Do you set up the annual target or ultimate objective of OSS?	No	Hearing Survey (Second Field Survey)	No	Hearing Survey (Second Field Survey)
12	5	3	Does your OSS have a function to support investors to prepare application form?	Yes (5 staff of Service Investment Section attend the investors)	Hearing Survey (Second Field Survey)	No idea	Hearing Survey (Second Field Survey)
12	5	4	What kind of services is provided at your OSS?	1) Provide application support 2) Facilitate land allocation process support 3) Inform the investors to collect the error of application format 4) Facilitate communication with the other relevant ministries 5) Provide support for addressing employees 6) Provide investment license 7) Organize seminars	Hearing Survey (Second Field Survey)	1) Provide application support 2) Facilitate land allocation process support 3) Inform the investors to collect the error of application format 4) Facilitate communication with the other relevant ministries	Hearing Survey (Second Field Survey)

## Annex 5 Record of Interviews concerning training in Thailand

Date and Time		Monday, August 18, 2014, 9:15-11:00
Interviewee Organization		Industrial Estate Authority of Thailand(IEAT)
Attendees	Interviewee	Assistant Governor Mrs. Suwatana Kmolwatananisa
	Study Team	Yamauchi, Kikuchi, Fujiwara (JICA Kasai)
	Participants from Iraq	(NIC)Mr.Salar (Vice chairman), Mr.Luay (Manager), Dr. Hussain (Manager), Ms. Huda (Manager), Ms. Jehan (Senior engineer) (KBOI) Dr. Kamaran (DG), Mr. Jamil (Executive manager), Mr. Saman (Manager), Mr. Yadgar (Officer) (JCCME) Dr. Ali (Office manager)
Venue		Headquarters of Industrial Estate Authority of Thailand
Contents of Consultation		
<p>IEAT is a governmental organization established in 1989 that promotes planning and operation of industrial estates in Thailand. Mrs. Suwatana Kmolwatananisa, Assistant Governor of the organization, explained its activities.</p> <p>According to Mrs. Suwatana Kmolwatananisa, Thailand is located in the center of ASEAN and acts as a business center for ASEAN. Moody's and S&amp;P consider the business environment in Thailand stable and, as examples; she mentioned the unemployment rate as low as below 1% and the existence of skilled workers in Thailand. She also gave the following reasons for foreign companies to invest in Thailand.</p> <ol style="list-style-type: none"> <li>(1) Geographical and strategic and comparative advantage of Thailand, which has deep harbor facilities, operation and management capabilities and transportation routes to markets of Asian countries</li> <li>(2) Highly-developed industrial infrastructures (electricity, water, gas, road, communication, compensation for flood damage, etc.), such as Map Ta Phut Industrial Port</li> <li>(3) Development of advanced processing and assembly industries (automobile, electronics, steel and food)</li> <li>(4) After sales service (one-stop service, online service linked to customs service, etc.)</li> <li>(5) Policy for natural environment protection and social responsibility (disposal of industrial wastes, Corporate Social Responsibility: CSR, etc.)</li> </ol> <p><u>Industrial estates in Thailand</u></p> <p>The number of industrial estates IEAT has constructed is 56 and the total area is 46,749 acres. The area of the estates owned by IEAT is 13,634 acres, constituting 29.2% of the total area.</p> <p>The remaining area is the industrial estates jointly operated by IEAT and private sectors. Currently there is 4,550 acres of industrial land available for sale, of which IEAT owns 903 acres.</p> <p>The industrial estates involving IEAT has 4,207 tenant companies with 551,000 employees and investment of 87,781,000,000 dollars. The breakdown of foreign companies who have invested in IEAT industrial estates is Japan as for 49%, other Asian countries 24%, Europe with 9% and USA 6% as of June 2014.</p> <p>Breakdown of the industrial estate tenants by industry is automobile as for 15%, steel 14%, rubber and plastic 14%, machine and machine parts 10% and electronics 10%. So-called advanced processing and assembly industry is at the core.</p>		

Under the IEAT Law, not only the manufacturing industry but also the service industry can move into IEAT's industrial estates and receive incentives as manufacturers do, especially the ones related to tax and customs. One-stop service, approval for land use and fund transfer to overseas are also available. The types of service companies that can be a tenant include those related to (1) engineering related services, (2) trade, (3) logistics and supply chain, (4) R&D, (5) conferences and trade shows, (6) telecom IT, entertainment and media services, (7) educational services and (8) healthcare and medical services.

One characteristic of the administrative procedures for IEAT's industrial estates is the quick licensing procedure. License to use land can be acquired in a day and license to construct a plant can be acquired in 14 days. License for operation can be acquired in a period between 10 to 14 days.

Under the control of the Ministry of Industry, IEAT has established TSC (Total Solution Center) in an industrial estate to provide foreign companies with one-stop services for such procedures as land use license, construction license, business approval and license, acquisition of visa and work permit and exemption of export and import duties.

