

Studying the Applicability of Public Private Sector Partnership in the Reconstruction Projects in Iraq

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Abstract: The concept of partnership between the public and private sectors is an effective tool and innovative strategy and indispensable in the management of the crisis of development in Iraq, in addition to the reference to the rationale for use reasons, and the positives derived them, and the desired benefits from the conversion of the usual competitor of the private sector to a partner and contributor to have a strong development and sustainability.

Another key objective of the study is to identify potential factors for the success of the partnership in the business environment in Iraq, through looking into the experiences of other countries and to develop lessons learned, including the review of the provisions of the reports and evidence from international organizations and houses of experience interested in partnership and its own merits.

And then these factors tab in the questionnaire distributed to the research community, composed of public and private institutions with targeting expertise in the topics of partnership and private management, as well as to the general, public, and interested observers.

Using the appropriate statistical methods, the study concluded several results regarding the necessary assumptions the need to be performed for the success of the partnership at the current stage and followed by reconstruction with regard to the roles of the public and private sectors, with an Iraqi model of factors assistance to the success of the partnership locally for decision-makers and stakeholders in Iraq, contributing to understanding the requirements of the partnership to secure supplies.

Keywords: partnership, private sectors, public sectors, survey, reconstruction.

1. INTRODUCTION

The public sector is indispensable for the use of the private sector to meet the different needs in society in different sectors, and the need increases more with the help of the private sector in certain cases such as (weak financing - lack of experience - weak capabilities - fast delivery) ... etc.

Contracts of partnership between the public and private sectors are one of the most important forms recently deployed in most countries of the world, and in Iraq and after - fifteen years - from the devastating war, this type of contracting is an imperative for reconstruction.

The study aims to identify the most important current obstacles and ways to resolve it, and also emphasizes on that there are many factors that affect the possibility of applying partnership projects, notably (the development of appropriate and encouraging legislative laws, lack of financing, the size of demand, experience and expertise of the private sector, managerial skills, stability Political and security, the extent to which donors contribute to financing and coordination between institutions working in the area of reconstruction)

Important recommendations were presented to the main parties on the issue of partnership, and among the most important recommendations (the adoptions of a modern partnership law that accompanies the requirements and encourages investment, the establishment of a special unit for public-private partnership, establish a committee with broad powers to oversee reconstruction).

2. PARTNERSHIP WITH THE PRIVATE SECTOR

- **Definition of partnership between the public and private sectors**

- Purposeful cooperation between public and private entities in order to access the required benefits, based on a common reference framework.
- Risks related to the participation between the public and private sectors based on a shared ambition to achieve the desired goal of the country's public policy.
- Some scholars believe that the "concept of partnership" is represented as public services on behalf of the public authorities and under their supervision.

- **Objectives of the partnership between the public and private sectors**

- Changing government activity from operating to infrastructure and public services ,focusing on setting policies for the infrastructure sector ,setting priorities for infrastructure goals and projects ,monitoring service providers, and organizing service.
- Introduce the private sector management and competencies into the public services field and involve it in taking risks.
- Achieving a better value for money in relation to public spending, which means the optimal price for the customer on the basis of cost over the term of the contract, the quality of the service provided, and the risks borne by the participant.
- Implementation of investment projects on time with specified budget.
- Avoid deterioration of the assets and facilities necessary for public services as a result of ineffective maintenance or Incorrect operation
- Achieve budget assurance with regard to capital and operating costs.
- Introduce innovations in design project for assets, operation and maintenance.
- Transfer risk that can be better managed by the private sector away from the limited resources of the government.

(Table 1)

Table 1: Public Private Partnership (PPP) Projects - Types

B.O.T	Build, Operate and Transfer
	Build, Own and Transfer
B.O.O	Build ,Own and Operate
B.O.R	Build , Own and Renewal of concession
B.O.O.T	Build, Own Operate and Transfer
B.L.T	Build ,Lease and Transfer
B.R.T	Build , Rent and Transfer
B.T.O	Build , Transfer and Operate
D.B.F.O	Design , Build, Finance and Operate
D.C.M.F	Design , Construct , Manage and Finance
M.O.T	Modernize , Own, Operate and Transfer
R.O.O	Rehabilitate, Own and Operate
R.O.T	Rehabilitate , Own and Transfer

