THE REALITY OF LOCAL INVESTMENT IN IRAQ AND PROSPECTS FOR ITS DEVELOPMENT: A CASE STUDY IN THE BAGHDAD INVESTMENT COMMISSION

Mohammed Matook Abood Al-Mahdi\textsuperscript{a}, Muthana Zahim Fisal\textsuperscript{b}

---

**ABSTRACT**

**Purpose:** This research is to identify the most important challenges for the local investment commissions and to develop solutions and proposals to encourage local and foreign investment in local governments in Iraq (the Iraqi provinces are irregular in the region).

**Theoretical Framework:** This research suggests a conceptual framework for the local investment commissions in order to solve their problems, the most important of which was to identify the most critical challenges which are facing the Baghdad Investment Commission BIC and how to overcome them.

**Design/The methodology approach:** Research involved a mixed-methods approach through two stages. During the first stage, the researcher gathered quantitative data from all investment projects that obtained Baghdad investment commission BIC from 2015 to 2021 were 168 projects. The second stage gathered qualitative data to explore the survey results more deeply by conducting individual interviews with a sub-sample of 12, 6 interviewees are from BIC and 6 interviewees are from investment organisations.

**Findings:** The research showed several important results represented by legal and administrative challenges. Also, weak incentives and guarantees provided by The National Investment Low NIL No13 of 2006 and its amendments in 2010.

**The practical and social implications:** This research will enable the local investment commissions how to deal with their challenges and then improve their provided services for both investors (foreign and local), particularly in Baghdad province, Iraq.

**The originality of research:** This article provided a significant topic for businessmen and governments on international and local levels, also there is no previous research that has thoroughly searched the reality of local investment in Iraq and prospects for its development.

Doi: https://doi.org/10.26668/businessreview/2023.v8i2.974

---

**ARTICLE INFO**

**Article history:**
- Received 21 November 2022
- Accepted 13 February 2023

**Keywords:**
- Investment;
- Local Investment;
- Types of Investors;
- Challenges;
- Baghdad Investment Commission.

---

A REALIDADE DOS INVESTIMENTOS LOCAIS NO IRAQUE E AS PERSPECTIVAS DE SEU DESENVOLVIMENTO: UM ESTUDO DE CASO NA COMISSÃO DE INVESTIMENTO DE BAGDÁ

**RESUMO**

**Objetivo:** Esta pesquisa tem como objetivo identificar os desafios mais importantes para as comissões de investimento locais e desenvolver soluções e propostas para incentivar o investimento local e estrangeiro nos governos locais do Iraque (as províncias iraquianas são irregulares na região).

---

\textsuperscript{a} PHD in Business Administration at University of Southern Queensland / Australia. Department of Public Administration, College of Administration and Economics, University of Baghdad, Iraq. E-mail: Mohammed.m@coadec.uobaghdad.edu.iq Orcid: https://orcid.org/0000-0001-6125-1469

\textsuperscript{b} PHD in Business Administration at University of Baghdad. Department of Public Administration, College of Administration and Economics, University of Baghdad, Iraq. E-mail: Muthana@coadec.uobaghdad.edu.iq Orcid: https://orcid.org/0000-0002-1712-7038
LA REALIDAD DE LA INVERSIÓN LOCAL EN IRAQ Y LAS PERSPECTIVAS DE SU DESARROLLO: UN ESTUDIO DE CASO EN LA COMISIÓN DE INVERSIONES DE BAGDAD

RESUMEN

Propósito: Esta investigación pretende identificar los retos más importantes de las comisiones locales de inversión y desarrollar soluciones y propuestas para fomentar la inversión local y extranjera en los gobiernos locales de Irak (las provincias iraquíes son irregulares en la región).

Marco teórico: Esta investigación sugiere un marco conceptual para las comisiones locales de inversión con el fin de resolver sus problemas, el más importante de los cuales era identificar los retos más críticos a los que se enfrenta la Comisión de Inversiones de Bagdad BIC y cómo superarlos.