Industrial estates are developed not only by IEAT, which is a public organization, but also through joint ventures with private sectors. The total area of the industrial estates developed through a joint venture with private sectors is 33,115 acres, 70.8% of the total area of all IEAT industrial estates. The effect of private capital can be seen in investment permits for the tenant companies. The number of investment permits in 2014 reached 220.

Date and Time	Monday, August 18, 2014, 14:15-15:30	
Interviewee Organization	Bangpa-in Industrial Estate	
Attendees	Interviewee	Mr. Mattamon Koomprom
	Study Team	Yamauchi, Kikuchi, Fujiwara (JICA Kasai)
	Participants from Iraq	(NIC)Mr.Salar (Vice chairman), Mr.Luay (Manager), Dr. Hussain (Manager), Ms. Huda (Manager), Ms. Jehan (Senior engineer) (KBOI) Dr. Kamaran (DG), Mr. Jamil (Executive manager), Mr. Saman (Manager), Mr. Yadgar (Officer) (JCCME) Dr. Ali (Office manager)
Venue	Headquarters of Industrial Estate Authority of Thailand	
Contents of Consultation		
<p>Bangpa-in Industrial Estate is an industrial estate in Bangpa-in District of Ayutthaya Province in central Thailand. It was established by Bangpa-in Industrial Estate Authority of Thailand and Bangpa-in Land Development Co. Ltd in 1989 and is located 65 kilometers from Bangkok and 75 kilometers from the Suvarnabhumi International Airport. The total area of the industrial estate is 1,962 Rai, which includes 1,172 Rai for general industrial zones, 165 Rai for IEAT free zones, 50 Rai for residential areas and commercial centers and 575 Rai for others. (1 Rai = 1,600 m<sup>2</sup>)</p> <p>The industrial estate has 90 tenants including foreign and Thai companies and about half of them are Japanese companies. Companies related to automobile parts and electronic parts are the majority. The tenant companies have about 50,000 employees.</p> <p>After the industrial estate was damaged by a flood in July 2011, 6-meter cement floodwalls were created around it. The industrial estate has various facilities to support operation of foreign companies, including customs office, banks (ATMs), canteens, parks, service apartments, factories for rent, restaurants, training facilities, a wastewater treatment plant, garbage incinerators, a power generation plant, a training center and parking lots. Like other industrial estates, this estate also provides one-stop services to foreign companies.</p> <p>Superiority of the investment environment of the industrial estate is well-developed infrastructures. 48,000 cubic meters of industrial water can be supplied every day from the Chaopraya River. Considering that the quantity of industrial water required per day in the industrial estate is 20,500 cubic meters, there is an abundant supply of industrial water.</p> <p>As for electric power supply, in addition to power supply from the Electricity Generating Authority of Thailand, power supply from the Provisional Electricity Authority is available, and, in case a large amount of power is required, power supply by contract with the power generation facilities in the industrial estate established by Bangpa-In Land Development Co. Ltd. is also available. The estate is under watch for 24 hours a day to achieve safe operation without such incidents as fire.</p> <p>Regarding road development in the estate, the main road is an four lanes asphalt-paved road with a width of 35 meters and the secondary road is a two lanes one, with 27.5 meters wide. Access roads in commercial and residential areas are 15 meters wide and have 2 lanes.</p> <p>Besides industrial infrastructures, another characteristic of the industrial estate is that there are adequate policy considerations for natural environment protection. First, industrial wastewater is controlled by the Bangpa-in Industrial Estate Authority of Thailand. For example, the biochemical oxygen demand was 500 mg/l. As for wastewater treatment, they have a combined wastewater treatment system using bio-activated sludge with a daily capacity of 18,000 cubic meters. The cost for industrial wastewater treatment to be covered by each tenant company is 7 baht if the biochemical oxygen demand is within the standard set by IEAT, i.e. 500 mg/l or below, and 20 baht if it exceeds the standard. Looking at disposal of other industrial wastes, they have five incinerators for industrial wastes with a daily capacity of 27 tons, indicating that they emphasize environmental</p>		



protection. In the last 14 years 2 billion baht has been spent on water treatment in the industrial estate.

Like other industrial estates, this estate also provides one-stop services to foreign companies. However, we feel that there is a gap in treatment between Thai and foreign companies. For example, it usually takes foreign companies around 1 to 1 and a half month to get a plant operation license while it takes Thai companies 15 days.

Concerning the definition of a factory, a factory that does not have more than 7 employees or specific production equipment with 5 horsepower or more is not regarded as a factory. We need to be careful because in Thailand one-stop service contents and plant definitions can be different between different industrial estates.

