THE DANGEROUS IRAQ

The Risk Analyses Investment in Iraq
STRATIGY & SOLUTION

IQ FORUM OF PLICY MAKING CONSULTANT

IFPMC-LONDON

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Introduction

in business and investment, crisis analysis surrounding institutions and projects is the inherent and parallel element of profit and potential analysis. Enterprises and institutions can only survive in the global economy by studying risks and allocating solutions to prevent crises. Therefore, large institutions allocate financial resources to establish risk management systems and monitor crises surrounding or threatening the organization.

States, governments, and official institutions are also following companies' methods and business strategies in risk management, as security and military deterrence systems can no longer deal with the changing and evolving nature of global crises. Here, we talk about the types of crises and risks not carried out by enemy armies and countries. Still, invisible wars and unforeseen risks explode at unexpected times and cause maximum destruction that threatens the countries' future.

For example, cyber-attacks that are not limited by any closed doors and are not raced by any government security systems, no matter how sophisticated they are, as well as epidemics and diseases that topped the global scene during the Covid-19 pandemic crisis, which united the worldwide deficit and weakness in front of it, and the weaker and stronger countries were equal in collapsing under the pressure of this most dangerous epidemic.

The Forum IFPMC-London has previously presented a report on investment risks in Iraq entitled (The dangerous Iraq 2023) This year, we return to track the level of investment risks in Iraq based on the report of the organization:

Crisis24's annual Global Risk Outlook 2024 report, Context and Clarity for the Coming Year. They discussed the most critical challenges that the world could face that pose direct risks to investment and the business world[1].

This report analyses strategic risks, drawing detailed scenarios for each world region. These scenarios are presented annually to significant companies and investors worldwide. Each global threat was detailed through detailed maps of each region, and then a global map that combines all the risks and threats and shows the most dangerous countries for investment.

The crisis24 monitoring report, a comprehensive survey is carried out based on multispectral satellite images, images and real-time information derived from smartphones and artificial intelligence systems AI, in addition to studying maps of global conflicts, turmoil and threats in each of the international regions:

African Sahara Region, Asia, Middle East and North Africa, Europe, America

Five main threats were studied: security, politics, infrastructure, environment, and health challenges.

These threats make states either:

Extreme red

High orange

Moderate risk yellow

Minimal green

The risks that make countries very dangerous:

- Treat of kidnapping

- Threat arising from infrastructure

- Threat to health medical

- Threat of environmental impacts

- Treat of of political

What do we mean by global risk management in the business field?

Risk management basically identifies as assessing and controlling financial, legal, strategic and security risks to an organization's capital and revenues. These threats or risks can stem from various sources, including financial uncertainty, legal liabilities, strategic management errors, accidents, and natural disasters[1]. If an unexpected event causes an organization to become unaware, the impact may be minor, such as a small impact on overhead costs. However, in a

[1] Hongmu Lee,2021, Risk Management: Fundamentals Theory and Practice in Asia, Springer, Singapore, p14.

worst-case scenario, it can be catastrophic and have serious repercussions, such as a significant financial burden or even closing the business[2].

At the level of states and public institutions, risk management is a system of policies, strategies, people, processes, and technology that enables a country to set goals in line with the risks and setbacks that affect people's movement, interests, business paths, and investment. A successful risk assessment program must achieve legal, contractual, internal, social and ethical objectives and monitor new technology-related regulations. By focusing on risks and allocating resources to control and mitigate risks, States will protect themselves from uncertainty, reduce costs, and increase business viability and success.

There are three critical steps in the risk management process:

- Risk identification, analysis and assessment, risk mitigation and monitoring.

Risk identification: It is not just about reacting to threats. It's a proactive process of identifying and assessing potential threats to states and public institutions, their operations and workforce. For example, risk identification may include assessing security threats both on the ground and in cyberspace, i.e. technology and information such as malware. As well as identifying terrorist threats, accidents, natural disasters, and other harmful events that can disrupt the work of the State. This proactive approach empowers us to foresee and prevent potential threats, thereby ensuring the smooth functioning of our institutions.

- Risk analysis: includes determining the probability of a hazard and the likely outcome of each event. The risk assessment compares the magnitude of each risk and classifies it by importance and outcome.

- Risk mitigation and monitoring: This means the continuous process of planning and developing methods and options to reduce risks to project objectives. The project team may implement risk mitigation strategies to identify, monitor and assess the risks and consequences inherent in the completion of a specific project, such as the creation of new products. Risk mitigation also includes actions taken to address the issues and implications of those project-related issues. Risk management is not a one-time task, but an ongoing process that adapts and changes over time. This constant frequency and monitoring of processes can help ensure maximum coverage of known and unknown risks, emphasizing the need for constant vigilance and adaptation in our risk management strategies.

Dangerous States

- They are countries with no safe environment for investment, where the factors threatening commercial deals and employment are high, in addition to security risks, political, cultural, and ethnic complexities, ambiguity of institutional procedures, and their record of corruption and

[2] COSO, Enterprise Risk Management-Integrated Framework (Executive Summary Framework),2004. p4

illicit gain[3]. Global companies and investors extrapolate all the factors related to the private investment environment in the countries where they intend to do business economically. The fragility of economic structures is one of the most critical factors that make investment costs high risks and raise costs. However, the security and political fragility and inadequacy of bank credit systems disrupt investment and lead to capital flight.

Therefore, the concept of a dangerous state does not only include countries that are poor in resources or that are ravaged by wars and conflicts. It also includes countries rich in natural wealth and minerals but fragile in their political and institutional structure and banking infrastructure. Understanding this concept is crucial for global companies and investors seeking to navigate specific regions' complex economic and political risk landscape.

Risk Profile in Iraq and the Middle East

According to the report previously prepared by IFPMC-LONDON last year, 2023, Iraq was one of five regions prone to severe economic, social, and political instability[4]. These countries are Iran, Iraq, Lebanon, Syria, and Yemen. While North African countries were experiencing a period of economic and social turmoil due to the economic repercussions, they were in varying proportions. However, it is essential to note that the Arab Gulf states (according to the report) were immune from this economic, political, and social turmoil, and some countries even performed best. Most of the GCC countries, especially Saudi Arabia and the UAE, have presented promising success stories in economic diversification and mega infrastructure projects, offering a beacon of hope for stability and growth in the region[5].