- **Justifications for the partnership between the public and private sectors**
- Inability of governments to achieve sustainable development alone.
- Accelerated technical and economic change has provided an opportunity to reduce project costs.
- Increased competition and lower growth rates
- The limited financial, human and technological resources of the public sector due to the multiplicity of fields and projects that require implementation.
- Reduced financing resources allocated to social development programs and demanding citizens to improve services provided by government institutions.
- Increase effectiveness and efficiency by relying on comparative advantage.
- Providing multiple partners with integrated solutions required by the nature of problems.
- Expanding in decision-making for the public interest.
- Achieve a higher value for the money invested.
- Reducing restrictions on public financing such as the government’s endeavor to employ the private sector in its areas of public services and the increased willingness of financial institutions and banks to provide the necessary financing for companies. (Figure 1)

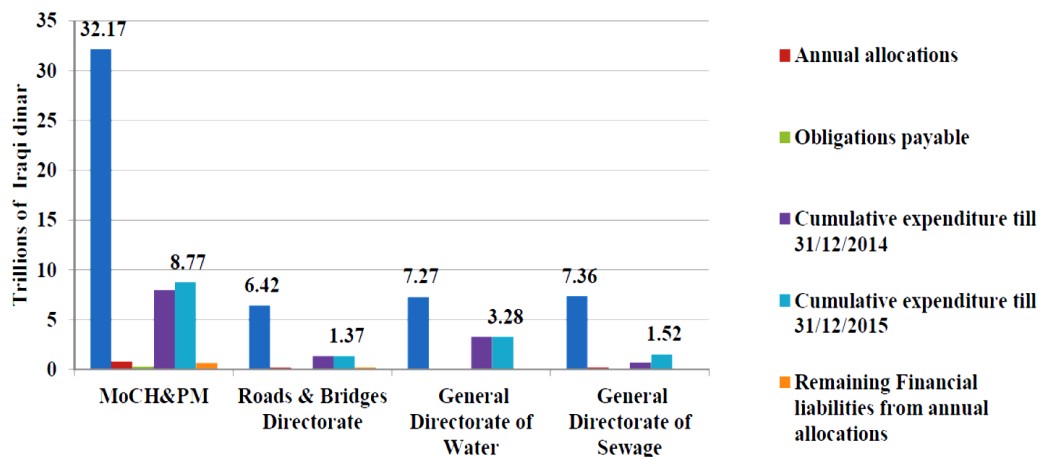


Fig. 1: The financing gap and other financial obligations of the Ministry of Health and Safety

Successful partnership requirements and conditions

- **Voluntary principles include:**
- Building and maintaining an appropriate economic environment, based on all indicators.
- Enacting stable and transparent legal references and Establishing systems and instructions to protect the investor.
- Adopt policies that promote the provision of infrastructure services in an effective and appropriate manner.
- Provide the required capital cost in the long term, for infrastructure investments, and accelerate efforts to expand local capital markets.
- Supporting mutual cooperation aimed at attracting the private sector investments in infrastructure projects.

- **Abilities improvement includes:**
- Developing the best practices at every stage of infrastructure planning, development and management.
- Developing local infrastructure capabilities.
- Developing the best practices to reduce and manage risks.
- Ensure that the infrastructure supports the achievement of economic, environmental and social goals.
- **Information and advice include:**
- Improving the provision of information to support participation in infrastructure investments.
- Strengthening effective consultations, to ensure that infrastructure plans serve their communities. (Table 2 to Table 6)

Table.2: Repetitive and relative distribution of all influencing factors related to the public sector