Date and Time		Tuesday, August 19, 2014, 9:15-16:00
Interviewee Organization		Thailand Board of Investment
Attendees	Interviewee	<ol style="list-style-type: none"> <li>1. Ms.Chutima Phumsrisawat, Executive Director of Investment Service Centre</li> <li>2. Ms. Krongkanoke Managitionggol, One Start One Stop Investment Centre</li> <li>3. Mr. Parkpoom Wongsantativanich. Trade Officer of Department of Business Development, Ministry of Commerce</li> <li>4. Ms. Pavana Hopisut, Trade Officer of Department of Business Development, Ministry of Commerce</li> <li>5. Mr. Kampanat Rungruengchaisri, Director Section for Industrial Cluster 2 Bureau, Industrial Works Department</li> </ol>
	Study Team	Yamauchi, Kikuchi, Fujiwara (JICA Kasai)
	Participants from Iraq	(NIC)Mr.Salar (Vice chairman), Mr.Luay (Manager), Dr. Hussain (Manager), Ms. Huda (Manager), Ms. Jehan (Senior engineer) (KBOI) Dr. Kamaran (DG), Mr. Jamil (Executive manager), Mr. Saman (Manager), Mr. Yadgar (Officer) (JCCME) Dr. Ali (Office manager)
Venue		One Start One Stop Investment Centre 18 <sup>th</sup> Floor, Chamchuri Square Building Phayathai Road, Pathumwan, Bangkok <a href="mailto:osos@boi.go.th">osos@boi.go.th</a>
<b>Contents of Consultation</b>		
<p>At the One Start One Stop Investment Centre of the Board of Investment, officials of relevant departments explained an overview of the investment promotion program, an overview of the centre, the investment procedures and rules.</p> <p>1) Overview of the Program</p> <p>Why Thailand is attractive was explained from the viewpoints of macro economy and investment environment. The policy of Thailand to attract investment includes individually determined incentives with a combination of regional investment incentives for regions at different development levels and investment incentives for each priority sector.</p> <p>2) Overview of the One Start One Stop Investment Centre(OSOS)</p> <ul style="list-style-type: none"> <li>● The OSOS connects investors and relevant departments as a focal point of investment. The centre takes actions based on the investment policy decisions of the Board of Investment, under the Office of the Prime Minister. Investment policies are reviewed every year and the next review will be conducted in January 2015.</li> <li>● Investment policy planning decisions are made by the Board of Investment, led by the Prime Minister. The Board of Investment has members from private sectors such as the chamber of commerce as well as from 10 government ministries. For planning decisions, Investment Promotion Bureau for each sector holds public hearings with private sectors and creates an original plan. More specifically, each bureau holds a meeting with the chamber of commerce once a month or more to have PDCA (problem-solving) discussion. However, opinions of small-to-medium sized businesses are collected at meetings held by local government units in each region.</li> <li>● The centre was established 10 years ago. Thanks to strong leadership of the Prime Minister and excellent staff, it already functioned 4 months after the establishment. Services provided by the centre were carefully selected after distinguishing between what should be done and what can be done.</li> <li>● Most of the staff has studied abroad. For the priority countries for investment promotion (Japan, China, USA and Europe), they have country desks with experts familiar with the situation and language of the country/region.</li> </ul>		

- BOI has only a small number of full-time staff and services such as communication with investors are outsourced to private companies. The centre has 5 full-time staff and more than 20 members are dispatched from vendors.
- Information (database) of small-to-medium sized businesses of each sector of supporting industries in ASEAN countries was also collected at the initiative of the Prime Minister. The database is still updated more than once a month.

3) Investment Procedures and Rules (Company Registration and the Foreign Business Act)

The Business Registration Bureau and the Foreign Business Administration Bureau explained registration procedures, especially for companies limited, the most common corporate form in Thailand. They also explained various matters concerning the Foreign Business Act from the definition of a foreign business and the areas where foreign businesses can participate to the procedures for certificate (for investment from countries with a bilateral or regional agreement) and license (for investment from countries without a bilateral or regional agreement).

4) Investment Procedures and Rules (Environment and Safety Considerations)

Concerning environment and safety considerations, the Industry Works Department explained contents of regulations. According to the Machine Registration Act, the Hazardous Substances Act and the Factory Act, the department grants licenses and conducts diagnosis for factories concerning environmental protection and safety standards.

