Cooperation On All Fronts

DIPLOMACY

IIG talks to Bayan Sami Rahman, the KRG High Representative to the USA, on the KRG-U.S. relations and her Representation's top priorities to further strengthen the bilateral ties.

How would you define the current political relations between Erbil and Washington D.C.? There is a very positive perception of Kurdistan among Americans today, among the Administration, Congress and the public. The fact that the Peshmerga are so effective and courageous against ISIS and that Kurdistan has embraced vast numbers of displaced people, especially the minorities, has helped to foster a great deal of respect for the people and leadership of Kurdistan. There are many high-level political meetings and visits on both sides, which help to keep this momentum going.

What are your Representation's top priorities to further strengthen and elevate the bilateral ties? Our immediate goals are to continue to strengthen the partnership with the U.S. in the fields of security and humanitarian assistance. We are very grateful to the U.S. for the leadership it has shown in the fight against ISIS and for providing humanitarian aid. We need that support and expertise. There is interest in doing business in Kurdistan. We have had meetings and discussions with the U.S. Chamber of Commerce and the US-Kurdistan Business Council as well as with individual investors and companies. Already there are American companies working in Kurdistan, for example, in energy and hospitality. There are many other sectors that American businesses could consider, including healthcare, agriculture and education.

Have you noticed any misconceptions among the US business community regarding the security situation in the Kurdistan Region? What is your key message to the US business community? It’s generally understood that Kurdistan is stable and that the Peshmerga, with the support of US and Coalition airstrikes, are keeping ISIS out of Kurdistan territory. But capital is coward and the way to encourage the business community to engage with Kurdistan is by providing information about our laws, regulations and business opportunities as well as putting into context news about events in Kurdistan and Iraq. It also helps to connect business people with each other by bringing Kurdistan trade delegations to the United States and taking American delegations to Kurdistan.

If there is one message to the US business community it’s that Kurdistan remains open for business and a warm welcome awaits our American friends.

Our immediate goals are to continue to strengthen the partnership with the U.S. in the fields of security and humanitarian assistance. We are very grateful to the U.S. for the leadership it has shown in the fight against ISIS and for providing humanitarian aid.

The economy faced several shocks in 2014 which we are trying to recover from. The United States and other countries could help the KRG by providing technical assistance as we try to revive the economy. Kurdistan is still lacking in a vibrant banking and insurance sector which is another area that needs support and expertise. There is interest in doing business in Kurdistan. We have had meetings and discussions with the US Chamber of Commerce and the US-Kurdistan Business Council as well as with individual investors and companies. Already there are American companies working in Kurdistan, for example, in energy and hospitality. There are many other sectors that American businesses could consider, including healthcare, agriculture and education.

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IIG talks to Karwan Jamal Tahir, the KRG High Representative to the UK, on the KRG-U.K. relations, and his Representation’s top priorities & goals to further strengthen and elevate the bilateral ties.

How would you define the current political relations between Erbil and London?

The Kurdistan Region aims to further strengthen its institutions and develop the processes of diplomacy and the economy as well as those values that bring Kurdistan closer to the democratic and civilized countries. The bilateral ties between London and the KRG have deepened considerably on many levels. The UK’s assistance to Kurdistan paved the road for further relations especially in the areas of economy and investment, education and science. Our relations are based on mutual benefit and have vastly improved, not least now we are allies in the fight against terrorism and that our relationship also includes military cooperation. We are very pleased that the UK is committed to supporting the KRG politically and militarily in order to protect its very existence.

What are your Representation’s top priorities & goals to further strengthen and elevate the bilateral ties?

We have tailored in parallel current and long-standing objectives in our relations with the UK, having realized the challenges that the Kurdistan Region faces. The priority of the Representation at the moment is to obtain more support and assistance politically and militarily as the security issue is our top priority.

My message is “Kurdistan is safe with a prosperous future”. There are over 1,700 foreign companies, including organizations such as Lafarge, Exxon, Chevron, Total and Gazprom, registered and operating in Kurdistan. Billions of dollars in private investment has been made throughout Kurdistan since 2006.

We welcome British expertise in helping us to continue building our infrastructure, healthcare, education, tourism, agriculture, industries and oil and gas sector. Peshmerga forces need more military equipment and heavy weapons to sustain the fight with ISIS. On humanitarian issues, we need more support too to cope with the huge scale of needs of the refugees and IDPs.

In the longer run, we certainly need to increase lobbying in several areas in order to influence the British government and to encourage progress in the many areas outlined in the recent report of the British Parliament’s Foreign Affairs Select Committee published in January 2015. We are seeking progress in building stronger government-to-government links, technical support and assistance for KRG ministries in areas that most need reform. The KRG’s Representation to the UK is constantly seeking to identify new areas to build bridges, more mutual interests, and to encourage greater engagement with the Kurdistan Government and its institutions. In addition and despite all the disasters that our Region has been hit by, we have not forgotten about our economy which is the key to promoting prosperity, pluralism and peace as a response to a culture of death mass murder and genocide. We are also expanding our relations with the UK in the sectors of training, higher education, and tourism which has stood by us to continue promoting the economic opportunities between Kurdistan and the UK. This has included organising market briefings, conferences and leading trade missions to Kurdistan.