Repetitive and relative distribution of all influencing factors related to the public sector					
	very high	High	Average	Low	very low
1- Continuous evaluation of previous participatory projects between the public and private sectors and drawing lessons learned from them	2.9%	18.8%	39.1%	24.6%	14.5%
	2	13	27	17	10
2- Definition and clear and fair distribution of risks to the project parties	5.8%	11.6%	42.0%	31.9%	8.7%
	4	8	29	22	6
3- Setting standards, determinants and performance indicators for participatory projects	1.4%	20.3%	42.0%	29.0%	7.2%
	1	14	29	20	5
4- The public sector helps in providing lands and resources (materials - equipment - labor)	15.9%	21.7%	27.5%	23.2%	11.6%
	11	15	19	16	8
5- The extent of commitment of the public sector to its responsibilities and tasks in partnership contracts between the public sector and the private sector	7.2%	23.2%	30.4%	20.3%	18.8%
	5	16	21	14	13
6- The suitability of the nature of the partnership projects to the needs of the parties involved in the projects	5.8%	27.5%	37.7%	23.2%	5.8%
	4	19	26	16	4
7- Lack of government funding	11.6%	10.1%	31.9%	30.4%	15.9%
	8	7	22	21	11
8- The appropriate and legislative legal framework	4.3%	21.7%	34.8%	21.7%	17.4%
	3	15	24	15	12

Table 3: Repetitive and relative distribution of all influencing factors related to the private sector

Repetitive and relative distribution of all influencing factors related to the private sector					
	very high	High	Average	Low	very low
1- The presence of a strong private coalition with experience in previous partnership projects	1.4%	13.0%	46.4%	23.2%	15.9%
	1	9	32	16	11
2- The technical and administrative capacity of the private sector and the availability of skills and cadres required to complete the partnership projects	7.2%	33.3%	39.1%	8.7%	11.6%
	5	23	27	6	8
3- The partnership project provides an attractive investment for private investment	11.6%	21.7%	46.4%	11.6%	8.7%
	8	15	32	8	6
4- Provide financial, legal and legislative guarantees to the private sector	8.7%	15.9%	39.1%	24.6%	11.6%
	6	11	27	17	8
5- The desire of the private sector to transfer and share private experiences (Know How) to the public sector and train national cadres or local workers	5.8%	17.4%	33.3%	30.4%	13.0%
	4	12	23	21	9
6- The desire of the private sector to take advantage of local resources (human resources - materials and equipment - complementary industries)	10.1%	27.5%	31.9%	20.3%	10.1%
	7	19	22	14	7
7 - The presence of clear and sufficient powers in the private sector to ensure that partnership projects are not hindered	7.2%	14.5%	30.4%	30.4%	17.4%
	5	10	21	21	12
8- Provides the necessary financial resources to carry out partnership projects with the private sector	10.1%	14.5%	34.8%	21.7%	18.8%
	7	10	24	15	13

Table 4: Repetitive and relative distribution of factors related to society

Repetitive and relative distribution of factors related to society					
	very high	High	Average	Low	very low
1- The prevailing political and security conditions and their role in promoting partnership projects	20.3% 14	15.9% 11	24.6% 17	30.4% 21	8.7% 6
2- The volume of demand for service projects	30.4% 21	30.4% 21	23.2% 16	10.1% 7	5.8% 4
3- The degree of reliability in the quality and efficiency of partnership projects of a service nature	8.7% 6	14.5% 10	42.0% 29	21.7% 15	13.0% 9
4- Suitable prices for citizens	13.0% 9	21.7% 15	34.8% 24	23.2% 16	7.2% 5
5- Partnership projects contribute to increasing the gross domestic product and increasing the contribution of the public sector to it	13.0% 9	34.8% 24	26.1% 18	15.9% 11	10.1% 7
6- Increasing spending opportunities on other development projects by reducing the financial burden of partnership projects on the shoulders of the state	13.0% 9	34.8% 24	30.4% 21	15.9% 11	5.8% 4
7- The partnership between the public and private sectors has facilitated the lives of the citizens and their satisfaction	8.7% 6	34.8% 24	31.9% 22	14.5% 10	10.1% 7