Date and Time		Wednesday, August 18, 2014, 15:30-17:00
Interviewee Organization		FUJILLOY (THAILAND) CO. LTD
Attendees	Interviewee	Mr. Takeshi Hashimoto Managing Director Mrs. Suwatana Kmolwatananisa, interpreter
	Study Team	Yamauchi, Kikuchi, Fujiwara (JICA Kasai)
	Participants from Iraq	(NIC)Mr.Salar (Vice chairman), Mr.Luay (Manager), Dr. Hussain (Manager), Ms. Huda (Manager), Ms. Jehan (Senior engineer) (KBOI) Dr. Kamaran (DG), Mr. Jamil (Executive manager), Mr. Saman (Manager), Mr. Yadgar (Officer) (JCCME) Dr. Ali (Office manager)
Venue		FUJILLOY (THAILAND) CO. LTD
Contents of Consultation		
<p>Company Outline of FUJILLOY (THAILAND) CO. LTD  Established: December 6, 2003  Paid-up capital: 145M THB (100% owned by FUJI DIE CO., LTD)  No. of employees: 72 (50 for production lines), 6 Japanese staff  Area of the plant site: 10,000 m<sup>2</sup> (building area 4,000 m<sup>2</sup>, green area 6,000 m<sup>2</sup>)  Products: Production and sale of super hard tools (abrasion proof tools) and hard alloy steels</p> <p>FUJILLOY (THAILAND) CO. LTD was established in Thailand in 2003. Its parent company is FUJI DIE Co., Ltd. and produces and sells 3-5 micron super hard tools and hard alloy steels for automobile part manufacturers. The company also supplies pipe manufacturers with non-ferrous pipes etc. to pump up oil etc. and has 80% share of the Japanese market. Non-ferrous pipes accounts for 20% of the total sales and Sumitomo Pipe is the major customer.</p> <p>FUJILLOY (THAILAND) was established in Thailand in 2003 at the request of customers that are automobile part manufacturers. With plants in Malaysia, Indonesia, Thailand, Shanghai and India, FUJILLOY (THAILAND) has business strategies with a view to Asian markets.</p> <p>Currently the company in Thailand has 240 automobile part manufactures as its customers and sales to Japanese companies account for 70% of the total sales. Sales to the largest customer accounts for 10% of the total sales, which indicates that the sales of the company are characterized by diversified customers rather than concentrating on certain companies.</p> <p>The company imports all carbide, a material for its products of super hard tools (abrasion proof tools) and hard alloy steels, from the parent company, FUJI DIE. Cost reduction through local procurement of materials does not seem realistic due to quality issues.</p> <p>The issue the company is currently facing is the defect rate as high as 1%. They have a management policy to have production lines managed mainly by Thai employees (72 employees in total, 50 for production lines and 6 Japanese management staff). They promote management localization by dispatching Japanese engineers on business trip to develop local managers.</p> <p>Thailand has a high job hopping and how to deal with it, is a major issue to the foreign businesses in the country. According to the Survey of Japanese-Affiliated Companies in Asia and Oceania (2013) of JETRO, the biggest issues that Japanese-affiliated companies in Thailand face include 1) rising wages, 2) abilities and consciousness of local human resources, 3) quality of employees and 4) difficulty in recruitment of candidate for executive positions, supporting the fact that securing human resources is the biggest problem. In these circumstances, Mr. Hashimoto from FUJILLOY (THAILAND) CO. LTD said the company reviews wages for good employees every 3-5 years in line with inflation.</p>		

(Recent Financial Conditions)

As the company has been in Thailand for 10 years, it is making profit. However, the company does not send its profit back to the headquarters because the profit is locally reinvested.

(Support from BOI Thailand)

Partially because they import all raw materials including carbide from the headquarters, FUJILLOY (THAILAND) CO. LTD is facing various issues in customs procedures. The problem is that they take too long.

There have been many cases where procedures cannot be carried out in an efficient manner due to barriers among relevant government organizations, e.g. especially when trying to get exemption of export and import duties, the tax office did not approve such exemption although it was approved at the customs office.

The support measures the company has received from BOI Thailand are corporate tax exemption for 8 years, work permit and exemption of export and import duties.

Regarding the activities of TBOI, which, across the boundaries of administrative organizations of relevant government agencies, provides information and supports procedures concerning various matters from corporate procedures to tax affairs in a comprehensive and functional manner under a one-stop services system, Mr. Hashimoto said, “Although there are still issues with investment and import procedures, there have been improvements. Our company does not have any particular issues because it has been 10 years since it was established.”