This year, the events of the conflict in the Middle East and the use of heterogeneous violence against civilians in Gaza in response to the events of October 7, 2023, led to the ignition of the region, threatening to regionalize the conflict. These factors could irreversibly change the region for generations to come. Iran and its proxies do not want a full-scale conflict with Israel or the United States. However, they do want to continue harassing the Western alliance that supports Israel and to turn indirect confrontation with Israel in opposite directions that could lead to a deliberate escalation. Iran's goal is to redraw the balance of power and deterrence in the region to force the United States to change its strategies in dealing with Iran. On the other hand, a confrontation with Iran means that Iran will use its influence in Arab countries in the region, especially armed groups affiliated with the Iranian Revolutionary Guards in Syria, Lebanon, Iraq, and Yemen. Using these groups against American and Western interests and directing them according to the requirements of Iran's strategy will exacerbate the size of the risks to which these

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[3] https://www.forbes.com/sites/karstenstrauss/2017/05/10/the-most-and-least-reliable-countries-to-do-business-in/?sh=3dc9bd3d45b7

[4] The Crisis24 group, The Crisis24 Global Risk Forecast 2023: A Look Beyond the Horizon: the intelligence needed to inform risk management, https://www.crisisgroup.org/crisiswatch/database?location%5B%5D=87&date_range=last_6_months&from_month=01&from_year=2022&to_month=01&to_year=2022

[5] Ibid

countries will be exposed, especially those that affect their political, security and economic stability.

For its part, threats and risks in the Arabian Gulf region will multiply, mainly if the situation develops and leads to more instability and the possibility of a wider regional conflict; regional developments will inevitably affect their economic goals and future projects emerging in those countries.

Although North African countries are not directly involved in the war between Israel and Hamas, the development and extension of the conflict in a way that doubles the possibility of regionalization is likely to exacerbate the complexities in the political, economic and social conditions in the Maghreb and North Africa. Especially since the widespread protests demanding the cancellation of

Normalization agreements or dealings with Western countries that support Israel, these popular movements could be mixed with the failure of North African governments to carry out radical economic reforms, which will put double pressure on these governments.

Is Iraq dangerous?

The word dangerous state in the political world means a state that threatens world peace and security. Under this name, pass similar names (state sponsor of terrorism, rogue state, state outside the international system and international law, etc). These countries have a similar character, such as North Korea, Iran, Myanmar, Afghanistan, Iraq, Syria, and Yemen.

In economics, the word dangerous state is a structurally different concept, although it is ideologically consistent with the lists of politically and security-dangerous countries. Therefore, we find most of the dangerous countries in the political and security concept are present in the same list of countries with high risk of performing business.

The Financial Action Task Force (FATF), based in Paris, France, established in 1989, is the global regulator of money laundering and terrorist financing. This committee classified Iraq as one of the countries where suspicious operations are carried out to finance terrorist groups and organized money laundering operations for the benefit of criminal and terrorist organizations[6].

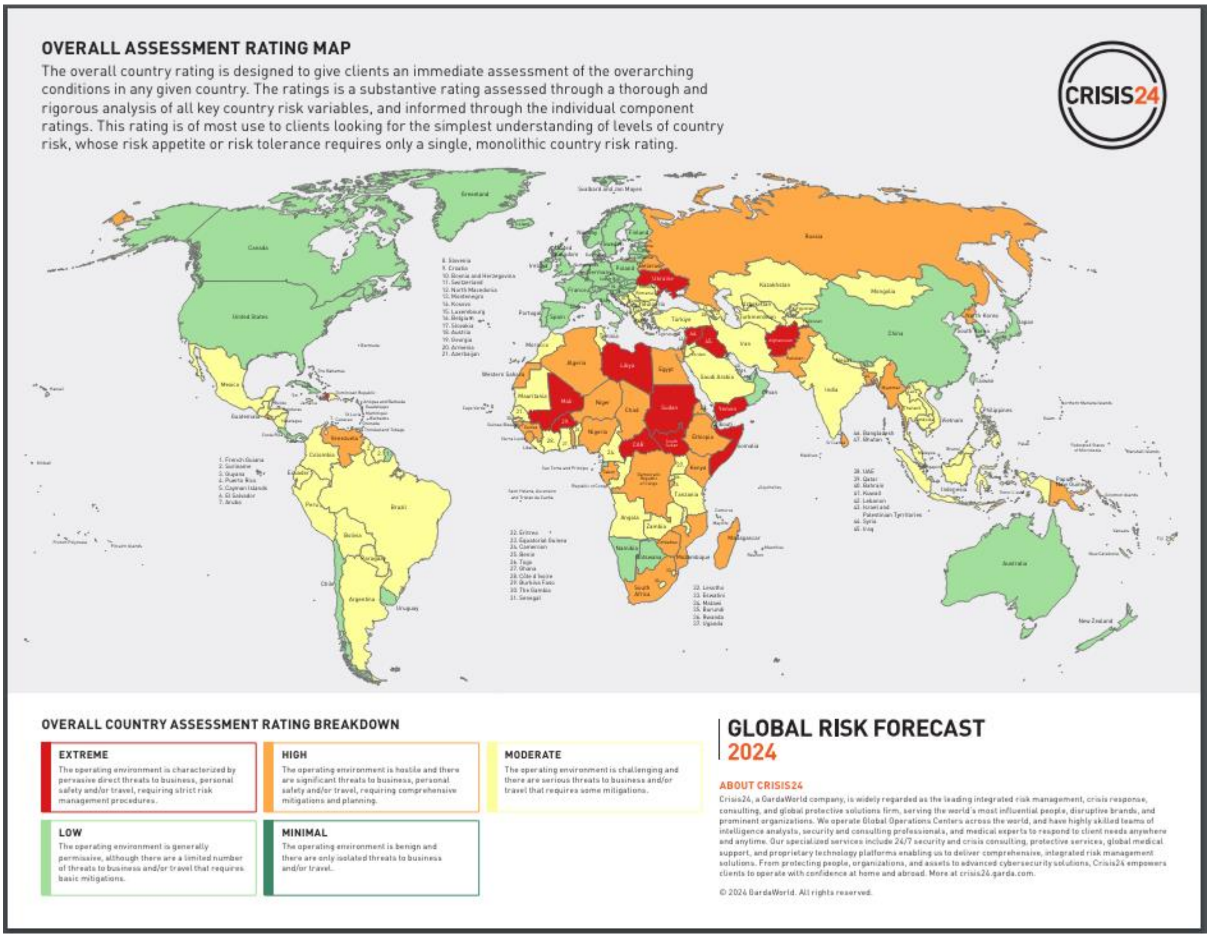
[6]The Financial Action Task Force (FATF) works as a policy-making body, generating the necessary political will for national legislative and regulatory reforms in these areas. The 39-member body sets international standards to ensure that national authorities can prosecute illicit funds linked to drug trafficking, illicit arms trafficking, cyber fraud and other serious crimes. More than 200 States and jurisdictions have committed to implementing FATF standards as part of a coordinated global response to prevent organized crime, corruption and terrorism.
See:
https://www.fatf-gafi.org/en/publications/Methodsandtrends/Financing-of-terrorist-organisation-isil.html

Iraq is one of the countries whose position fluctuates in the lists of high-risk security countries from one period to another; after the threatened international crises declined in 2020-2021, Iraq returns to be among the areas still threatened by crises in the International Crisis Group report. The political crisis that ravaged the country after the 2021 elections affected stability in the country, which led to a severe break in the crisis in July 2022, which did not improve until October of the same year after the appointment of Muhammad Shia Al-Sudani as Prime Minister, but the political and economic complications returned in early 2023 to threaten stability again and make the stability of the crisis curve the dominant feature of measuring the crisis in the country[7].