Diseño/Enfoque metodológico: La investigación se llevó a cabo mediante un enfoque de métodos mixtos en dos etapas. Durante la primera etapa, el investigador recopiló datos cuantitativos de todos los proyectos de inversión que obtuvieron el BIC de la Comisión de Inversiones de Bagdad de 2015 a 2021, 168 proyectos. La segunda etapa recogió datos cualitativos para explorar los resultados de la encuesta más profundamente mediante la realización de entrevistas individuales con una sub-muestra de 12, 6 entrevistados son de BIC y 6 entrevistados son de organizaciones de inversión.

Resultados: La investigación mostró varios resultados importantes representados por retos legales y administrativos. Además, los escasos incentivos y garantías que ofrece la Ley nacional de inversiones NIL nº 13 de 2006 y sus modificaciones de 2010.

Implicaciones prácticas y sociales: Esta investigación permitirá a las comisiones de inversión locales cómo hacer frente a sus desafíos y luego mejorar sus servicios prestados tanto para los inversores (extranjeros y locales), en particular en la provincia de Bagdad, Irak.

Originalidad de la investigación: Este artículo proporciona un tema importante para empresarios y gobiernos a nivel internacional y local, además no existe ninguna investigación previa que haya investigado a fondo la realidad de la inversión local en Irak y las perspectivas de su desarrollo.

Palabras clave: Inversión, Inversión Local, Tipos de Inversores, Retos, Comisión de Inversiones de Bagdad.

INTRODUCTION

The subject of investment has become one of the significant topics that occupy an important and fundamental position in the priorities of administrative and economic studies and other disciplines that are concerned with the structural developments which are witnessed by
The Reality of Local Investment in Iraq and Prospects for its Development: a Case Study in the Baghdad Investment Commission

Al-Mahdi, M. M. A., Fisal, M. Z. (2023)

developed countries and some developing countries (Peres, Ameer, & Xu, 2018). These developments were accompanied by similar developments in subject of the investment and its various fields. Therefore, this subject is very important; especially for developing countries, which should pay more attention in the scientific and practical aspects in the investment field and its tools that are most appropriate and beneficial to these societies (Kumari & Sharma, 2017). Also, the investment is one of most basic element in building and feeding the public budget for most countries in the world (Mahmoodi & Mahmoudi, 2016). Accordingly, the investment process is vital and effective element to achieve process of the economic and social development, whether at the national or local level alike (Burkhanov, 2020). However, one of the most crucial elements in keeping the investment is stable of the political system for any state or country because the investors need security environment and as known the capital is coward (AlAli, 2020).

In general, this research aims to diagnose the basic challenges of the investment process in Iraq provinces irregular in region according to the analysis approach (case study) across the application in the Baghdad Investment Commission, which its activities depend primarily on investment projects and its better management, which can contribute to achieving its goals and the goals of society and the state together.

The research started to determine the basic problems (what are the main challenges that Baghdad Investment Commission suffers from them). In fact, there are a set of factors, the most important of which was the significant limitation of the research and studies related to diagnosing the basic challenges of the investment process in local governments in Iraq, according to the researcher's knowledge.

The local investment is one of the components of the national economy, which is suffering from a major recession because of the current political and security conditions (Sabirov, Berdiyarov, Yusupov, Absalamov, & Berdibekov, 2021). There are many challenges facing investment and investors, which are summarised in the weak investment environment because of the legal and administrative challenges on the one hand, and on the other hand, the lack of adequate infrastructure for investment (Deng, Yang, Wang, & Doyle, 2017; Hassan, 2020). These challenges have led to prevent the foreign and local investors to invest in the Iraqi provinces that are irregular in a region, especially in Baghdad city (Mohsin, Beach, & Kwan, 2017). As a result, these conditions led to a low volume of investment in the province of Baghdad and it was limited to relatively small and medium projects that do not contribute significantly to improving the requirements of the local needs of projects (production and service) that the province suffers from, also encouraging the investors.
In 2006, the Iraqi government issued Investment Law No. 13 and amended it by Resolution No. 2 on 4/1/2010 (Hassan, 2020). This law has established the investment commissions in every Iraqi province that is irregular into a region (Taweeb, 2020). This body is administratively and financially independent and is not linked to a ministry and has a council. These investment commissions have main objective is to facilitate the procedures for establishing projects for local and foreign investors through the single investment window system (Majeed, 2022). The major task of this body is to encourage, support, and take care of foreign and local investment through a package of incentives and facilities granted to investment projects, facilitating the issuance of the necessary licenses for projects, and granting tax and customs exemptions under this law (Shubber, 2009). The main problem of this research is that investment environment in Baghdad province is discouraging for the investment because of the unstable political and security conditions. These situations have generated a set of challenges represented in the legal and administrative aspects, also the lack of infrastructure that needs huge sums to support investment. Thus, research problem can be summarized in the following main questions, what is the role of the Baghdad Investment Commission BIC in supporting and attracting local and foreign investment?; what is the possibility cancel a set of laws that legislated under the previous regime that conflict with new Investment Law No. 13 in 2006?; what are the challenges facing investment in the BIC and how to overcome them?; what are the guarantees that encourage the investors to bring their money into Iraq and to be assured of the risks?; and is there safe environment for investment in the Iraqi provinces through the application in the BIC?.