Table 5: Repetitive and relative distribution of factors related to financing

Repetitive and relative distribution of factors related to financing					
	very high	High	Average	Low	very low
1- Exchange rate and convertibility	5.8% 4	18.8% 13	43.5% 30	18.8% 13	13.0% 9
2 Customs duties and import laws for materials, equipment and supplies	8.7% 6	30.4% 21	40.6% 28	14.5% 10	5.8% 4
3- Financial risks	23.2% 16	29.0% 20	29.0% 20	14.5% 10	4.3% 3
4- Tax incentives and financial concessions	8.7% 6	26.1% 18	42.0% 29	17.4% 12	5.8% 4
5- The project's ability to attract foreign investment and foreign financing and the extent to which it can contribute to financing by international bodies or donors.	7.2% 5	13.0% 9	36.2% 25	31.9% 22	11.6% 8
6- State contribution rate in financing (government - individuals appointed through underwriting)	2.9% 2	11.6% 8	37.7% 26	37.7% 26	10.1% 7
7- Enabling investment promotion laws to help enhance partnership	8.7% 6	29.0% 20	26.1% 18	30.4% 21	5.8% 4
8- Banks provide incentives to finance partnership projects	5.8% 4	26.1% 18	26.1% 18	29.0% 20	13.0% 9
9. The government provides special funds to support partnership projects	4.3% 3	17.4% 12	27.5% 19	30.4% 21	20.3% 14
10. International support contributes to promoting partnership projects	8.7% 6	26.1% 18	33.3% 23	20.3% 14	11.6% 8

Table 6: Repetitive and relative distribution of factors for reconstruction projects

Repetitive and relative distribution of factors for reconstruction projects					
	very high	High	Average	Low	very low
1- Sustainability in the reconstruction projects	4.3% 3	20.3% 14	47.8% 33	15.9% 11	11.6% 8
2- Apply valuable engineering and reduce costs in designs stage	4.3% 3	11.6% 8	50.7% 35	24.6% 17	8.7% 6
3- Early termination according to time	4.3% 3	18.8% 13	40.6% 28	26.1% 18	10.1% 7
4- The actual estimate of the project (cost, absorptive capacity, etc.)	7.2% 5	23.2% 16	36.2% 25	23.2% 16	10.1% 7
5- Convenience of the project in terms of (priority, cost, time, type of contract)	5.8% 4	18.8% 13	42.0% 29	21.7% 15	11.6% 8
6- Coordination and communication between the institutions working in the field of reconstruction	7.2% 5	14.5% 10	42.0% 29	23.2% 16	13.0% 9
7- The geographical location of the project	11.6% 8	24.6% 17	42.0% 29	14.5% 10	7.2% 5

3. THE CURRENT SITUATION IN THE INFRASTRUCTURE AND SERVICES IN IRAQ

The process of building infrastructure began in Iraq early with the beginning of the monarchy, and then developed in the fifties of the last century, especially when the construction of the Council of Reconstruction, but the real interest began in the era of the seventies, especially after the increase in crude oil revenues, and continued until the eighties, but entering the country in long wars It was followed by international economic sanctions, all of this led to total destruction and devastation, and there is no modern infrastructure capable of providing services to citizens or the investor, which necessitates vital thinking in the reconstruction of Iraq and the reconstruction of infrastructure in it.

The concept of infrastructure and its current reality

The total services that the state provides, the establishments that undertake the construction and operation of it, in addition to services that depend on labor intensive such as waste collection, and the provision of public transport services, and infrastructure includes roads, airports, ports, railways, water stations and its networks, power stations and its networks, and natural gas networks, and Sewerage station and communications and their facilities, as well as health services.

Performance of the implementation of infrastructure projects

The annual reports of the Ministry of Planning for the years mentioned earlier, which can reflect the efficiency of implementation through of completed projects to total projects, as well as annual and cumulative expenditures that have been made in the reports for the years mentioned by comparing the total cost of projects to determine the financial projects that the government can manage During partnership projects.

Challenges and risks of partnership projects in Iraq

- Improvement of business and the investment environment. In Transparency International, Iraq ranks 166 out of 176 countries in the Perception of Corruption Index.
- Coordination between the agencies of partnership projects and the complex nature of Arrangements for purchasing power parity that requires efficiency and work closely in the relationships between the competent public authorities and private companies.

The nature of the crisis and responsive financial policies

The changes imposed on the government that assumed its duties in the second half of 2014 to set its program priorities in the forefront of which is liberating Iraq from the hegemony of terrorist groups, which led to diverting a large part of the resources to wards military use at the expense of development goals.

The role of the private sector

- The private sector contribution to capital formation for 2007 increased from 16.8 % to 34.69 % in 2015 with a growth rate of 30.8%.
- It is clear from the low percentage of the private sector's contribution to capital formation in the agricultural sector, even though most of the output of this activity belongs to the private sector.
- Capital formation has decreased in the industrial sector, for several reasons, the deterioration of the investment climate and the lack of a policy to restrict industrial imports, especially for products that the private sector can produce locally.