Cultural relations are another area that we are focusing on and aim to involve the Kurdistan diaspora and its young talented peoples as we consider them a significant asset to the Kurdistan Region and “soft power” in furthering the bilateral ties.

Are there any business-related advocacy issues you would like to take up with London? Where do you believe British business involvement in the Kurdistan Region will head in the future?

There are over 120 British companies registered and operating in the UK’s assistance to Kurdistan paved the road for further relations especially in the areas of economy and investment, education and science. Our relations are based on mutual benefit and have vastly improved, not least now we are allies in the fight against terrorism and that our relationship also includes military cooperation. We are very pleased that the UK is committed to supporting the KRG politically and militarily in order to protect its very existence.

The 'UK is our partner of choice', and we envisage an increase in the number of British companies across all sectors of Kurdistan’s economy, with agriculture, industry and tourism being priorities in the KRG’s economic development plan, Kurdistan 2020 vision. The scope of opportunities for British businesses is immense and we hope they will be able to take advantage of it.

Have you noticed any misconceptions among the UK business community regarding the security situation in the Kurdistan Region? What is your key message to the UK business community?

Security is the top priority of the KRG so the Kurdistan Region remains the safest and most prosperous throughout Iraq and the region. It is already a safe-haven for over 1.8 million Syrian refugees and internally displaced people from the rest of Iraq. Our Peshmerga forces have heroically defended and maintained the security of Kurdistan, fighting the most brutal terrorist organization, ISIS, on behalf of the world. We recognize there are misconceptions in the UK business community and elsewhere about security, but as we have seen throughout the years that this is changing as more British companies bear hand about the opportunities the market represents. My message is “Kurdistan is safe with a prosperous future”. There are over 1,700 foreign companies, including organizations such as Lafarge, Exxon, Chevron, Total and Gazprom, registered and operating in Kurdistan. Billions of dollars in private investment has been made throughout Kurdistan since 2006.

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Democracy & Economic Development in the Kurdistan Region

Dr. Anwar Anaid — University of Kurdistan-Hewler

It would be safe to say that there exists a strong international consensus as to the benefits of democracy, meaning that talking about the negative aspects of the introduction of democratic politics to a given territory grinds somewhat against the grain of acceptable discourse. The problem faced by Kurdistan with respect to the introduction of democratic politics stems from political parties seeking immediate gain by exploiting their constituents’ short-term, material demands, at the expense of long-term development-focused planning. We see in this an example of what is, particularly for young democracies, a typical problem.

Democracy has flourished in the Kurdistan region. However, the socio-economic context of the region means that the introduction of democracy has created several obstacles for developmental policy:

• The people of the Kurdistan Region depend heavily on the regional government for their livelihood.
• Decades of wars and negligence have depleted human capital and have created an unhealthy dependency culture in the region.
• The combination of the heavy reliance of the populace on the state and political pragmatism encourages politicians to focus overly on present concerns. This leads to a short-term popular political approach to public policymaking at the expense of comprehensive long-term economic development plans.

Long-term economic development requires a serious investment in the areas of critical importance such as education, infrastructure, and health. However, an estimated 70 percent of the KRG’s budget is spent paying the salaries of a large number of public employees. This has diverted much-needed capital away from the key sectors.

The negative impact of populist democratic politics on the long-term economic development of the Kurdistan Region needs to be addressed. To do so, exercising democratic rights needs to take place within a societal context that places importance on long-term national development. The KRG needs to establish a political framework prioritizing long-term development. The KRG needs to:

• Devise a long-term developmental plan that is endorsed by all political parties, under an agreed national development strategy.
• Promote productivity, efficiency and transparency in all branches of the government based on a comprehensive developmental agenda that has the support of all political parties; carefully study government intervention in the economy particularly with respect to its negative impact on the functioning of market forces and long-term socio-economic development.
• Clarify the nature and model of economic development that the KRG is pursuing and establish political and social apparatus that complements these.

The KRG’s current financial crisis, which is partially due to the burden on the government’s budget from the high number of public employees, has put the government under pressure to promote the private sector. A more vibrant private sector would reduce the current pressures and the need for the creation of even more public sector jobs.

In the last few years, thanks to its generous legal framework regulating investment, the KRG has, to some extent, been able to promote the private sector in the Kurdistan region. What is needed now is government policies aimed at improving the quality of education in the Region. Quality education, which, crucially, provides skills that complement the developmental needs of the Kurdistan Region, is required to develop a skilled labor force in the Region.