With regards to aim of research is to explore the current reality of local investment in Iraq and which is the best way to improve and develop it in the future. As a result, that can lead to improve organizational outcomes in the local section. To achieve this aim, the following study objectives are identified in order to treat of the research’s questions: To support and attract local and foreign investment; to recommend cancellation of some laws that issued under the previous regime that conflict with Investment Law No. 13 of 2006; to diagnose the challenges that prevent development work of the BIC; to increase number and size of local and foreign investments in the BIC; and to create a safe investment environment in order to encouraging foreign and local investors to invest and bring their experiences and knowledge.

This research is significant because it is the first research that tries to discover reality of the local investment in Iraq. That means, there is no study or research has studied this topic before. Also, this research focuses on the real challenges that face work of the local investment commissions in Iraq, especially the Baghdad Investment Commission BIC that plays vital role...
in directing local investment. Thus, this may improve the local investment's ability to work better in order to encourage the investment; also, this can lead to increasing the investment in different sections and then reduce the high rate of unemployment and poverty among the local people.

LITERATURE REVIEW

Investment

The term of investment has been defined in several different ways in the literature depending on different researchers’ views. Numerous researchers have defined the investment is productive employment of capital and it is also directing savings towards different uses that lead to satisfying the economic needs of society and increasing its welfare (Gutiérrez & Philippon, 2017). According to Bischoff and Wühler (2019), the investment is sacrificing the present benefit that achieved from the satisfaction of a current consumer in order to obtain a future benefit which can be obtained from a greater future consumption. Both Mustafakulov (2017) and Upreti (2021) defined the investment is as the economic process that employs capital in order to purchase production materials and equipment in order to achieve a new capital accumulation and raise production capacity or renew and compensate the old capital. This means that investment aims acquisition or formation of assets with the intent of exploiting them to achieve the purposes of the investors. Also, this illustrates that investment is originally a process of investing money for a certain period, and the purpose of this employment is to obtain an expected return during future periods of time.

Local Investment

In general, the investment is divided in two levels. The first one is the national investment that specifies to the major projects of the state in order to establish and implement an ongoing and comprehensive long-term development strategy (Hockett & Omarova, 2017). This determines that national investment is related to the strategic projects of the state that include the public policies and infrastructure. For example, projects to build main and secondary roads, water, and sewage extension projects, preparing urban plans, housing projects, electricity installations and power generation. Also, the social development projects in the fields of education, health and communications (Baranauskiene & Alekneviciene, 2019). In addition, projects are related to economic activity to produce goods and services in the productive and service sectors such as industry, agriculture, housing, health, education and tourism (Glaeser & Poterba, 2021). This means that the national investment can be adding new productive
capacities to the existing productive assets in society through establishing new projects or expanding existing projects or replacing or renewing projects whose lifespan has expired, as well as purchasing issued securities to establish new projects. The second one is the local investment that applies in the local governments which is limited to the local administrative units of the province (Kis-Katos & Sjahrir, 2017). This illustrates that local investment is all the projects that meet needs and requests of the local society within the local unit in the province and then can call a local investment.