Date and Time	Thursday, August 21, 2014, 10:45-12:00	
Interviewee Organization	Tuntex Textile Thailand	
Attendees	Interviewee	Mr. Stanley Kang, CEO
	Study Team	Yamauchi, Kikuchi, Fujiwara (JICA Kasai)
	Participants from Iraq	(NIC)Mr.Salar (Vice chairman), Mr.Luay (Manager), Dr. Hussain (Manager), Ms. Huda (Manager), Ms. Jehan (Senior engineer) (KBOI) Dr. Kamaran (DG), Mr. Jamil (Executive manager), Mr. Saman (Manager), Mr. Yadgar (Officer) (JCCME) Dr. Ali (Office manager)
Venue	Joint Foreign Chamber of Commerce in Thailand	
Contents of Consultation		
<p>Tuntex Textile Thailand (chaired company of Joint Foreign Chamber of Commerce in Thailand) was established in 1996. The factors that made them decide to go to Thailand were development of a railway and other infrastructures and excellent supply chains for automobile parts etc. at different levels of Tier 1, Tier 2 and Tier 3. Another fundamental factor was that Thai government opened the investment market to foreign businesses in 1967. Because of the acceptance of foreign investment, Thailand's economy grew about 15% for several years after 1967.</p> <p>As investment from foreign businesses grew, the biggest problem the company faced was shortage of workers. There was shortage in skilled workers, engineers and even management staff. Therefore, they made efforts to expand its sales channels from the domestic market in Thailand to the surrounding markets including Vietnam, China, Indonesia and Cambodia while promoting automation of the production lines.</p> <p>They provided technical training to employees to improve product quality and promoted sharing of company information etc. to improve teamwork spirit of employees.</p> <p>Looking at the company's production bases in Asia, they are in Vietnam, China, Indonesia and Cambodia. The company is also promoting division of labor with these production bases and, in Thailand, is executing sales strategies concentrating on overseas markets.</p> <p>We were told that the company would enter Middle East and Africa if they see marketability for their textile products.</p> <p>(Support Activities from BOI Thailand)</p> <ol style="list-style-type: none"> <li>(1) The majority of the foreign companies in Thailand are those approved by BOI (BOI-type companies). For example, companies like Toyota are typical BOI-type companies and this type of companies cannot employ foreign workers. Tuntex Textile does not employ foreign workers because the company adopts such Toyota rules.</li> <li>(2) On the other hand, Tuntex Textile has requested BOI to allow it to use foreign workers. Actually, Thailand has already accepted 2.5 million workers from Myanmar.</li> <li>(3) It is understood that acceptance of foreign workers may create security, health and cost issues in the receiving country. However, it is believed that lawful acceptance of foreign workers should be promoted to overcome the labor shortage in Thailand.</li> </ol> <p>The percentage of BOI-type companies among Taiwanese companies in Thailand is lower than that of Japanese companies, and Taiwanese companies are more likely to use foreign workers. We were told that the number of Taiwanese residents in Thailand is over 100,000.</p>		

The Training Program in Thailand for Investment  
Promotion Agencies of Iraq:

Data Collection Survey on Foreign Investment Promotion  
in the Republic of Iraq

August, 2014

JICA Survey Team

List of the Filed Documents

1. Itinerary of Iraq Investment Office Training in Thailand
2. Schedule of Training Program in Thailand for Investment Promotion Agencies of Iraq, August 2014
3. Items of Questionnaire
4. Role of each organization legalized by the investment law and its exertion: NIC, KBOI and TBOI **【Power Point】**



## 1. Itinerary of Iraq Investment Office Training in Thailand

Date	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	
Day	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	
JICA Survey Team	Hirofumi Yamauchi	<u>EK319</u> Narita 21:20	Dubai 03:10 <u>EK901</u> Dubai 07:25 Amman 09:30			<u>RJ182</u> Amman 02:10 Bangkok 15:15	Bangkok	Bangkok AM IEAT HQ PM IEAT	Bangkok AM/PM Thailand Bol OSOS	Bangkok AM JETRO PM Fujillo	Bangkok AM Tuntex PM Wrap-up Meeting	Bangkok AM/PM Hearing	Bangkok AM Workshop	<u>JL034</u> Bangkok 22:00	Haneda 06:10	
	Takao Kikuchi					<u>TG683</u> Haneda 10:35 Bangkok 15:05	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	<u>TG682</u> Bangkok 22:45	Haneda 06:55		
	Hiroshi Fujiwara															
Iraq	Trainee 5 + JCCME 1		<u>RJ811</u> Baghdad 22:00 Amman 23:40			<u>RJ182</u> Amman 02:10 Bangkok 15:15	Bangkok	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above		<u>RJ183</u> Bangkok 00:30 Amman 05:15	<u>RJ 810</u> Amman 06:30 Baghdad 08:00
KRG	Trainee 5		<u>RJ 823</u> Erbil 03:30 Amman 05:15			<u>RJ182</u> Amman 02:10 Bangkok 15:15	Bangkok	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above		<u>RJ183</u> Bangkok 00:30 Amman 05:15	<u>RJ820</u> Amman 10:30 Erbil 12:15

IEAT: Industrial Estate Authority of Thailand, Bol: Board of Investment, OSOS: One Start One Stop Investment Center