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Notes from Westminster

Gary Kent — Director, All Party Parliamentary Group

British foreign policy has been relatively passive for over a generation. The advent of the Arab Spring in 2011, culminating in the election and as parliament and government have settled in. Foreign policy has been shaped by the events of 11 September 2001, the decision to undertake military action against Iraq, and the decision to undertake military action against Libya in 2011. The government's defeat on Syria in the hands of Conservative and Labour MPs reflected deep public suspicion about military engagement in the Middle East and anywhere else that smacks of the interventionism of the 1990s.

The situation now is very different. The pro-Western position commanded by the US and its allies has been strengthened by the visit of US Secretary of State John Kerry to Baghdad in May and the visit of President Barack Obama to Jordan in June. The UK has joined the US-led coalition against Daesh in Iraq and Syria, and the UK government has been clear that it will not support a Shia-dominated Iran or a Sunnistan dominated by Daesh.

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Human Capital

Rwanga Community

Whitman Davis, Rwanga Foundation

When Rwanga decided to open a designated area primarily for Yazidi internally displaced persons (IDPs), there was careful consideration given to the environment and concept of what such a place would be. In the end, the project was about providing a dignified way of living for those who had nothing left.

During the heinous takeover of large swaths of land in Iraq to ISIS terrorists during 2014, Duhok governorate has since been faced with taking in a majority (approx. 60%) of refugees and IDPs who are seeking protection in the safe haven that is Kurdistan. The impact on various communities in Duhok was significant, where existing vulnerable groups were fraught with more pressure than before. The Duhok governorate – with a population of more than 1.4m people – was faced with an influx of 650,000 IDPs and refugees, totaling more than 46% increase in resident population. There became an immediate need to mitigate inevitable strains correlated to the influx of IDPs while also maintaining a higher standard for displaced persons. Rwanga Foundation was compelled to act by creating a setting where displaced families would have more than a bare shelter to their name. Rwanga used the term “community” to inspire brighter ideas for how people are better enabled to regain a sense of normalcy and ownership after traumatic events.

Rwanga Foundation filled the need at a crucial time (June July 2014) to alleviate the pressures placed on Duhok governorate, including the city of Duhok. There are a total of 1,150 schools in Duhok, while 640 schools were occupied in some capacity by IDPs and refugees prior to the start of school in autumn of 2014. Rwanga Foundation’s decision, in accordance with the local governorate administration, enabled 14,400 Yazidis to leave public and private spaces, and into a community especially suited to the needs of IDPs and refugees. Generally, in order to enable effective camp management and therefore create measurable impact, a range of organizations offering services and programs to the population need to be present. Therefore, Rwanga Community is advanced by, and hosts, a number of organizations including Action Contre la Faim (ACF), Barzani Charity Foundation (BCF), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), International Organization for Migration (IOM), UNHCR, UNICEF, KR2 Health Directorate, KURDNS, Mines Advisory Group (MAG), Norwegian Refugee Council (NRC), Harikoi, Qandi, Un Ponte Per and WADI.

Rwanga Community currently offers two schools, KidZone (including a library, arts studio, library, music room and computer lab), two parks, a center for women and health center with surgery and labor facilities. The above mentioned assets all coalesce to form a caring environment that provides important services and benefits for residents. Both GIZ and UNICEF have established separate schools in the community – one permanent 18-classroom school with prefabricated units and another multi-classroom school respectively. Other main elements of the community contributed by partner organizations comprise the community center for women and a health center, which were also funded by GIZ. Working in-sync are Rwanga’s independent contributions and projects inside the community aim to create an inspiring place where youth have a manifold of recreational and creative activities. From sport facilities to an arts studio, they are a short walk away from each other, centralized within the community’s planning.

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Resilience-building in the Kurdistan Region

OPINION

With decreasing humanitarian aid, more development must come: resilience-building for refugees and host community in Kurdistan, writes Roger Guiu, MERI Research Fellow.

“Until 2014, the humanitarian response plan for the Syrian refugee crisis in Turkey, Iraq, Lebanon and Jordan was focused on providing refugees with life-saving assistance. Since then, a new plan endorsed by international actors includes a resilience component in parallel to the life-saving component. This new component aims to move from solely providing humanitarian assistance to supporting long-term self-reliance between the refugee and host communities equally. For the near 240,000 Syrian refugees in the Kurdistan Region, building resilience means reducing people’s external dependency and providing communities and institutions with an increased capacity to absorb future crises.

In the development context, resilience building combines two dimensions: human resilience is based on peoples capacity to sustain their own livelihoods, while institutional resilience is based on the capacity of the national system to meet and maintain the delivery of public goods and services.

How far is the situation to be resilient for the refugees in Kurdistan? In terms of human resilience, in spite of the economic slowdown, rates of participation in the labor force are very similar between refugees and the host community: 57% of the male adult population and 6% of the female adult population are employed. A policy of free movement in and out of the camp and the facilitation of work permits allow refugees to freely pursue employment opportunities. However, the employment situation, in terms of type and quality of jobs, severely undermines refugees’ livelihoods. Due to the functioning of the regional labor market, refugees mostly work in unskilled and temporary positions, irrespective of their qualifications. As a general result, the average household income is largely lower for refugees if compared to the host community.