In fact, the local investment plays vital role in increasing production and productivity in the local governments that can lead to increasing in the national income and increasing in the average per capita share of it, and thus improving the standard of living of domestic citizens (Mustafakulov, 2017). Also, Sabirov et al. (2021), confirms that local investment is critical factor in providing services to citizens and local investors. In addition, Alfaro (2017), approved that local investment has big role in increasing job opportunities and reducing unemployment. Moreover, Adelino, Ma, and Robinson (2017), states that local investment should lead to increasing the rates of capital for the local unit and the state and also provides different specializations of technicians, administrators and skilled labor. Finally, according to Dziemianowicz, Łukomska, and Ambroziak (2018), the local investment can produce the goods and services that satisfy the needs of citizens and exporting the surplus abroad that provides the foreign currency needed to purchase machinery and equipment and increase capital.

In short, the developed countries and some developing countries have paid great attention to local investment through issuing laws and legislations that encourage investment, and these lows are necessary for the transfer of capital. As the developing countries, this issue was not given enough attention, despite lack of the capital in these countries. Also, goals of the domestic investment can achieve the public benefit as well. The public projects carried out by the state or in order to achieve return or profit, whereas private projects achieving an appropriate return that helps the continuity of the project, saving the value of real assets, continuity of obtaining income and working to increase it, and ensure the necessary liquidity.

Types of Investors in the Local Governments

There are three types of the investors in the local investment can classify on based the degree of risk. The first one is risk-averse category (conservative). According Dong (2017), this one is who gives the element of safety priority and the degree of its willingness to take risks is weak. Usually, this category is the new investors who have not enough experience and knowledge. The second one is the risk seekers (speculators). This group is who gives priority
to the element of profitability and is fully prepared to bear the risk. This category is usually the old investors who have good experience and knowledge (Bayer, Geissler, Mangum, & Roberts, 2020). The final one is the neutral investors (balanced). This type represents most of the rational pattern that balances between return and risk and represents the middle case between the two previous types (Li, Meyer, Zhang, & Ding, 2018). This means that the neutral investors in sometimes are risk-averse; however, they in sometimes are risk seekers that depends on the situation or circumstance.

**Investment challenges in local governments**

According to United Nations Conference on Trade and Development (UNCTAD) in 2016, here are a number of the main challenges that face the investment process generally and particularly in the local investment in the developing countries (CNUCED, 2016). First of all, weakness is in political and economic stability. Secondly, unstable of the security situation. Also, weakness of the infrastructure (Deng et al., 2017). Thirdly, laws that play a major role in avoiding the investment, especially some of the laws that issued by previous regime and conflict with the new law for the investment No 13 (Al-Zamili, 2019). In fact, these previous laws are still working now and they do not take care of the investors' culture. Also, weakness of the administrative procedures that consider the crucial factor in improving and developing local investment or destroying and stopping it. For example, corrupted behaviours that are practiced by some officers and staff of local investment commissions against the foreign and local investors or some investors like to invest in local units. Also, weakness of the coordination between local investment commissions and relevant ministries (Al-Zamili, 2018). Fifth, lack of skilled and trained labor, they do not utilize the current skilled local manpower in investment projects. Finally, weakness of the financial markets and banks active in the local units (Altameemi & Al-Slehat, 2022; Siegel, 2021). This indicates that investment climate for the local government in Iraq is not encouraging for the foreign and local investment. Because of the investment climate depends on overall conditions of investment's environment and then these conditions can impact on investment projects negatively on success of the local investment and hence on the motivations and trends of the investors at all because the capital is coward. Also, aim of the investment climate for the local governments is to increase investors’ confidence and convince them to direct their investments to one country without another.