## 2. Schedule of Training Program in Thailand for Investment Promotion Agencies of Iraq, August 2014

Day	AM	PM
Day 1 (Monday) 18 <sup>th</sup> August	<p>7:00-8:00 hrs. (Transit)</p> <p>8:00-9:30 hrs. Mrs. Suwatana Kmolwatananisa, Assistant to Governor Industrial Estate Authority of Thailand (IEAT): • Operation, Services, and Facilities of IEAT</p> <p>9:30-10:00 hrs. Introduction meeting of JICA training program</p> <p>10:00-12:00 hrs. Visit TSC Center</p> <p>12:00 to 13:00 hrs. Lunch break</p>	<p>13:00-14:00 hrs. (Transit)</p> <p>14:00-15:30 hrs. Bang Pa-In Industrial Estate Ayutthaya 13160 Thailand</p> <p>15:30-16:30 (Transit)</p>
Day2 (Tuesday) 19 <sup>th</sup> August	<p>8:00 hrs. at the Lobby of Hotel Windsor</p> <p>8:00-8:45 hrs. (Transit)</p> <p>09:00-10:30 hrs. Thailand Board of Investment (TBOI):</p> <ul style="list-style-type: none"> <li>• Investment Promotion Strategies, Policies and Measures to promote investment in Thailand</li> <li>• Investment promotion programs (seminar, mission) by TBOI <ul style="list-style-type: none"> <li>➢ Q &amp; A Session</li> </ul> </li> </ul> <p>10:30- 10:45 hrs. Break</p> <p>10:45-12:00 hrs.</p> <ul style="list-style-type: none"> <li>• Services of TBOI: <ul style="list-style-type: none"> <li>➢ Investment Services Center</li> <li>➢ TBOI Unit for Industrial Linkage Development (BUILD)</li> <li>➢ One Start One Stop Investment Center (OSOS)</li> <li>➢ One Stop Services Center for Visa and Work Permit</li> <li>➢ Q &amp; A Session</li> </ul> </li> </ul> <p>12:00 to 13:00 hrs. Lunch break</p>	<p>13:00-14:00 hrs. Related permits and licenses:</p> <ul style="list-style-type: none"> <li>• Business Registration Bureau, <ul style="list-style-type: none"> <li>➢ Regulation, Procedures, and Required Documents for Company Registration</li> <li>➢ Q &amp; A Session</li> </ul> </li> </ul> <p>14:00-15:00 hrs.</p> <ul style="list-style-type: none"> <li>• Foreign Business Administration Bureau <ul style="list-style-type: none"> <li>➢ Regulation, Procedures, and Required Documents for Foreign Business License</li> <li>➢ Q &amp; A Session</li> </ul> </li> </ul> <p>15:00-15:15 hrs. Break</p> <p>15:15-16:15 hrs.</p> <ul style="list-style-type: none"> <li>• Department of Industrial Work (DIW) <ul style="list-style-type: none"> <li>➢ Regulation, Procedures, and Required Documents for Factory License</li> <li>➢ Q &amp; A Session</li> </ul> </li> </ul> <p>16:30-17:30 hrs. (Transit)</p>

Day	AM	PM
Day 3 (Wednesday) 20 <sup>th</sup> August	8:45 hrs. at the Lobby of Hotel Windsor  8:50-9:20 hrs. (Transit)  9:30 – 11:45 hrs. JETRO ( Mr. Okabe ) <ul style="list-style-type: none"> <li>➤ Explanation of business matching system, international market and investment information database system and et cetera.</li> <li>➤ Q and A</li> </ul> 11: 45 to 13:00 hrs. Lunch break	13:45 – 15:15 hrs. (Transit)  15:30 – 17:00 hrs. Company visit Fujillo (Thailand) Co., Ltd.: Amata Nakorn Industrial Estate 700/296 Moo.1 Tambol Bankao, Amphur Panthong, Chonburi 20160, Thailand. TEL: +66-38-465-376-7 Mr. Takeshi Hashimoto, Intermediated by Mr. Fukuda of Arc business research <a href="http://www.fujillo.co.th/index.php/about-us/company-profile/?lang=en">http://www.fujillo.co.th/index.php/about-us/company-profile/?lang=en</a> <ul style="list-style-type: none"> <li>➤ Q and A</li> </ul> 17:00 - 18:30 hrs. (Transit)
Day 4 (Thursday) 21 <sup>st</sup> August	9:00 hrs. at the Lobby of Hotel Windsor  9:00-9:20 hrs. (Transit) Thai-Taiwan Business Association / Joint Foreign Chambers of Commerce in Thailand visit: 9:30 to 11:00 hrs.  On investment climate in Thailand, difficulties faced when invested, request to TBOI (Thai Board of Investment), if any. Q and A  11:00 – 12:00 hrs. (Transit) 12: 00 to 13:30 hrs. Lunch break	13:30 to 17:30 hrs. Wrap-up meeting to evaluate program achievement. (Jointly with TBOI Officials) at the Conference Room of the Hotel Windsor
Day 5 (Friday) 22 <sup>nd</sup> Aug.	8:30 hrs. at the Conference Room of Hotel Windsor  8:30 to 12:00 hrs. Hearing survey to NIC/KBOI at the Conference Room of the Hotel Windsor  12: 00 to 13:30 hrs. Lunch break	13:30 to 17:00 hrs. Hearing survey to NIC and KBOI at the Conference Room of the Hotel Windsor
Day 6 (Saturday) 23 <sup>rd</sup> Aug.	8:30 hrs. at the Conference Room of Hotel Windsor  8:30 to 13:00 hrs. Workshop Drafting of annual work plan of each organization: NIC and KBOI at the Conference Room of the Hotel Windsor  12: 00 to 13:30 hrs. Lunch break	
Day 7 (Sunday) 24 <sup>th</sup> Aug.		20:00 hrs. Departure for the International Airport RJ 183 00:30 hrs. Bangkok to Amman

Remarks: NIC: National Investment Commission of Iraq Federation,  
KBOI: Kurdistan Board of Investment, TBOI: Thai Board of Investment  
TBA: To be announced