In addition, there has been a successful focus on supporting business entrepreneurship within refugee camps. However, it must be taken into account that the camp setting is a closed economy, with a very limited market. There is a substantial risk to fall into an excess of internal competition and non-profitable businesses in the camps if barriers are not addressed. A crucial barrier, for instance, is the legal constraints on refugees to establish a business outside of the camp, because their property rights are not recognized.

Regarding institutional resilience, the provision of public services in Kurdistan is non-resilient, in the sense that the capacity and delivery mechanisms were largely constrained. This was true in many sectors, such as education, health or municipal services, even before the onset of the crisis. There was no buffer capacity to absorb shocks, due to historical underinvestment, and there is currently no financial room for quick response actions.

Key principles to take forward

Building resilience is definitely in the hands of both the humanitarian actors and the KRG; however, combined interventions are required. Firstly, livelihoods support that is targeted towards refugees and host community must be boosted, such as building credit and savings facilities, improving the productive value chain in which they participate, supporting employment allocation schemes, encouraging women participation in the labor market and building community trust.

Secondly, institutional resilience cannot be solved at refugee camp level. It depends inevitably on systemic-wide resilience. International support has to be more targeted towards capacity building within Kurdistan’s local authorities, which do not necessarily have the required capacity to ensure access to quality services, both in normal times and time of stress.

Third, advocacy is required for key policy changes in Kurdistan, such as labor market reforms, better protection of employment rights, legal property rights for refugees and participation in safety nets. Crucially, this means that Kurdistan should see the refugee population as assets, rather than as people that need to be taken care of. Their capabilities to initiate private endeavors that can create employment in the host community, which is now legally not allowed, is something to be welcomed in such a situation of economic deterioration.”
Ensuring the Protection of Minorities within the Kurdistan Region

The Kurdistan Region should be proud of its perception as a guardian of minorities, providing at risk groups with security and shelter. However, more should be done to protect the rights of ethnic and religious minorities in the Kurdistan Region, writes Samuel Morris, MERI Research Fellow.

Kurdistan’s myriad of ethnic and religious minorities is becoming an anomaly, in an increasingly homogeneous region. Kurdistan provides a home to often persecuted minority groups such as, Yazidis, Kaka’is, Christians (Armenians, Chaldean Assyrian and Syriacs), Zoroastrians, Mandaeans and Baha’is.

The many years of sectarian conflict that have plagued Iraq have created rifts that are difficult to bridge. To remedy this, confidence building measures are needed and a process to engage minority groups in the decision making process is required. Stability and security can only be achieved through genuine political participation. Iraq as a whole will have to learn this lesson if it is ever to bring its varied ethnic and religious communities back together.

To give minorities a stronger voice, a unique mechanism which guarantees true representation for the Kurdistan Region’s diverse ethno-religious constituency is required. With this in mind, two councils should be formed to represent both religious and ethnic groups. The role of such councils should be to develop policies and legislation for the KRG that protects minority groups. Similar projects have been successful in Romania, Serbia, Bosnia and Croatia, who have developed similar councils established with the aim of providing advice, monitoring rights and providing minority groups with a voice, at the highest level. The creation and establishment of two councils should not replace the current process of minority representation in the Kurdistan Parliament as it neither conflicts with their objectives or their authority. In fact, it bolsters the influence of these representatives by institutionalizing the rights of minorities.

The drafting of the Kurdistan Region’s constitution is also a unique opportunity to reconsider the Region’s system of governance while fostering an increasing level of democratization. This can be achieved through the provision of rights for all who reside within the region despite their religious and ethnic background. This will lead to an improvement in levels of social justice, a vital factor required to maintain peace, stability and security.

The system of governance in Kurdistan should be able to provide the adequate provision of rights that minority communities require. Otherwise, it is not an attractive model for these communities living in the disputed territories, the majority of which the KRG is now in control of, which become a major barrier in the future. More should be done to protect the cultural, educational, linguistic and religious rights of ethnic and religious minorities in the Kurdistan Region. This would ensure lasting stability and build confidence among the myriad of minorities that are based within the Kurdistan Region.
Social Security Exemptions for Oil Companies Operating in the Kurdistan Region of Iraq

LEGAL VIEWPOINT

Alain M. Hannouche — Hannouche Associates

Companies operating in federal Iraq and the Iraqi Kurdistan Region must register all local and foreign employees with the Directorate of Labor and Social Security. The Pension and Social Security Law (29/1971) applies in both regions and regulates the different issues faced by employers and employees regarding their rights and obligations towards each other on the one hand and obligations towards the relevant governmental authorities on the other hand.

Social security registration and contributions

All employers must register their employees with the Directorate of Labor and Social Security as of the first day of employment. Any change in the number of employees must be recorded and documented simultaneously with payment of monthly contributions, where new and departing employees are registered along with the respective start or end date of their employment.