**Baghdad Investment Commission**
As mentioned at the beginning, in each Iraqi’s province that is irregular in region has local investment commission which is only responsible authority on the local investment. So, Baghdad Investment Commission BIC is just responsible authority on the local investment in Baghdad City (Commission, 2021a). The main job of this commission is to grant investment licenses, investment planning, encouraging investment, identifying the most important sectors, and preparing the investment map for strategic projects of the local units in accordance with the Iraqi Investment Law No. 13 of 2006 (Commission, 2021b). This means that governor has the right to open branch in its province through coordination with the National Investment Commission (modifications No. 2) during 2010 - First Amendment (Al-Kubaisi & Hamad, 2018). The aim of BIC is to occupy an advanced position in contributing for the development process by seeking to advance the economic level of the province in particular and the country in general (Commission, 2022). Also, this body seeks to improving and developing lifestyle for the local citizens on the social, cultural, and humanitarian levels. Therefore, in order to achieve this aim, the following commission sub-objectives were identified:

1. This commission seeks to create investment opportunities through preparing the investment map for the province.
2. It provides an attractive environment for investment.
3. It seeks to improving conditions for local and foreign investment.
4. It determines the directions of work in the field of investment in a way that ensures achievement of the public interests.
5. It seeks to achieve the investors' expectations of the Authority's work in the field of investment.
6. It plays a major role in overcoming obstacles of the local and foreign investments.

In fact, that fast growth in the number of local investment commissions reflects to increasing importance supporting the central government in encouraging and attracting the local investments. However, there is no full commitment from the central government or local government towards the local investment commissions. It is unreasonable for these bodies to achieve success in attracting investors without the full and strong support of the central government. For example, previous experiences show that investment bodies that enjoy good relations with the government and include representatives of the private sector in their boards of directors enjoy high clarity and credibility, and thus have a good record of attracting local and foreign investments. On the other hand, through our observation of the work of the Baghdad Commission, show the interference of the directorates of the ministries which are working in the local government on obstructing the investment projects submitted to it through routine,
delay, administrative and financial corruption, or for any reason. This leads to not giving them official approvals and thus obstructing the investment projects submitted by the BIC.

**Main functions of Baghdad Investment Commission**

Baghdad Investment Commission BIC has number of main functions and the most important are monitoring the positive and negative opinions of investors (Commission, 2021b). The second one is to build a general impression of the country or governorate and its position as an attractive location for investment. Also, it pays attention to the current and potential investors in order to create a good investment through the marketing mission and meeting the needs of investors. In addition to the degree of professionalism that characterizes the investment authority’s work style in dealing with investors. Finally, the investors' service through creating a positive impression for the representatives of the investing companies upon their departure from the country (Commission, 2015). Therefore, when the target company decides to visit the country, it seeks to achieve several goals at the same time, such as: evaluating working conditions, assessing the conditions and cost of skilled labor, and the availability of appropriate facilities, also availability of local production inputs, evaluation of the quality of provided service by the local investment commission, quality of life in the local society, and the current culture towards foreign investments and residence of foreigners in the local unit.

**MATERIAL AND METHODOLOGY**

This research relied on the mix method (quantitative and qualitative) across the case study approach through application in the Baghdad Investment Commission BIC which is located in capital of Iraq, contains a largest number of populations. This research focuses on knowing most of the real challenges that face this body in order to determine the necessary treatments rather than the weak solutions that may have an unreal significance. According to George (2019), a case study is a source of questions and hypotheses that call for investigation and selection through more scientific and practical observations through using objectivity and accurate methods and means. Also, Thomas (2021), illustrates this approach allows the possibility combining more than one research method at the same time. For example, this approach is concerned to studying the reports, documents, and publications. In addition, it uses the observation, inquiry, answer, and personal interviews of all kinds that lead to access to information directly and accurately (Miller, 2018).
Sources of collecting information

This research relied on two main sources in collecting information. The first primary source was the obtained information from a group of investment projects in progress since 2016-2021 which were their number 255 projects in different areas. In other words, surveying information directly from the ongoing investment projects with the aim of evaluating the investment environment in most of the investment sectors which are residential, industrial, tourism, agricultural, and service in province of Baghdad. Also, the researcher conducted number of the interviews with officials and those related to the issue of supporting and encouraging investment in BIC and interviews with Iraqi and foreign investors. The total number of interviewees were 12, 6 interviewees are with some top management members of BIC and 6 interviewees are with some the investors. The second main source is the secondary information was obtained from the relevant issued reports and documents from BIC, scientific journals, theses, and books in regarding to investment.