Private sector governance

- Emphasis on the principle of policy coherence (monetary, financial and commercial (related to the development of the private sector, Implement the law and extend its authority to all, and the validity of the policies and the spread of their positive impact.
- The completion of the Charter of " good governance " of the state - owned enterprises, and the establishment of " ownership of public companies Authority , " and to start working on policies and in accordance with the rules, principles and guidelines to be adopted through these two projects.

4. STRUCTURAL RESTORATION OF PUBLIC COMPANIES

- **There is a lot of challenges that may prevent structural restoration of public companies, the most important:**
- Machinery and equipment obsolescence and technological backwardness, surplus labor and high cost of products.
- The dominance of ministries over the administrative and production decisions of these companies, which leads to weak boards of directors.
- The absence of a standard that determines whether or not a comparative advantage exists for a domestic product, in front of a foreign product.
- A legacy of legislation that is not environmentally friendly to the business or may be inconsistent with one another.
- **The restructuring process should work to achieve the following main objectives:**
- Public companies are self-reliant, that is, to cover their costs.
- Public companies that will be privatized will be able to generate economic profits.
- Public companies that will be privatized operate according to international indicators and standards, compared to their current reality.
- The value of investments in public companies and companies that will be privatized becomes greater than their current value.
- **Infrastructure reconstruction in the form of payment term**

Iraq's current revenues, despite its great potential, but it is not able to bring about the required development, and hence, resorting to this method will provide an opportunity to achieve economic growth in the real side of the economy, especially since the reality of the infrastructure in it has witnessed a noticeable decline During the past decades as a result of wars, blockades, neglect and lack of development.

- **Energy of the Iraqi public debt**
- The wealth of nations is measured by three elements. The first is human capital and investment in it and the second is fixed social capital that includes economic capital (physical infrastructure), the third is natural resources . In the case of Iraq, the third element is strongly present, but we miss to the first and second elements.
- Iraq has the ability to borrow or assume an additional debt equal 25% of the gross domestic product of about (140) Billion dollars for a year 2012 and equivalent to more than an additional 35 billion dollars, and this amount is not far from the contract amounts covered by the Iraq Infrastructure Reconstruction Bill.

5. LEGISLATIVE AND LEGAL ENVIRONMENT FOR CONSTRUCTION PROJECTS

The legal and regulatory framework for partnership projects should include:

- Remove all restrictions imposed on private sector participation in the conversion and construction of public sector facilities.
- Determine the industrial and commercial sectors for which a license may be granted.
- Selecting the project or company according to competition and transparency controls.
- Establishing supervisory bodies in each sector that is independent of public bodies that monitor statistics and quality standards.
- The law must specify the essential conditions that must be met in the partnership agreement, such as, determine the minimum capital of the company and public funds that are not permitted to be disposed of be compared to the funds that can be disposed of.

6. INVESTMENT LAW NO 13 .OF 2006

This law aims to do the following:

- Investment promotion and transfer of modern technologies to contribute to Iraq's development process and develop and expand its base of production.
- Encouraging the Iraqi and foreign private sector to invest in Iraq by providing the necessary facilities for establishing investment projects and enhancing the competitiveness of the projects covered by the provisions of this law.
- Developing human resources according to market requirements and providing job opportunities for Iraqis.
- Protecting the rights and property of investors.
- Expand exports and strengthen the balance of payments and trade balance for Iraq.
- The following means shall be adopted to achieve the objectives of this law:
 - Granting the projects covered by the provisions of this law the privileges and guarantees necessary for their continuation and development by providing support in a manner that secures the enhancement of the competitive capabilities of these projects in the local and foreign markets.
 - Granting projects that obtain investment licenses from the authority additional facilities, and exemptions from taxes and fees according to what is stated in this law.

Law partnership between the public and private sector

Under this law, the government will commit to purchasing the products of public-private partnership projects and services, and the government will allow the extension of its loans to a private partner to reduce the capital cost of projects and risks beyond the control of the private partner.