The Ministry of Interior imposes strict requirements on visa permits for unskilled workers. Employers must sign a social security registration pledge in order to complete the visa issuance process. Once inside the country, all unskilled workers must be registered with social security before their residency permits can be issued. Employers make a 5% social security contribution, withheld at source by the employer.

General exemptions and special exemptions for oil companies

Foreign employees of all companies can be exempted from social security registration and contributions if they demonstrate that they are registered with social security or any equivalent government programme in their home country.

In accordance with Directive 1394/2013 – issued by the Ministry of Natural Resources, the governmental authority overseeing and regulating the activities of oil companies in the Iraqi Kurdistan Region – a special exemption regime applies to foreign employees of oil companies.

The issued directive provides easier exemption conditions for foreign employees of oil companies based on the following procedure:

The employment contract must clearly state that both parties have agreed to register the employee with the Directorate of Labor and Social Security. The employee must either have private insurance coverage or be registered with a government program that is similar to social security. Supporting documents must be translated into Kurdish and submitted to the Directorate of Labor and Social Security. An exemption will be granted only if the directorate determines that the presented coverage is more beneficial to the employee than Iraqi social security.

Focus: Investment Law

Law No 4 of 2006, Law of Investment in the Kurdistan Region (the “Investment Law”) provides for tax incentives and exemptions for foreign investors in the Kurdistan Region who are involved in certain qualifying projects. The Investment Law sets out specific projects which are considered to qualify for an investment license.

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Comment

Although the general legal framework organizing the relationship between employers and the Directorate of Labor and Social Security is well systemized, exemptions are still granted on a discretionary basis. Therefore, despite the clear and flexible directives communicated by the Ministry of Natural Resources, the Directorate of Labor and Social Security can still interpret and apply the directives at its discretion, which often proves to be a significant final hurdle when seeking exemptions.

Exemption from the following taxes:

- All non-custom taxes and duties for a period of ten years from the date production commences or the date services are offered.
- Custom duties on imports of spare parts up to 15% of project cost.
- Custom duties, taxes, import licenses on imported vehicles, equipment, instruments, etc. provided they are imported within two years of approval by the Investment Commission Chairman.
- Custom duties and taxes on imports of furnishings, furniture, and other renovation items once every three years for hotels, hospitals, universities, schools, and tourist institutions.
- Custom duties for five years on imports of raw materials for production.
- Employment of foreign workers provided no capable Iraqis are available. Foreign workers may repatriate earnings.
- Equal treatment of foreign investor and capital as national investor and capital.
- An investor may transfer his investment totally or partially to another foreign or to a national investor or may assign the project to his partner with the approval of the board.
- Services provided by the Kurdistan Regional Government to the boundary of the project, such as water, electricity, sewage, public roads, telecommunications, etc.
- Foreign or domestic insurance and additional insurance for projects in “less developed” areas and “joint projects” between Kurds and foreigners.
- Protection under the Supremacy of Kurdistan Law (Art. 115 of Iraq’s Constitution) whenever there is any contradiction between this law and “other relevant laws,” the provision of this law shall be applicable.
- An investor’s initiative and technical know-how are protected under this law and any parson, by virtue of his post, who discloses any information, will be punished.

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INSURANCE

Randa Aractingi —
CEO, Dilinia Insurance

How would you characterize the insurance industry in the Kurdistan Region?

Insurance is just starting to receive interest in the KRG, as well as in Iraq. This is mostly from foreign companies who are investing and/or operating in the market. These companies, who are familiar with insurance, are well aware of their needs, and often request contracts with the same benefits and covers, as they would find abroad. However, insurance and reinsurers are not always ready to serve this means. This means that many contracts are underwritten by insurance companies not located in Iraq. There will be no serious developments in this sector until Iraq and Kurdish investors and entrepreneurs start purchasing insurance.

How will that happen?

There are many ways to help the expansion of the insurance industry. The relevant legislative authority can work to cultivate a more receptive environment. Capital requirements must be the same for all. A distinction must be made between capital and technical reserves. Obtaining a license to operate in the sector has become expensive, which is good, because it limits competition. However, measures must be implemented to help ensure that operators receive a fair return on their investment. Legislation to regulate the setting up of brokerage firms, investment in the training of potential insurers, and, of course, a level of minimum compulsory protection are required. The authorities must also protect local companies and make sure that all local risks are protected by local companies.

There was talk of the introduction of compulsory motor insurance. What stage is this at now?

This would be of great benefit to the KRG and hopefully will be introduced soon. For one thing, the KRG has a high level of road accidents. However, importance must also be given to development. Kurdistan is in a phase of reconstruction. We see brand new developments across the region: factories, malls, hotels, residences, hospitals, etc. This means that billions of dollars have been invested in the construction and manufacturing sectors. These huge sums have not yet been amortized. Any catastrophe, fire, earthquake or damage to machinery, for example, would have immense repercussions. If money is not available for repairs or replacements, hundreds of workers would be unable to work. Compulsory insurance must start by covering these areas and ensuring worker safety.