Research population and Sample

The current research utilized method of the comprehensive inventory for all the investment projects in the province of Baghdad. In other words, the research community is made up of registered investors who benefit from the Investment Law No. 13 within the Baghdad Investment Commission BIC. This community consists of different sectors such as, industrial, residential, commercial, health, education, entertainment, and other projects according to the volume of investment in each sector. This research studied periods from 2016 to 2021. The number of investment projects under study during this period was approximately 255 projects. See Table 1.

Table 1: Report of the Economic Department of the BIC, the number of projects awarded 2016-2021 (Commission, 2016-2021)

<table>
<thead>
<tr>
<th>No</th>
<th>Type of the local projects</th>
<th>Number of the investment projects under study</th>
<th>The period of the investment projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Residential</td>
<td>48</td>
<td>2016 - 2021</td>
</tr>
<tr>
<td>2</td>
<td>Commercial</td>
<td>74</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Tourist</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Healthy</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Educational</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Industrial</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Agricultural</td>
<td>18</td>
<td></td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2022).
RESULTS AND DISCUSSION

This section reports on the analysis of the results of the first stage of the research, which was the administration of the survey package to all the local investment projects under study from 2016 to 2021. It reports on the quantitative analyses of the survey results, including the type of project, their numbers, their cash value, types of investors, tax exemptions, and achieved and under process projects. Thus, quantitative research can help explain relationships of cause and effect, and in turn arrive at accurate forecasts about the phenomenon or problem under study (Ary, Jacobs, Irvine, & Walker, 2018; Bryman, 2016). The purpose of which was in this case to identify how BIC performed regarding their business growth in terms of learning and growth, business processes, customer focus, and financial concerns, which could lead to improved organisational outcomes.

Table 2: Types, numbers, percentages, and cash values for projects of BIC, from 2016-2021 (Comission, 2016-2021)

<table>
<thead>
<tr>
<th>No</th>
<th>Type of the local projects</th>
<th>Number of the investment projects under study</th>
<th>Cost value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Number</td>
<td>Percentage</td>
</tr>
<tr>
<td>1</td>
<td>Residential</td>
<td>48</td>
<td>19%</td>
</tr>
<tr>
<td>2</td>
<td>Commercial</td>
<td>74</td>
<td>29%</td>
</tr>
<tr>
<td>3</td>
<td>Tourist</td>
<td>41</td>
<td>16%</td>
</tr>
<tr>
<td>4</td>
<td>Healthy</td>
<td>22</td>
<td>9%</td>
</tr>
<tr>
<td>5</td>
<td>Educational</td>
<td>31</td>
<td>12%</td>
</tr>
<tr>
<td>6</td>
<td>Industrial</td>
<td>21</td>
<td>8%</td>
</tr>
<tr>
<td>7</td>
<td>Agricultural</td>
<td>18</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>255</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2022).

Table 2 report percentages of the study’s population in relation to types, numbers, percentages, and cash values for projects of BIC, from 2016-2021. The Table 2 shows that commercial’s projects had the biggest number and percentage than other projects which is 74 projects and 29%. However, the residential projects had the biggest cost value than other projects which is $4,744,061,242. Similar, the tourist projects had good number and cost value better than other projects which were 22 projects and cost value was in $546,752,582. In contrast, the Agricultural projects were the smallest number and cost value than other projects which were 18 projects and cost value was in $99,871,734. Thus, this suggests that most of local projects in Baghdad city were residential, commercial, and tourist projects because of most of the investors prefer the fast and profitable projects rather than other projects.
Figure 1: Types of the investors in Baghdad Investment Commission

<table>
<thead>
<tr>
<th>Local investors</th>
<th>Foreign investors</th>
<th>Mix investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>239</td>
<td>10</td>
</tr>
<tr>
<td>Percentage</td>
<td>94%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2022).

Figure 1 report on types of the investors in relation to BIC. This graph shows types, numbers, and percentages the investors that were extremely highest in relation to the local investors (239 projects are owned by local investors and their percentage was 94%). However, the lowest number of the local projects is owned by foreign investors were only 10 projects and their percentage was 4%. Similarly, a few the common projects (mixed) between the local and foreign investors were just 6 projects and their percentage was only 2%. This illustrates that most of the investors in Baghdad city were local investors because they belong to and support by strong political parties in the Iraqi government.