Between the end of 2023 and the beginning of 2023 witnessed a significant improvement in Iraq's overall political, economic, and development performance. However, this improvement is still dependent on the continuity of political stability in Iraq and stability in the entire Middle East.

According to the International Crisis Group 2024 report, Iraq is still one of the top 13 countries in terms of total risks to investment.

Afghanistan, Somalia and Haiti top the list with six high-risk risks; out of six, Ukraine, Syria, Yemen, Iraq, Sudan, South Sudan, Libya, Central African Republic, Burkina Faso and Mali.

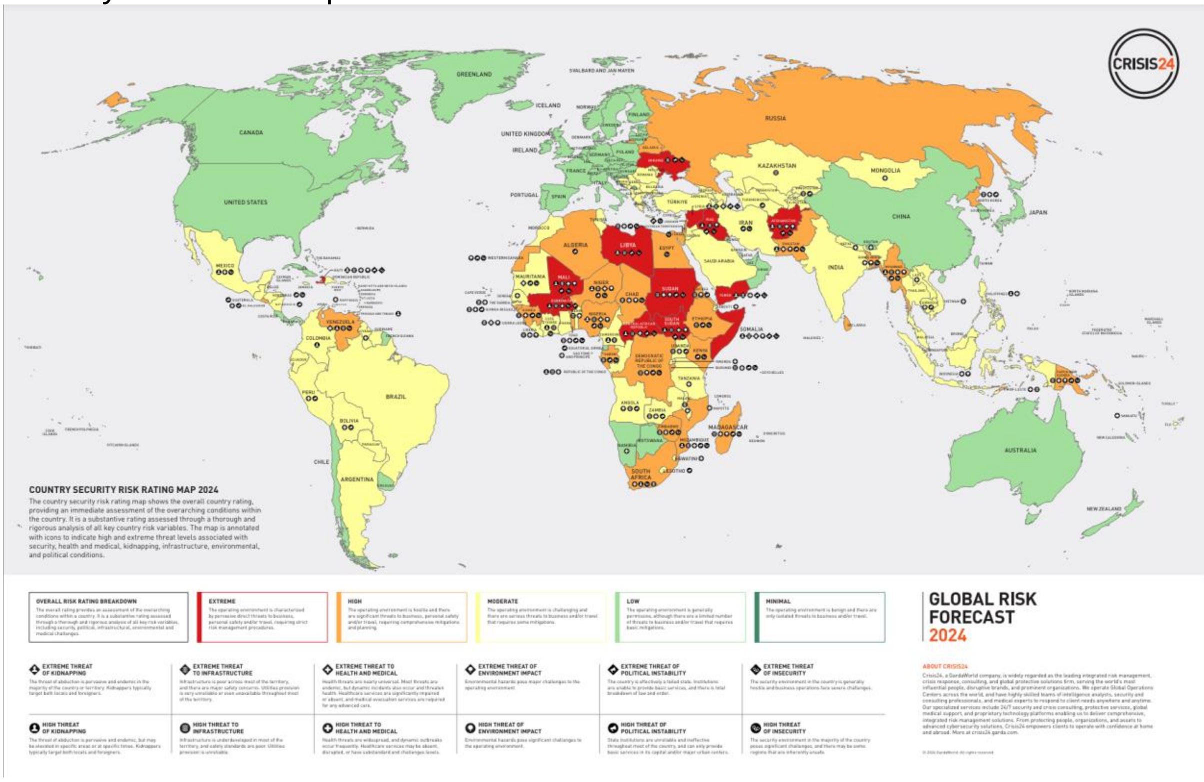


See map 1

Comprehensive Risk Assessment Map

[7] The Crisis24 group, The Crisis24 Global Risk Forecast 2023, Ibid.

See Map No. 2
Security Risk Ratio Map 2024



Regarding Iraq

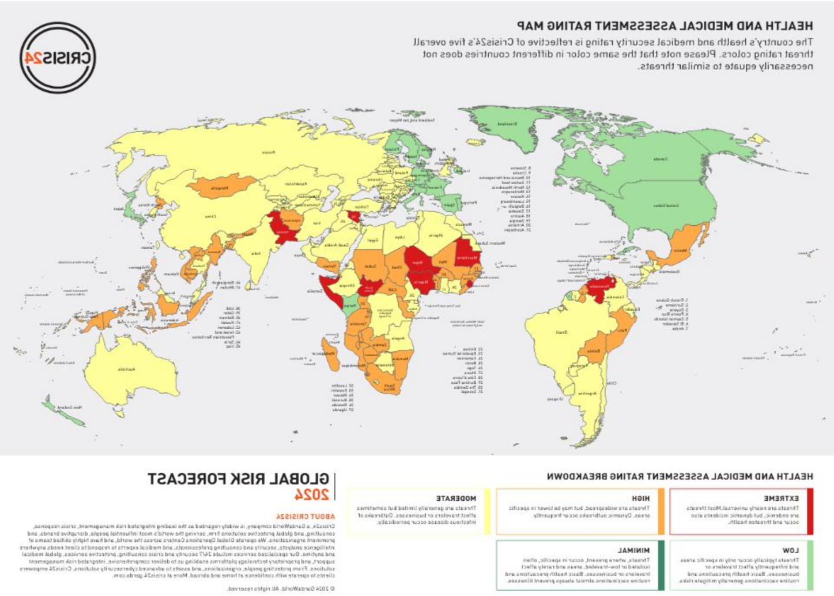
Despite Iraq's relative political stability, the crisis of the Middle East conflict and Iraq's sensitive and decisive position in this conflict are increasing the country's immediate risks.