### 3. Items of Questionnaire

#### Investment Promotion Policy

1. FDI positioning in Iraq
2. Actual FDI Promotion Strategy
3. (Comparative Study of FDI Promotion Policy with the country under the similar condition to Iraq)
4. FDI Promotion Strategy Planning Process

#### Operational Quality and Promotion Activity of Investment Promotion Institution

1. Confirmation of Methodology regarding the key FDI promotion industry along with the adequacy of analysis
2. Confirmation of the One Stop Service which includes authorization and administrative procedures defined by the law and public administration in the documented manner.
3. Confirmation of Detailed Promotion Practice (Disclosure of information on web site, guidebook of investment procedure, investment potential field, investment seminars)
4. Record management of authorized investment projects and the management system of evaluation process of authorized projects.
5. Follow-up Services and Monitoring for the licensed companies
6. Effort for Institutional Improvement and Human Development
7. Coordination with the other stakeholders
8. Investment Licensing and Investment approval
9. Other issues

#### 4. Role of each organization legalized by the investment law and its exertion: NIC, KBOI and TBOI **【Power Point】**

## ROLE OF EACH ORGANIZATION LEGALIZED BY THE INVESTMENT LAW AND ITS EXERTION

**NIC, KBOI and TBOI**

### COMPARATIVE TABLE OF REQUIRED ROLLS AND ITS EXERTION

	TBOI		NIC		KBOI	
	Rolls regulated under the law	Exersion of expected rolls	Rolls regulated under the law(No.13 of 2006)	Exersion of expected rolls	Rolls regulated under the law(No.4 of 2006)	Exersion of expected rolls
Stipulation of investment policy and formulation of investment related regulations						
Stipulation of investment policy	○	○	○	x	x	x
Development of investment promotion strategy and plan	○	○	○	x	○	△
Drafting of investment incentives	○	○	x	x	△	△
Investment licensing and issuance of approval						
Investment license issuance	○	○	○	○	○	○
Approval of land use			○	○	○	○
Approval of raw materials importation	○	○	○	○	○	○
Approval of company registration	○	○	x	x	x	x
Approval of commercial operation	○	○	x	x	x	x
Approval of business activity of each industrial sector	○	○	x	x	x	x
Approval of business establishment	○	○	x	x	x	x
Approval required by environmental act	○	○	x	x	x	x
Establishment of OSS/OWS (as a centralization of approvals)	○	○	○	△	○	x
Promotion activities to attract investors						
Activity to attract potential investors	○	○	○	△	○	△
Marketing of potetial investors	○	○	○	△	○	△
Investment support services						
Business matching service	○	○	○	x	○	x
Recruiting service	○	○	○	x	○	x
Investment cost data providing service	○	○	○	x	○	x
Development of investment relating tools						
Development of web contents	○	○	○	△	○	△
Issuance of investment guidebook	○	○	○	△	○	△
Networking with investment related entitie	○	○	○	x	○	x

Remarks) ○ : regulated、x : not exerted △ : unsatisfactory - : not confirmed

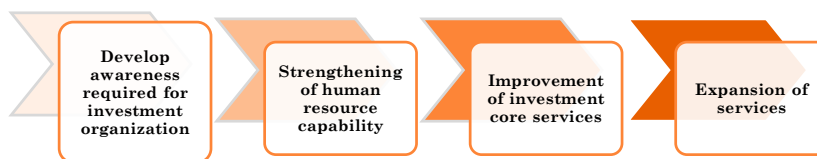
## CONSIDERABLE REASON OF THE CURRENT SITUATION

- **Is the role and mission of the organization wholly understood throughout the organization?**
- **Is job description and job requirement for each section wholly understood?**
- **Are the contents of services provided from the view point of investors?**
- **Are the results of training shared within the organization?**
- **Are the results of training have been fully utilized the services?**

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## ROAD MAP OF TARGET GOAL



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## EXPECTED COOPERATION ACTIVITY OR PROJECT

- **Development of investment policy**
- **Granting of investment license**
  - **Before preparation of investment license application**
  - **Preparation of application documents**
  - **After granting of investment license**
- **Investment promotion activities**

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### Draft Plan to Enhance Operational Capability of NIC and KBOI

1st year plan	2nd year and onward	Target achievement
<b>Primary training or seminar enhance basic understanding on investment procedures</b>	<b>Second and third training or seminar to strengthen operational capability</b>	
Third country training * Investment promotion seminar * Training to nurture operational capability on investment promotion activities	Japan or the Third country training * Investment promotion seminar * Training to up-grade investment promotional capability * Inquiry survey to investment related ministries and organizations * Investment promotion seminar * Support and improvement of investment related paperworks	<b>Strengthening of investment reception section</b> * strengthening of investment reception section * Strengthening of investment promotional strategy development capability * Collaboration among investment licensing and approval related ministries/ organizations * Implementation of investment promotion activities * Establish Japan desk
	<b>Despatching specialists</b> * Specialist for investment promotion (attract enterprises) * Investment advisors * Strengthening of web-contents designing and expansion	<b>Activation of investment promotion activity</b> * Consulting services for potential investors * Database development on company directory, investment relating laws and regulations * GG base investment mission intercommunication
	<b>Development study and or project type technical cooperation</b> * Study on FDI promotion plan development study * Support of investment promotion program implementation * Industry and sector development study * Feasibility study on industrial estates	<b>Strengthen investment promotion policy development capability</b> * Improve industry/production statistics