Figure 2: Numbers of the local investment projects had Tax Exemption from BIC (2016 – 2021)

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Exemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>23</td>
</tr>
<tr>
<td>2017</td>
<td>67</td>
</tr>
<tr>
<td>2018</td>
<td>36</td>
</tr>
<tr>
<td>2019</td>
<td>61</td>
</tr>
<tr>
<td>2020</td>
<td>18</td>
</tr>
<tr>
<td>2021</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2022).

Figure 2 shows on number of the local projects that had tax exemptions in relation to the BIC. This graph displays numbers of the local projects in each year (2016 – 2021). This confirms that all the local investment projects had tax exemptions from 2016 to 2021. Therefore, the tax exemptions consider positive aspect for both local and foreign investors in order to attract new projects (Shakatreh, Moh’d Ahmad Mansour, & Alatyat, 2022) and at the
same time that can create encouraging environment for the local investment with the BIC.

**Figure 3:** Number of investment projects that achieved and under process from 2016 to 2021 in BIC

![Graph showing number of achieved and under process projects from 2016 to 2021 in BIC](image)

Source: Prepared by the authors (2022).

Figure 3 shows a few investment projects that were achieved and under process from 2016 to 2021 in the BIC. This graph reports that the number of achieved and under process projects each year. Where were the highest percentage of the achieved projects 14 projects in 2018 approximately 64%. Similarly, in 2019 were the number of achieved projects 13 which means approximately 27%. In relation to the achieved projects in 2016 were the lowest 4 projects and approximately 21%. However, the numbers of under-process projects. In regard to the interviews this section reports on the results of the analyses of the qualitative data from the interviews conducted with a convenience sub-sample of both top management members and staff in the Baghdad Investment and investors who completed the survey package. The interviewees were provided with a summary of the key findings of the quantitative results in relation to relevant aspects of the type of project, their numbers, their cash value, types of investors, tax exemptions, and achieved and under process projects, and they were asked for their reactions and opinions to gain further insights into the local investment contexts in Baghdad city.

In following up with the interviewees regarding to placing abuses by the influential parties and some residents in these lands in order to obstruct investment projects, their responses related to the key emergent themes because corruptive practices and the instability of the country. Also, some interviewees of both sides indicated to the weak procedures and administrative coordination between the BIC and the relevant ministries. For example, the objection and interference of some state departments in the work procedures of the Baghdad Commission such as Commerce, Transport, Industry, Defense, Oil, and Finance ministries.
More than that, the issue of corruptive practices was also raised again in terms of appointment to higher levels in BIC. All but one interviewee described how people at the top level were in leadership positions because of their personal and social connections to top management. As a result, that led to mutual financial and administrative corruption between some employees and investors.

Both BIC and investment companies can be influenced by a political party, e.g., Sunni and Shiite. Most investors require the support of a political party to open their projects. There are rules about opening a project that require complicated administrative procedures but also funding is needed. A project can be affiliated with a particular religious group/political party and take students from that group. Where, 99% of investors are supported by political parties in power. Finally, the bulldozing of agricultural lands by influential parties in the authority for the purpose of establishing investment projects, and this is not permissible according to the law.