Will this raise the cost of production? Only marginally. Premiums are calculated according to the probability of the risk in question. Insurance is all about volume. The larger the insured population, the smaller the premium. If we want reasonable premiums, we must advocate for higher penetration in all classes of business. Today, premiums are calculated by underwriters who know that insurance is solicited only by exapt managers, or when the risk is very high. When insurance becomes more universal, risk is more diversified, and so the probability of claims being made is lower and thus premium rates become lower.

Why would the state interfere? This would be all for the benefit of private investors and private insurance companies. It is a good thing when the government contributes to creating wealth and taxing it! However, on a more immediate level, as we have already said, insurance protects the workforce. Liability insurance is made to protect others, third parties, such as visitors, clients and neighbors. Access to compensation will protect all employees, including construction workers and factory workers. It will protect their health as well as their wages. Insurance protects employers from various risks; it benefits the entire community.

How would you characterize the insurance industry in the Kurdistan Region?

We see brand new developments across the Region: factories, malls, hotels, residences, hospitals. This means that billions of dollars have been invested in the construction and manufacturing sectors. Any catastrophe would have immense repercussions... Compulsory insurance must start by covering these areas and ensuring worker safety.
EIA continued to see growth in passenger numbers in 2014, showing a near 31% increase year on year to 1,566,000 passengers compared with 1,193,783 in 2013.
Baghdad did not commit to its end this has been largely ignored and Baghdad favorable to the Kurds, with the announcement of a deal with however exacerbated the problem. a financial crisis in Kurdistan have oil prices coupled with liquidity and this is not unique to Kurdistan. Low oil prices have affected industry. Low oil prices have been the main factors causing the slowdown in the development projects, the current without new capital entering new production goal of 2 million bpd by 2020.

The above factors have all contributed to a slowdown in the pace of development, however a lack of regular payments to oil companies and low oil prices have been the main factors causing the slowdown in the industry. Low oil prices have affected operations elsewhere in the world, so this is not unique to Kurdistan. Low oil prices coupled with liquidity and a financial crisis in Kurdistan have however exacerbated the problem.

Despite a promising start in 2015, with the announcement of a deal with Baghdad favorable to the Kurds, this has been largely ignored and Baghdad did not commit to its end of the bargain. Meanwhile, the KRG has managed to increase exports and find buyers on the international market. Oil was sold on forward sales contracts and in the second half of the year, the Kurdistan Region was expecting to receive around $800 million a month to cover its expenses and pay oil companies around $100 million a month. The plan looked great and the promise of payment was very good for the industry, how- ever, in August 2015 oil prices took another dive and this has affected Kurdistan's total receivables.

Despite all the issues, investors are still bullish toward the Kurdish oil industry's prospects but the KRG has some serious choices to make if it is to overcome its recent problems. Civil servants' salaries make up the majority of government expenditure to reform the public sector. There has, however, been little appetite on the part of the major political parties to move on the issue.

To maintain the momentum in the Kurdish oil industry, regular payments to the IOCs are essential. Production is still increasing but without new capital entering new development projects, the current rapid expansion will come to a halt. The KRG has little power over oil prices and regional instability but the Kurdistan government can start by reforming the public sector and reducing the huge burden on the region's finances. Overdue reforms are gathering pace and the main political parties are slowly coming around to the idea. Although the problem has been identified, the reforms will not be as quick as some are hoping but will surely start soon.
Commitment to changing people’s lives for the better

**Higher Education**

Dr. Honar Issa —
Member of the Board of Trustees, American University Duhok Kurdistan

It goes without saying that an educational system is the bedrock of any developed country. Efforts to nurture education demonstrate a commitment to human development. Despite the fact that Kurdistan has grown exponentially over the last decade and has made great strides in its development, compared to Southern Iraq, certain educational issues have not been addressed properly. For one thing, there has clearly not been a systematic approach to rationalizing the educational system in Kurdistan. After a safe haven was created in Kurdistan by the coalition forces in 1991, Kurdistan obtained de facto semi-autonomy that made it possible for the Kurdish people to attain self-rule within the region. Kurdistan became isolated from the international community due to the sanctions imposed on Iraq after the 1991 invasion of Kuwait. However, Kurdistan began establishing public universities to educate its young people. Although these institutions did not have any exchange programs with international institutions for more than a decade, they endeavored to keep their doors open to students and managed to offer academic programs, albeit with a somewhat outdated curriculum. Their contribution to the community was limited by the facilities and capacities that they possessed at the time.

The liberation of Iraq and Kurdistan in 2003 created a lot of opportunities for establishing private universities in the region. It has been shown in many regions around the globe that the emergence of private educational institutions has brought significant changes in the quality of education. What distinguishes private educational institutions from their public counterparts is that they bring accountability, credibility and flexibility to education and research and consequently they attract people of high caliber.

Unfortunately, most of the private universities in the region lack the credibility to assure quality education and they mainly rely on tuition fees to cover their operational costs. They are not run by academics, but rather businessmen who seek a quick return on their investment. At the same time, public universities have so far failed to attract the high quality faculty and administrative staff members needed to create a conducive environment for the development of higher education. One of the reasons for this is that public universities offer a very low salary scale, one that has not attracted high quality staff members.