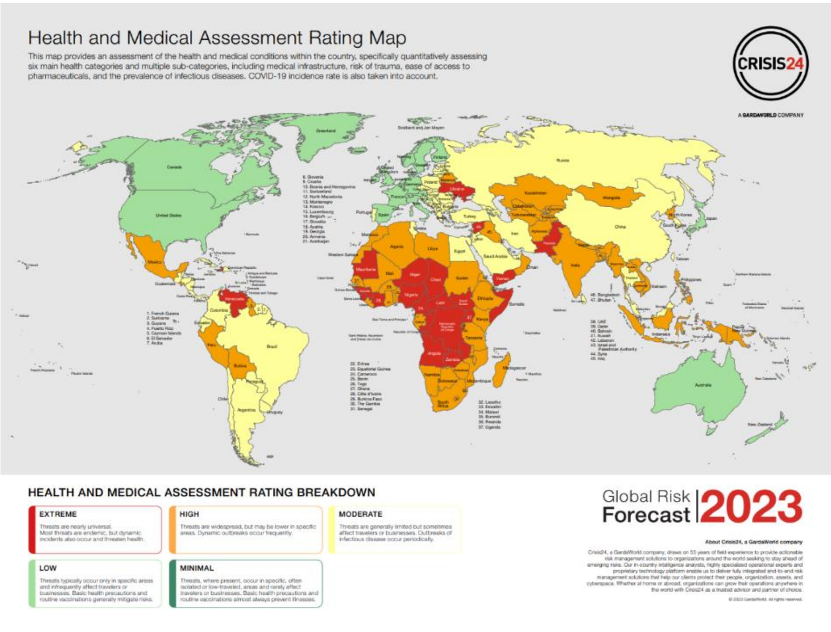
The Global Risks Report 2024 recorded a decline in direct risks in Iraq. The risk decreased from six in 2023 to five direct risks. The percentage of health risks decreased to a moderate level compared to 2023 when the health risk ratio was high—as shown in map No. 3a and compared to map No. 3 b.

This indicates that the level of health risks in Iraq has become within the moderate global rates, i.e., there has been a decline in any epidemic that threatens the population or the operating companies.

Map No. 3 A

Health and Medical Assessment Rating Mab 2024





risks of doing business in Iraq

The crisis of political stability risks

Political instability is the most critical risk that businesses face in the country. Political risk refers to the impact of political circumstances on foreign companies and travellers. This includes the challenges to government authority and perceived legitimacy, prevalence of corruption, existence of sanctions, level of judicial independence, and consistency of legal decisions related to dealing with companies and investors.

According to the Global Risk Forecast, political risks in Iraq remain extremely high, threatening business stability and economic performance. This is not surprising as Iraq is one of the most fragile countries in terms of its political system[8]. Even if there is relative stability in government performance, it still needs improvement, especially with the absence of rules governing the change of governments in Iraq and the transfer of power. The lack of mechanisms of political agreement in a complex political composition like Iraq, in addition to the inability of regulations and legislation to protect economic interests transparently and impartially, will inevitably make Iraq one of the countries continuously exposed to political risks.

In 2022, the fragility of political stability in Iraq reached its peak, as the political conflict disrupted investment projects and forced many companies to cancel or postpone their commercial contracts with Iraq. Although the political system was able to overcome its ordeal after choosing a president and prime minister, the nature of the regimes and political practices in Iraq still threaten stability. The Crisis 24 report suggests that 2024 may witness a return to the breakdown of political stability, especially with the renewed demands for early elections. This will lead to more political pressure exerted by political currents in Iraq, which may accompany an outbreak of violence. Additionally, the overall geopolitical changes taking place in the Middle East and Iraq's dealings with them make the political scene in Iraq even more precarious.

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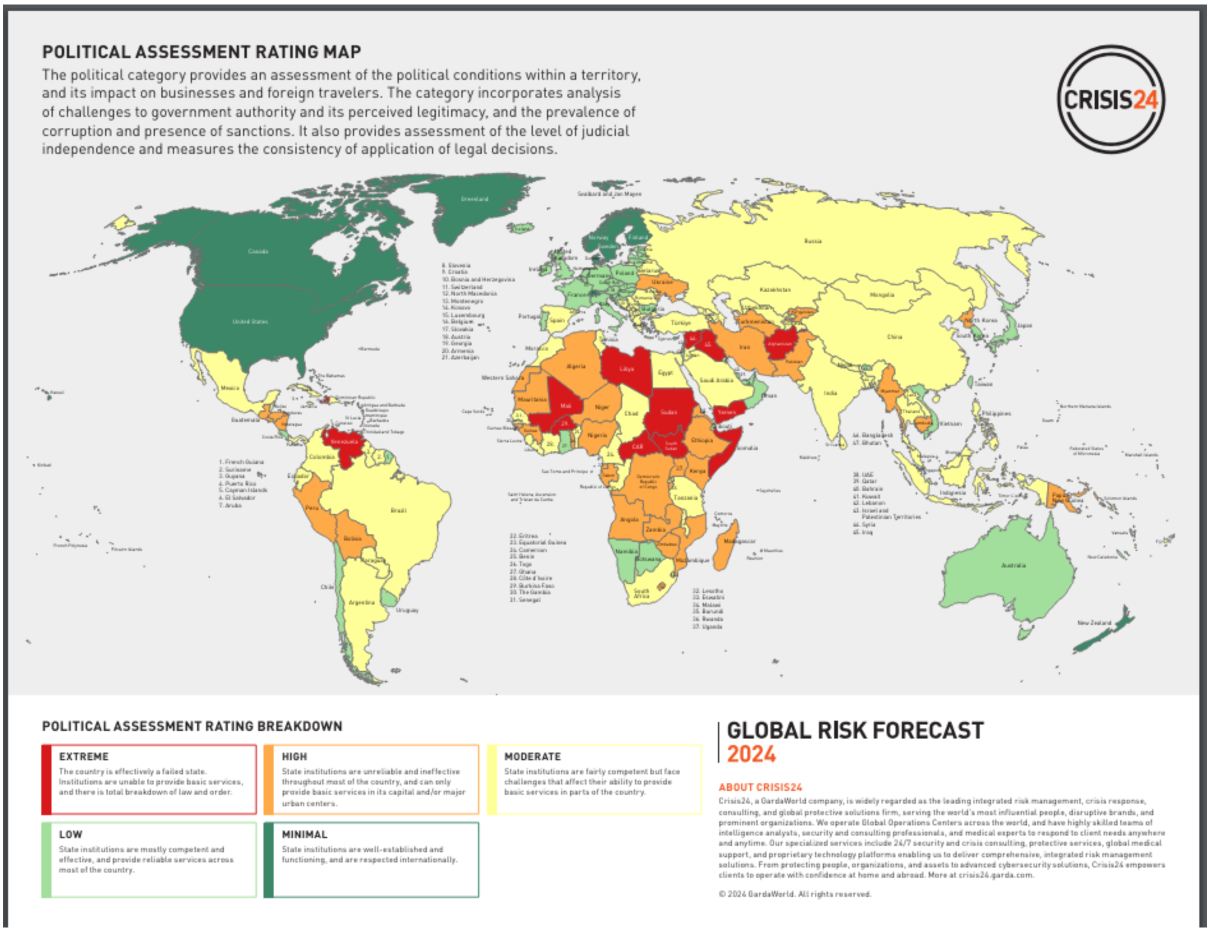
[8] See:

د. رنا خالد، العلاقة بين الهشاشة والفشل في العراق: واستراتيجيات الحل والتصحيح، منتدى صنع السياسات العامة IFPMC،
https://ifpmc.org/%d8%a7%d9%84%d8%b9%d9%84%d8%a7%d9%82%d8%a9-%d8%a8%d9%8a%d9%86-%d8%a7%d9%84%d9%87%d8%b4%d8%a7%d8%b4%d8%a9

map 4

Assessing political risks to investment worldwide

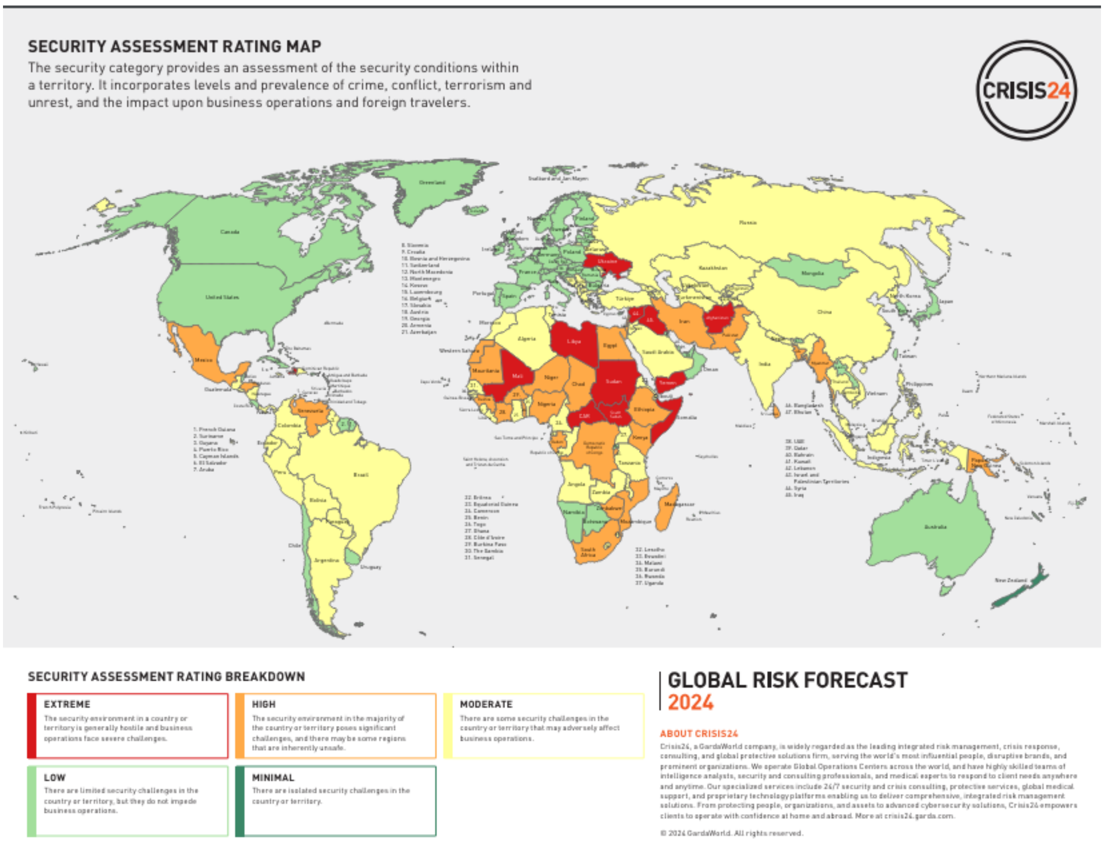


Security risk threat remains high.

Security risks refer to the overall security conditions within countries and include levels of prevalence of crime, conflict, terrorism, and disturbances that threaten security and can directly or indirectly affect business performance. On this basis, the Global Risk Outlook 2024 considered that the state of security risks in Iraq is at the level of extreme risk or very high (EXTREME), as the overall political, economic, and global situation makes Iraq one of the high-risk countries in terms of security. Terrorist acts continue to erupt continuously with weak border control and a weak political structure that affects the ability of authorities to limit terrorist attacks and weapons outside the authority of the state, putting businesses at risk and imposing more costs on them to face high risks and challenges.