CONCLUSION

According to the results of current research, there are many problems and challenges have led to preventing big and reliable investment companies in order to attract them to invest in local governments in Iraq. First of all, the negative administrative procedure of the concerned ministries, the minister’s positive or negative mood toward the investment process. Lack of accountability for disrupting the procedures that facilitate the work of companies: was the major reason for the unwillingness of many companies to work in Iraq. Some political parties if they have not interested should prevent as well (Al-Aqili, 2021). Also, weakness of the infrastructure which are including water, sewage, electricity, roads, bridges, small banks, and limited loans. Although Investment Law No. 13 of 2006 and its amendments is the best law in the region, but there are some laws are conflict with its competencies, which requires its cancellation. The laws including, Trade Law No. 30 of 1984 which requires issuing new laws, e.g., intellectual property, the international arbitration, Free Zones, Consumer Protection, and National Industry and Trade Protection Laws. In addition, the current investment is not suitable for the size of what Iraq requires in all fields. This is because of the weak allocation of the general budget for infrastructure with the postponement of the approval of the Infrastructure Law. This was based on scientific field studies, as it specified the amounts required rebuilding Iraq at 500 billion dollars, and today we are talking about 37 billion dollars. Finally, despite the granting of many investment licenses in the investment authorities in Baghdad and the provinces. However, so far, we cannot refer to critical and major investment projects, such as electricity, housing, transportation, health, education, water, and so on.
In general, this research showed many challenges such as administrative obstacles, routine, multiple decision-makers, the corruption of administrative and financial, difficulty obtaining investment permits, poor coordination between the concerned authorities, weak five-year economic development planning, and interference. In the work of the authority by the directorates affiliated to the central ministries working in the local government by obstructing investment projects submitted to it, delaying, or any reason. All these challenges can lead to preventing the official approvals for the investment projects and hence that will lead to escaping the real investors and their amounts out of Iraq's provinces.

With respect to limitation of research, the study was able to address the research questions through gathering data from investment managers of both the governmental and private, via the adoption of the survey and interview technique. The findings of the study have also raised some critical issues and concepts that can serve as a basis for improving and developing knowledges and experiences for the local investment sector in order to evaluate their managerial processes. These results have applicability to developing countries in general, particularly Iraq a developing country with a history of war and ongoing disruption from 1980 to the present time, the researcher was unable to meet or engage in gathering data more widely than Baghdad city. Thus, the researcher is cautious in terms of generalising the results to the remainder of Iraqi provinces. However, they can be said to be highly relevant because all Iraqi provinces across the country are required to follow the same investment policy, and are operating in the same socio-political context, which was found to have a major influence on practice. Also, the researcher had limited access to any documents that may have indicated the results of the investment’ performance in both groups. In addition, the political and security issues prevented some of the participants from answering all interview questions. Similarly, the study was not able to explore in-depth the nature of the impact of the cultural gaps related to the governmental investment managers and investors’ backgrounds about investment encouragement.

With respect to suggestion for future work, this research also discussed suggestions and considerations for the future of the investment section in general, but in particular in the Iraqi local investment sector, such as interviewees’ recommendations for improving leadership, strategic planning, and spreading the actual culture of investment in Iraq and their advice on change and aspirations. These challenges and considerations may improve and develop the performance of the public investment in the future, and the improvements and developments through the recommendations of the current study could lead to achieving local investment success.
With regards to recommendations of research, the current study have many advices how to improve and develop the local investment in Iraq. First of all, should hold conferences and seminars related to investment in order to research problems and work to solve them. It is imperative that specialists from Parliament, ministers, heads of bodies, and academics sit in special sessions to bring technical and practical points of view to develop solutions that facilitate implementation away from the monotony and administrative routine that common the process of corruption. Secondly, having to seriously seek political stability will lead to economic stability as a safe environment for the implementation of investment projects that may cost hundreds of millions of dollars.” In addition, security is closely related to political stability, and its achievement will provide a suitable environment for investment. Also, the necessity of addressing the legislation opposed to regulating the work of the local investment units in the governorates, and not being satisfied with the current legislation, which is not sufficient to carry out this activity. Thirdly, amending the dissolved Revolutionary Command Council Law No. 581 despite the numerous demands of the local investment commissions to reconsider because it is the main reason in destructing investment process. Finally, enhancing the world’s confidence in the Iraqi economy in order to attract foreign investments through integration into the global economy, joining the World Trade Organization, and benefiting from the system of governance, transparency, disclosure, protection of property, and the free movement of capital.

The local investment commissions should restructure their basic public services in order to meet the demands and needs of the investors. There is no previous research that has thoroughly searched the reality of local investment in Iraq and prospects for its development. Hence, this research will enable the local investment commissions how to deal with their challenges and then improve their provided services for both investors (foreign and local), particularly in Baghdad province, Iraq.

REFERENCES


Taweeb, A. M. (2020). The role of arbitration in the field of administrative contracts in Iraq. *Journal of Misan Comparative Legal Studies, 1*(2).