Among those few private universities in Kurdistan that strive to provide high quality education is the American University Duhok Kurdistan (AUDK). It is a nascent university which is less than one year old. The Chairman of the Board of Trustees (BOT) and the founder of the university is Masrour Barzani who has envisioned turning AUDK into a leading institution in the region by offering market-oriented programs. As an academic figure and a leader, Chairman Barzani has decided to make AUDK a not-for-profit institution to show his concern for promoting a high quality system of education in the region.

AUDK has enjoyed an outstanding start as a center of education and research. The university currently offers five programs; Computer Science, Design, Management and Finance, Media Studies, and Politics and Public Policy. Within these five programs, there are 20 majors that are not offered by any other institution in the region. These include Digital Forensic Science, Fashion Design, Digital Animation, Logistic and Supply Chain Management, Hospital and Healthcare Management, Insurance and Risk Management, and Security and Strategic Studies. The BOT has recently appointed Professor Michael Mulnix as the new president of AUDK. Prof. Mulnix has an outstanding academic record and strong leadership skills. He is currently drawing up a long-term strategic plan to ensure the success of the university. That plan will involve future expansions, self-sufficiency and sustainability, as well as the initiating of procedures needed to gain accreditation. One of the primary goals of AUDK is to gain accreditation from a reputable accrediting body in the region as part of the strategic plan to attract the highest quality students to the university.

The BOT has established the AUDK-Foundation, which will allow the university to build warm, long-lasting relationships with a wide range of stakeholders on the regional, national and international levels. The philosophy behind this Foundation is to engage the community and its individuals in supporting the development of the university and establishing it as one of the premier teaching and research institutions in the Middle East and beyond. Our main goal is to educate future leaders of the community and pave their way to the pinnacle of knowledge and excellence.

U.S. This will be an arduous process but it will guarantee high quality education at AUDK. The university plans to establish more programs in the future including Nursing, Medical Science, Engineering, Education and Liberal Arts, and Art and Cinema. These will meet the learning needs and aspirations of students to develop their intellectual abilities. The programs will also reflect the market demands. In accordance with its commitment to changing people’s lives for the better, AUDK offers diverse programs to the community. It has recently established the Center for Peace and Human Security which aims to address the issues of the local community and to approach them academically. AUDK is the first institution in the region that offers a “Peace and Community” course of study as part of the general education that students take during their first two semesters. This was decided after conducting a study on what courses should be developed to serve the community. Of equal importance in terms of social impact is AUDK’s positive contribution to the economy and the development of the community by offering professional development programs for professions such as teachers, nurses, managers and professionals, as well as providing them with English as a Second Language programs.

Thanks to the vision of H.E. Masrour Barzani, AUDK has recently introduced the “Mustafa Barzani Honors Scholarship”, the “Chairman Barzani Honors Scholarship” and the “President’s Merit Scholarship”. These scholarships will be awarded to the top students in the region as part of the strategic plan to attract the highest quality students to the university. AUDK aims to become a leading center of academic excellence and research. The main building, which has a total floor area of approximately 30,000 square meter, can accommodate 3,000 students. The University aims to mold the next generation of leaders through challenging courses, up to-date methodology and qualified, experienced faculty members. AUDK will be an academic institution built on excellence.
Keeping an eye on Kurdistan’s Agriculture Industry

The Kurdistan Region has huge potential of becoming an agricultural hub in the Middle East. There are strong indicators that agriculture industry will play a prominent role in shaping the future of the Kurdistan Region.

The KRG’s Goals:
- Food security
- Self-sufficiency
- Economic prosperity for farmers
- Becoming a major producer and exporter of wheat, vegetables, fruit, meat, dairy, and poultry to the region.

Wheat Production

Wheat remains one of the biggest crops in the Kurdistan Region.

Production

912,000 tons
(As of July 2015)
730,000 (2014)
584,000 (2013)

Production growth

20% (2013-2015)

The area of land harvested for wheat has increased by 80% in the last decade.

The KRG purchased 802,000 tons of wheat at a price of $660 per ton (January - July 2015).

Revenue

$587 million
(As of July 2015)
$428 million (2014)

Potato Production

140,000 tons
(2015)
11,000 tons (2008)

Exports

$60 million

Growth Potential

The Kurdistan Region has high potential due to growing population coupled with urbanization. Kurdistan boasts a combined 1.5 million hectares of irrigated lands, a diversified population of livestock, and strong environmental and natural conditions that allows for the development of a variety of agriculture products. Currently, agriculture industry contributes to 10% of the total GDP.

Investment

Agriculture industry is one of the prioritized sectors for investment by the KRG. The KRG offers incentives for efficient & large-scale investments since 2006. Between 2006-2014, the KRG has invested $704 million in agriculture industry. Around $1 billion will be spent for the development of the industry over next 5 years.