Map 4

security assessment rating map



Dangers of poor infrastructure

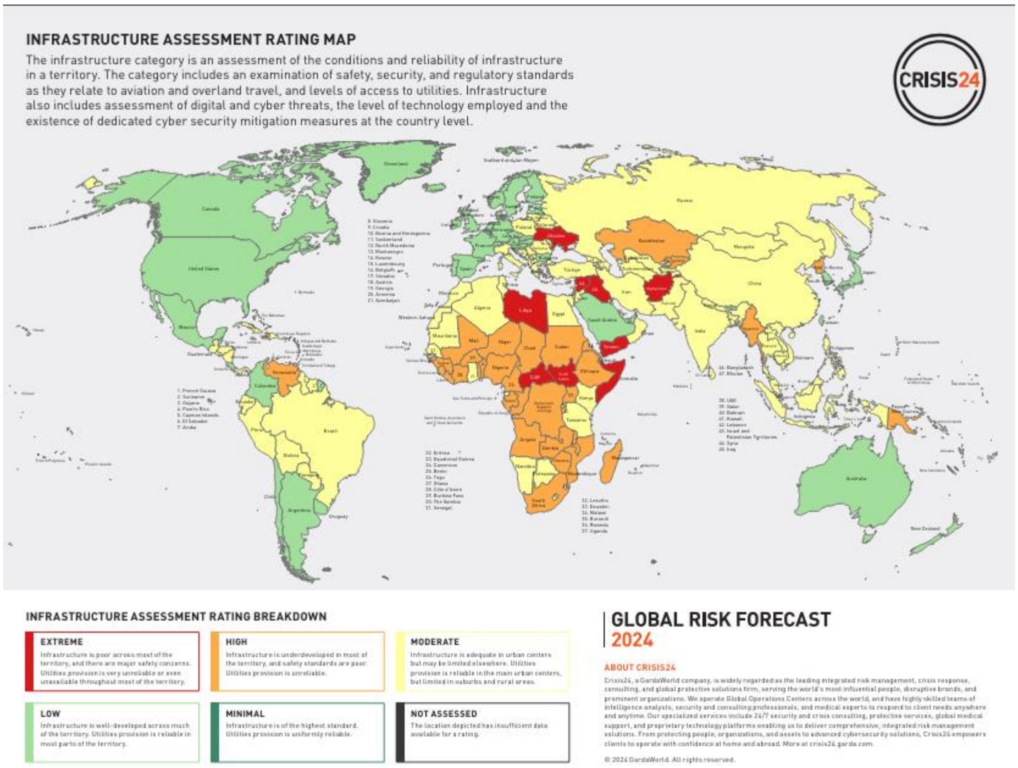
Infrastructure hazards refer to the overall conditions of safety, durability, sustainability, dynamism, and infrastructure development in each country. It also includes an assessment of regulatory and security standards in transportation systems, whether roads, railways, trains, aviation systems, and travel. Also, the study of infrastructure risks is concerned with tracking and measuring digital and cyber security in countries, the levels of technology used, and the strength of security measures taken to protect electronic networks, communication systems and infrastructure systems from cyber-attacks.

On this basis, Iraq, one of only nine countries in the world (see Map 5), suffers from fundamental infrastructure imbalances. According to the 2024 Global Risk Forecast, infrastructure risks are extremely dangerous or very high (EXTREME).

The infrastructure deficit extends to all regions and cities. Most cities suffer from poor transportation and public roads, the fragility of service institutions' infrastructure, and the weakness of the electricity network, communication lines, Internet networks, etc., which makes the business and investment environment difficult and raises the level of costs and losses.

Mab 5

Infrastructure assessment rating mab

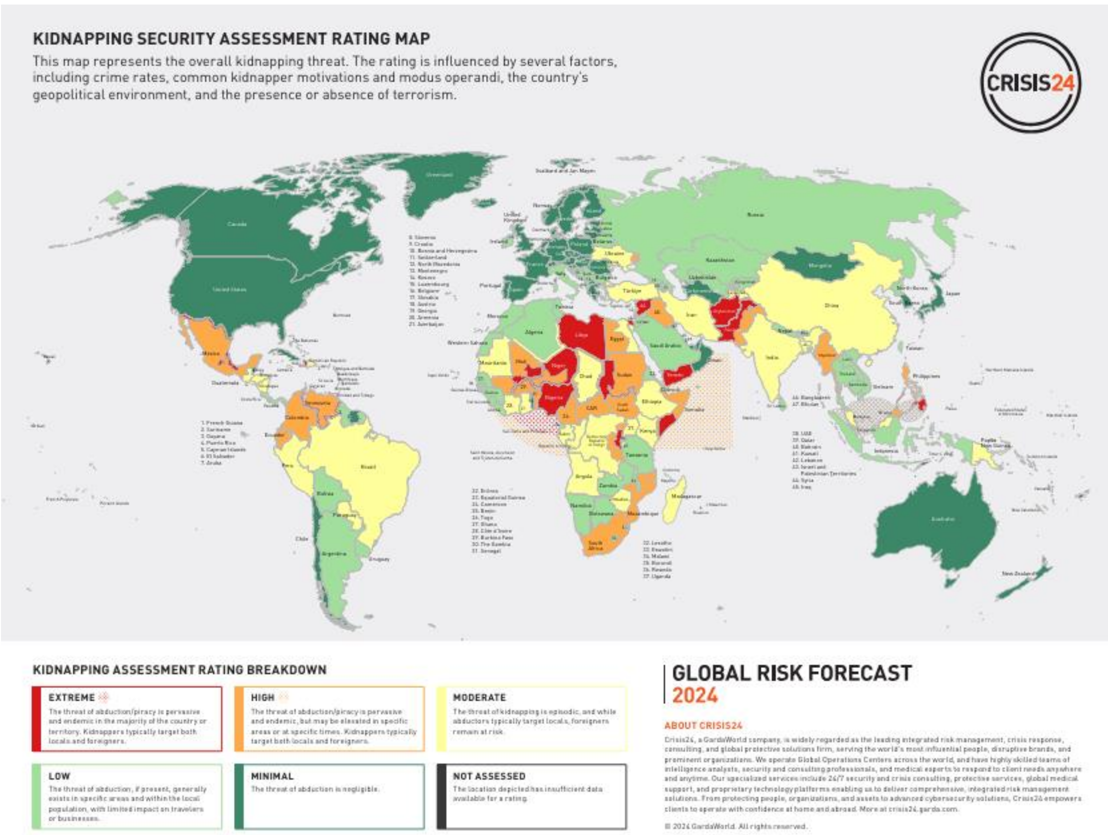


Kidnapping threats

Kidnapping threats are a critical risk factor that can significantly affect the performance and growth of businesses in any country. To better understand this risk, security indicators, motives of the kidnappers, their connection to terrorism, and legal and security regulations for dealing with cases of kidnapping foreigners and foreign workers are analyzed. Unfortunately, Iraq is still considered a country with extreme or very high risk of kidnapping in the 2024 Global Risk Outlook. Due to the repeated cases of kidnapping, enforced disappearance, and extortion that individuals, businesspeople, and project owners are exposed to directly or indirectly.