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# NIC Action Plan based on Findings and Challenges

JICA Training in Bangkok

August 22, 2014

1

## Mission of the Organization

- \* NIC shall establish national strategic policies for investment including priority sectors.
- \* Develop a map of investment projects in Iraq in the light of the information it receives from the regions and governorates.
- \* It shall also prepare lists of investment opportunities in strategic and federal investment projects.

2



## Services provided by the Organization

- \* the One Stop Shop department grant investment license.
- \* Coordination with relevant offices in the National Investment Commission and the relevant authorities to create a list of investment opportunities for strategic projects as well as small and medium ones.
- \* Obtaining Approvals of Sectorial Entities.
- \* Facilitating the business visa and working permit.
- \* Providing the information needed by investors about the Iraqi cities and the distribution of human and natural resources in the country. <sub>3</sub>

## Target goal to be achieved by NIC/KBOI

- \* To promote investment and transfer modern technologies in order to contribute to the process of developing the Iraqi economy.
- \* To encourage the Iraqi and foreign private sector to invest in Iraq.
- \* To protect the rights and properties of investors.
- \* To attract FDI to enter Iraq.

## Critical Challenges of the Organization

- \* To allocate land in the right time.
- \* The contradictions between the investment law and the various ministries laws.
- \* Getting the accurate data base from the relative ministries, in a systematic process.
- \* The unstable security situation in Iraq, which have an effect on the flow of FDI.

5

## Actions to tackle the challenges

- \* Activate the amendment of the investment law which stipulated that all the land prepared for investment should be under the control of NIC, by the council of ministers.  
“ this amendment was suggested by NIC” .
- \* Activating article 34 from investment law by the council of ministers.
- \* Adopting a comprehensive electronic system between NIC and all the relative ministries with enhancement of the capacity building.

6

## Steps for each of actions taken

- \* Submitting a draft include a list of all the lands provided by the various ministries and specifying all the lands which is considered as investment potentialities to the council of ministers to take a decision to put the lands property under the control of NIC.
- \* Cancelling all the ministries laws which contradicts with the investment through the Iraqi parliament.
- \* Contracting with a specialist consulting team to work on establishing such an electronic system.

7

## Constrains to implement actions

- \* Lack of coordination between the ministries.
- \* The priorities of the Iraqi parliament.

8

## How to mitigate the constrains

- \* Enhancement of the relation and cooperation among NIC and the various ministries.

# KBOI Action Plan based on Findings and Challenges

JICA Training in Bangkok

August 22, 2014

1

## Mission of the Organization

- \* Create a climate for promoting investment in the Kurdistan Region .
- \* Organizing various aspects of investment activities in the KR.
- \* To allow the investment of national and foreign capitals jointly or separately in investment projects.
- \* Create investment opportunity.
- \* Develop better relations between BOI and NIC.

2

## Services provided by the Organization

1. Land allocating
2. Offer promotional in incentives, facilities and tax exemption .
3. Coordinate with the other ministries to facilitate works.
4. Provided an Electronic website for the application form of investor's work.

3

## Ideal Images of the Organization

- \* To be an investors friendly commission.
- \* Enhance our society by the services projects.
- \* Establish (OSOS) department.
- \* Publish New investment Guidebook not less than 5 languages.
- \* Attract FDI.
- \* Implementation of the government investment policy.

4

## Critical Challenges of the Organization

- \* Routine in some of the authorities and departments.
- \* Delay licenses projects.
- \* Delay of land allocating.
- \* Shortage of human recourses.
- \* Weaken cooperation between BOI and other ministries.

5

## Actions to tackle the challenges

- \* Remove the routines by:
  - \* Works as soon as possible to not delay licenses.
  - \* Create good new investigate staff, to take care the factories risks.
  - \* Create new good Media to show the good sides of our country.
  - \* Drawing investment map.
  - \* More cooperation between the BOI and related ministries.
  - \* Capacity building of human recourses.
  - \* Prepare lands under the control of BOI.

6

## Steps for each of actions taken

- \* 1. Strengthen promotion department.
- \* 2. Issuance law by the council of ministry to enhance the relation between BOI and other ministries.

7

## Constrains to implement actions

- \* Bad understanding process of investment from on the ministries and public.

8



## How to mitigate the constrains

- \* Take care all the departments to fulfill the works, and make a conference in the other countries in order to promote their personalities about their cities.
- \* Enhancement and raise the public awareness through publishing leaflet, and make a conference for them .