Employment

Agriculture industry is a major source of employment in the Kurdistan Region. Some 10% of the population live in rural areas and rely on subsistence agriculture.

Annual Subvention

The KRG offers farmers’ subsidies estimated at $250 million a year.

Investment Tip: Silos & Warehouses

The KRG’s development plan prioritises the construction of new wheat and barley silos. At the moment, Kurdistan has only 7 silos & warehouses, and the storage capacity is about 385,000 tons. However, the KRG has concrete plans to increase that capacity to 1 million tons in the short term.
Erbil Rotana supporting the community throughout the first half of 2015

Within its framework of social and humanitarian activities, and in line of its company values and belief in charitable deeds, and eco-friendly practices which were vastly successful in the first half of 2015, Erbil Rotana will continue to implement a wide range of charitable practices and raise awareness within the Kurdish society till end of the year.

Erbil Rotana have been very active in terms of the Corporate Social Responsibility activities by conducting many initiatives during the first half of this year as we united with millions of people around the world who switched their lights off for an hour to raise awareness towards global warming.

We participated in the Earth Day activities by holding a competition between all the hotel departments via transforming recyclable materials into artworks which were displayed at the lobby and we invited all our guests to join us judging which department made the best project.

Furthermore we organized Iftar at the Elderly house of Erbil compiling the hotel management team and colleagues, to share the Holy Month true spirit and practices with the elderly.

Commenting on these initiatives, Ghassan Dalal, The General Manager of Erbil Rotana, said: “These activities highlight Rotana’s adherence to its values and its goals through not only social responsibility, but also through our commitment to establish long-term bonds and our permanent pursuit to find creative and innovative ways, to help the community and our society”.

Erbil Rotana has been awarded as Iraq’s leading hotel in fourth consecutive years. What is it that makes Erbil Rotana different from the other hotels in the Kurdish Region?

First of all, the Rotana’s capability and wealth of experience along with its vast understanding of the hospitality needs of the Middle East and Africa, has guaranteed a successful opening of this hotel in Erbil. Moreover, since our opening we have continued to deliver our brand promise which is “Treasured Time. Our promise to you” as we know today, time is the most precious commodity in everybody’s busy life therefore, we have chosen to embrace this and make it Treasured Time for our guests, owners, partners and colleagues.

We ensure our brand is delivered with consistency and integrity, Rotana L.I.F.E where L stands for long-term, I for innovation, F for friendly and E for ethical.

In addition to that, our team of 150 colleagues have aligned their goal of delivering the highest standard possible. Erbil is a very young city and we came to provide the best we can. Moreover, our careers website www.rotanacareers.com has generated us a great database of potential candidates which has helped us in the process, our HR networking and research in addition to the Learning & Development departments have also played a role in employee morale and career development and sustainability.

We mention our true company values, and with those we ensure our brand is delivered with consistency and integrity, we call this the Rotana L.I.F.E where L stands for long-term, I for innovation, F for friendly and E for ethical.

Another area we have focused on is to reward our clients’ loyalty through the Rotana Rewards Programme (www.rotanarewards.com). We have set up ways to recognise repeated customers so we can make them feel really part of this hotel, as a team and as a family. From the very first day we wanted to make every guest feel at home and we did it with genuine service and building strong relationships with them on an emotional and personal level, not just as their preferred accommodation for what the hotel has to provide. Our facilities and rooms are certainly important, but the relationships are key. I believe we have achieved that which eventually resulted in winning the World Travel Award of Iraqi’s Leading Hotel for 4 consecutive years in 2012-2013 & 2014, we promise to keep this reputation for the future.

To add on we have our strategically located outbound sales offices all over the world which is benefiting us with both exposure and also rooms business.

What are your targets in the short term?

During the last period the hotel has seen a new trend and different category of clients, such as the long-stay guests from the Diplomatic sector in Erbil. Also new emerging markets from Eastern Europe and the Gulf region have been witnessed coming through online bookings which we can see evolving more by using the same channel of booking.

We will continue to focus on key factors and indications by offering customized packages and offers across all market segments such as the domestic/regional travelers during weekends, holidays and sometimes even during the week.

Locally, Erbil Rotana is known to be the place for culinary indulgence. As such we will continue to surprise our loyal guests with new and interesting theme nights, promotions and enticing offers at any of our 5 outlets each with its delectable variety of cuisine. Being the first Spa concept to open, Zen the spa will continue to provide the best treatments in town and massage services which you will find in no other place in Erbil, an advantage and privilege for our guests.

We will continue to focus on MICE business and groups given that in addition to the existing day-light and fully equipped meetings & events venues with flexible seating plans, the Grand ballroom has a capacity of 1000 invites and can be divided into 2 sections for local conferences and seminars. All our updated offers are also available on our website www.rotanatimes.com.

Are you planning any major changes in 2016?

In 2016, we are planning to launch a three years renovation plan for our hotel. We are expanding the Gymnasium equipment’s and persons as well as upgrading the hotel ballroom.

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Erbil Rotana different from the others?

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