Mab 6

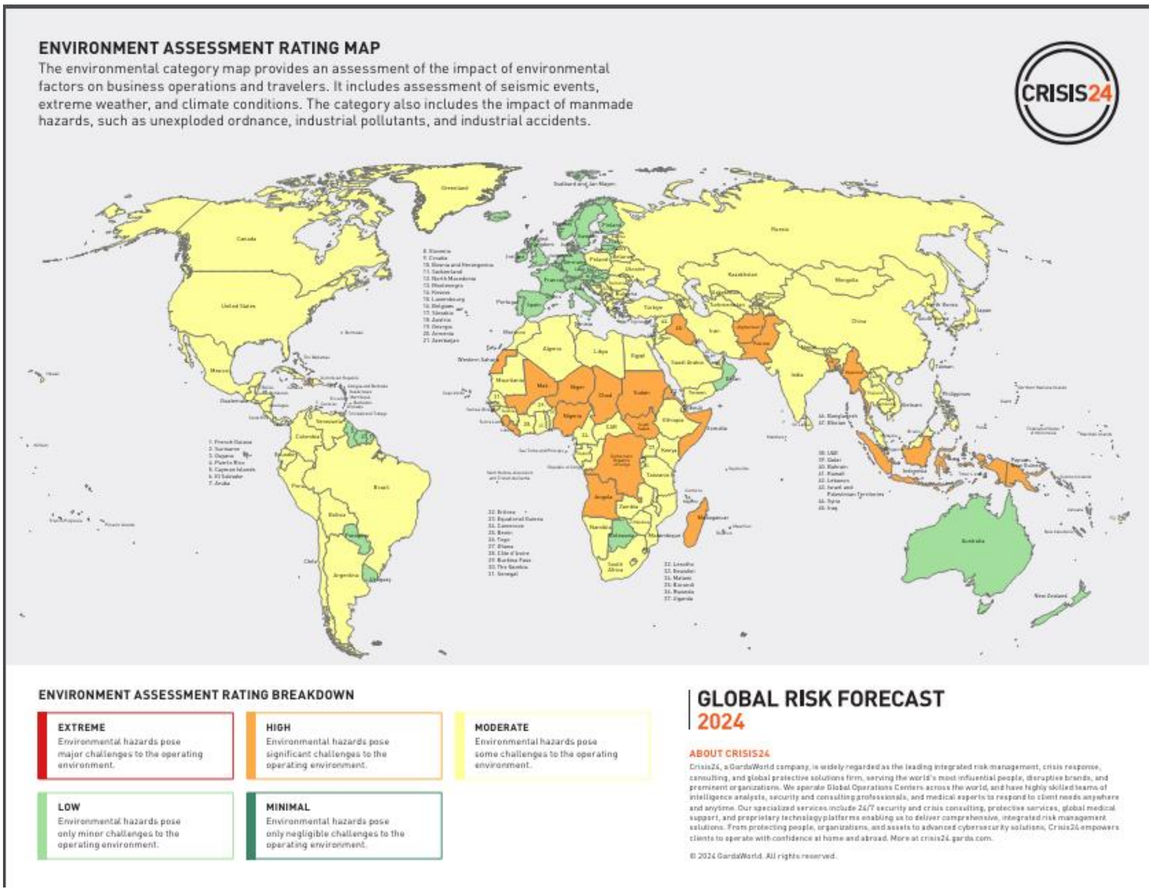
Kidnapping security assessment rating



Environmental hazards and climate change

The impact of environmental factors on business are a significant concern in Iraq. The remnants of wars and conflicts, coupled with the lack of environmental protection systems, have exacerbated Iraq's climate problems, causing extremely high temperatures that lead to fires of land and agricultural products. Furthermore, the expansion of desertification has worsened the waves of severe sandstorms. The country's economic activity primarily depends on oil and petroleum derivatives, which increases the severity of climatic fluctuations and the long-term effects on soil quality and livestock production.

Mab 7
Environment assessment rating map



The Cost of Neglecting

Foreign direct investment, or FDI, is one of the world's most imperative external financing sources for developing countries after foreign aid packages. For many Third World countries, FDI is the backbone of development. In addition to financing, FDI contributes to the development of local companies, stimulates competitiveness, and provides solutions for private sector reform and the development of administrative and organizational skills through effective operation and long-term financing.

FDI has great potential to transform economies through innovation in host countries in sectors attracting FDI and supporting industries.

Companies devise strategies to adapt their investments to the terms and conditions of the host country, a concept known as 'local responsiveness' or 'local response' strategies. In fact, companies may need to halt or withdraw investments if the costs outweigh the benefits and profits. However, despite the perceived high risks, the developing world and emerging countries remain attractive investment destinations. The governments of these countries are tasked with minimizing these risks to encourage foreign investment decisions by companies.

Governments in third-world countries that rely on foreign investment also have strategies to support and stimulate investment in these countries by creating incentives and reducing risks that affect the business environment.

Neglecting to reform investment risks will lead to two consequences:

In the near term, investment projects will be disrupted, which will incur high costs for governments to compensate, fill the deficit, and settle cases of breach of contracts and penal conditions or legal issues that undermine confidence in these countries.

In the long run, these countries risk becoming hostile environments for foreign investment, a perilous economic scenario. Neglecting to address investment risks could lead to a faltering future for investments, turning these countries into breeding grounds for invalid companies and unreliable investments.

Risk Strategies

Internal conflicts and ongoing dissatisfaction among crucial stakeholders pose a risk that key measures to attract FDI may be abandoned in the face of challenging political situations. To counter these perceived political risks and maintain investor interest, it is crucial to communicate credible messages to potential investors, demonstrating that all government parties are united and aligned for successful foreign investment.

In a country like Iraq, with growing political problems and divisions, the size and type of appetite for investment in strategic projects could be constantly eroded. Especially since the complexities of Iraq's internal political scene are not the only problems facing foreign investment in assessing investment risks, the overall area in which Iraq is located is one of the most dangerous and worrying areas for investment. Dr Ann Jamieson argues that while each attractive market has its political environment, major research bodies believe that the process of multinational corporations making investment decisions is also influenced by risk perceptions across the region, whether political risk poses a real threat to political stability in the investment market. While this may be related to heuristics and empirical approach within a particular company, it may also serve as a risk reduction strategy by companies concerned about political influences and outcomes, or it may be a calculated assessment that future regional expansion opportunities will be limited in an unstable political environment, diminishing investment attractiveness.

Despite the emergence of politics and geostrategic relations as calculated risks for companies, they have demonstrated their resilience and adaptability. These companies have navigated areas of conflict and instability, leveraging strategies and experience to mitigate risks. This resilience and adaptability instil confidence in the potential for successful FDI in Iraq.

There are other types of problems that the investment environment suffers from in Iraq, most notably (macroeconomic deterioration, weak infrastructure, fragility of organizational structures, and weak human capital), these problems can threaten investment, but at the same time, medium- and long-term strategic plans can have significant effects in reducing their risks. Every improvement process in them makes the investment environment gain a point forward.

A country with high investment risks should send the message that despite the cost of risk, it also presents a high-benefit investment opportunity with the potential for significant returns on investment.

How can Iraq deliver this message?

First: the relationship between development and government stability

Iraq's investment file suffers from the consequences and accumulations of the fragility of political stability and inconsistent government.

One of the most critical risks of investment in Iraq is the crisis of stability and continuity of governance. In addition, a fundamental problem that accompanied the performance of previous Iraqi governments was coordinating the priorities of the government plans. Therefore, the security file was a priority for these governments in their desire to impose the equation of power and control over the rest of the political partners and prove to regional and international allies that they can impose power and sovereignty.

The government of Mohammed Shia al-Sudani is the first Iraqi government to deal with the economic development file as the first state file. In his previous article, Mr. Mohammed Shia Al-Sudani summarized the most critical defects of economic development in Iraq [1]. The most important points referred to by Mr. Al-Sudani while talking about the shortcomings of Iraq's economy were:

- There is a new economic world, and Iraq must prepare for these global economic transformations.
- Iraq should focus its efforts on economic development because it is the basis of human development.
- Iraq is a rentier country that relies on oil to finance its previous public budgets by 96%.

- Due to the weakness of its economic sectors, Iraq depends on imports to secure its needs for goods and products. It imports more than (50) billion dollars annually, equal to (55-60%) of its oil revenues.

The solutions proposed by Mr. Mohammed Shia Al-Sudani are as follows:

- Carry out structural reform in the country's economy and reduce dependence on oil.
- Anti-Corruption.
- Most are activating non-oil sectors (industry, agriculture, trade, telecommunications, tourism).
- Reform the financial sector so that it contributes to supporting the Iraqi dinar and the development of various economic sectors.
- Iraq should mobilize the national workforce and strengthen national institutes.
- Al-Sudani's clear vision, based on a long personal history of working in the public sector and knowledge of the faltering relationship between politics and development in Iraq, helped Sudani's government conclude that focusing the government's effort on the development file could fill the gaps of imbalances in the government structure and lead to political and economic stability.
- The continuation of the Sudanese government for the next government cycle can allow it to fulfil its obligations and prove that these commitments related to comprehensive and realistic development are a philosophy of governance, as well as make the experience of the Sudanese government a reference for all future governments that will no longer be allowed to ignore the importance of development in Iraq and delay this crucial file in favour of files such as security, defence and regional and international alignment, which exposed Iraq to disasters of instability, terrorism and chaos.
- Iraq needs a period of political stability and continuity of governance to send a message to internal and external capital that the investment opportunity in Iraq is supported by the momentum of a solid and stable government and achieves the equation of continuity and cumulative governance lacking in Iraq.
- In his recent visit to Washington, the Sudanese government was able to activate the approach of "productive diplomacy", which aimed at activating investment opportunities between Iraq and the world's countries. Moreover, during the visit, the region was approaching the outbreak of a dangerous crisis between Iran and its alliances with groups affiliated with the Iranian Revolutionary Guards in Iraq, Syria, Yemen, and Lebanon and between Israel and its alliances with significant Western countries. Iraq was at the heart of events, but the Sudanese government ignored this barrier, made Iraq a conflict zone and presented Iraq with an investment opportunity that needed the support of major countries in the world in order to deal with Iraq's security challenges with a realistic view that in today's world, which is witnessing the number of changes and decisive conflicts, it has become difficult for a country or region anywhere in the world to be free of security and political challenges beyond the control of the state and the capabilities of governments, but with Global investment in these countries has not stopped.

- The Sudanese government has provided assurances that whatever the magnitude of the security and political challenges facing Iraq, at least the approach of development as a goal of the state will not stop, and the government is determined to diversify sources of income, develop the private sector, and fix the shortcomings of financial and economic policies. Therefore, despite the complexity of events in the Middle East, the Sudanese government brought in a large package of contracts and memorandums of understanding in various current and future investment fields.

Second: Activating Investment Incentives

There are several investment promotion models, but these models will only be able to transpire if they coincide with risk-reduction reforms. Therefore, government institutions concerned with investment promotion should take two steps:

- A-initiate a comprehensive national campaign for risk management in Iraq. Procedures, decisions, and regulations should also be initiated to reduce these risks and indicate that institutional work is being done to solve the business sector's obstacles.
- B-Using efficient and realistic investment promotion and attraction patterns, most notably:

1. Financial incentives include all tax incentives provided to investors, such as tax cuts and temporary tax exemptions.

2- Fiscal policies: These include non-tax financial support countries provide to foreign investors, including subsidised loans and grants and price reductions in land, infrastructure, or utilities. They may also include assurances of demand for specific goods or services through public procurement programmes.

3. Regulatory Policies: Special regulations or rules can be provided to foreign investors, including exemptions from standard regulations or the establishment of special legal regimes for foreign investments. Limited-scope regulatory policies can effectively address investor perceptions of the weakness of legal institutions.

4. Media & Communication: Specialised media, marketing, and other communication efforts can provide investors with information about opportunities in the country. The good thing is that Iraq has at least one business channel (Iraq24 HD), which involves doing business, investing, and forming relationships between government institutions and the private sector.

5. International Engagement: Preferential trade agreements and bilateral investment treaties may enhance cross-border investment flows by overcoming financial and regulatory obstacles facing investors and providing additional

protections and safeguards beyond incentives provided by the host State's legal system.

6- Gigantic development projects are state-led initiatives to stimulate economic activity in an entire region or sector. It can be a powerful tool for attracting investments in priority economic sectors by providing opportunities that foreign companies can achieve in their home markets. For example, Saudi Arabia presented the giant NEOM project as a sustainable tool to attract investments and stimulate economic activity for local or direct international investments. NEOM will have an independent legal system with unique tax and labour regulations to attract a global mix of companies and employment. It is also designed to develop various innovative technologies such as power generation, transportation, and security.

7- Developing the Sovereign Wealth Fund: A measure that can change Iraq's face and economic future. Sovereign funds can become a partner for foreign investment through the joint investment method followed in most countries that own this type of sovereign funds. A joint investment between a sovereign wealth fund and a foreign investor ensures that the host government is heartily involved in the investment and has a financial interest in the commercial success of the incoming investments. Demonstrating commitment in this way indicates to investors that their long-term interests will be protected by changing host government priorities or shape. Singapore was a high-risk country, but the establishment of state-owned Temasek Holding is a typical example of how to build investor confidence by aligning FDI attraction policies with state-controlled investments.

8. Reduce broader investment barriers: Efforts to reduce risk in the investment environment can include introducing investment-friendly regulations or eliminating existing regulations that discourage economic activity while applying these regulations to all companies, not just foreign investors. However, business-friendly regulatory reform will remove barriers to expansion and help ensure the sustainability of foreign investment, opening the economy to international companies.

REFRENCE

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