Draft infrastructure reconstruction law in Iraq

- **Subject 1:** The provisions of this law apply to contracts concluded by ministries and entities not associated with the Ministry with Iraqi foreign companies to implement specific service projects.
- **Subject 2 :**Implement the projects covered by the provisions of this law in a way of payment on credit ,taking into account the size of the annual revenues of the public treasury for the coming years and the amount of expenditures and financial obligations...
- **Subject 3:** The amounts of the contracts covered by the provisions of this law shall not exceed 37 billion dollars.
- **Subject 4:** The Iraqi and foreign contractor implementing the project covered by this law shall deserve privileges and exemptions.
- **Subject 5:** contractor implementing the project covered by this law shall deserve exemption from rising of the income tax project.
- **Subject 6:** The privileges and exemptions stipulated in the law apply to the main and secondary contracting executed by Iraqi or foreign public or mixed sector contractors.
- **Subject 7 :** Ministries and entities not associated with the Ministry shall submit their proposals for the projects that will be implemented, taking into account the financial limit for each sector, and the fair distribution of projects to the governorates.
- **Subject 8 :**Companies implementing projects committed to running the Iraqi manpower in the projects covered.
- **Subject 9 :**Council of Ministers issued instructions to facilitate the implementation of the provisions of this law ,including the selection of companies and the method of payment and guarantees provided to these companies.

The reasons for approving the law

- The scarcity of budget allocations to meet reconstruction requirements and provide basic services outside of budget allocations
- The investment environment in Iraq is backward and unattractive.
- Facilitate the transfer of modern technology to the country, raise the performance and scope of the local private sector (in case of adopting the twinning of the private sector work with foreign companies (and provide additional job opportunities).
- Move and motivate all national economy, ensuring the creation of full employment opportunities, and reducing the role of government in the need to find additional work opportunities.
- The payment method is one of the methods used by countries for not having the full liquidity to cover their development programs, and applying a method (BOT).

7. PREVIOUS EXPERIENCE IN PARTNERSHIP PROJECTS BETWEEN THE PUBLIC AND PRIVATE SECTORS IN IRAQ

The partnership model in Iraq

- Vegetable oil project.
- Floating glass production project.
- Ductile Pipe lines Project.
- Longitudinally welded pipe project.
- Ibn Sina Chemical Industries / intravenous solutions project.
- Sodium sulfate project.
- Brick material production project and other construction materials.
- Silica sand deposits project.
- Petrochemical complex project.
- New fertilizer project.
- Pharmaceutical laboratories.
- New cement projects.
- The new iron and steel factory.

The development process should depend on government activity in its areas of competence, as well as on the activity of the private sector in its areas of competence. The public sector and the private sector are not two competitors but are essential pillars of the national economy.

Investment and growth

The required investments, whether from the public or private sector, to achieve the targeted growth rate (estimated by 7%), were estimated by a total amount of 220.6 trillion dinars, equivalent to \$ 186.7 billion throughout the plan years (2018 - 2022) of which an amount of 132 trillion dinars is expected to be provided by the state budget as a government investment and the rest is estimated to be trillion dinars, expressing the private sector investments in all its forms.

Governmental investment

The expected government investment during the plan years is about 132 trillion dinars, equivalent to 111.7 billion dollars, and constitutes about 60% of the total required investments, amounting to 220.6 trillion dinars.

Non-governmental investment (private)

The plan expects that the private sector will contribute 88.6 trillion dinars, equivalent to 75 billion dollars during the years of the plan 2018-2022 and it reflects the private sector investments in Iraq in its various directions and activities, which constitutes 40 % of the total investments required to achieve the target growth rate in the plan Sectorial distribution of required investments and to achieve sectorial targeted growth rates.

The capital formation of the public and private sectors

According to relevant economic trends and policies, the National Development Plan 2018-2022 aims to enhance the role of the private sector and work to create appropriate opportunities to play its real role in the development process, especially with the decline in the role of the state and the suspension of many government projects due to the financial crisis, and the low amount of financial revenues available In this direction, the development plan aims to reach the proportion of the private sector's contribution from investments in the targeted year 2022 to about 38.3% compared to 61.7% for the public sector.

8. PROBLEMS IMPEDING THE CONCEPT OF PARTNERSHIP IN IRAQ

Insufficient legislative organization

- The lack of rules and provisions for investor selection and best offers, and the absence of evaluation statistics that is consistent with the nature of these projects in terms of financial, technical and operational aspects.
- Some of the legislation in force includes many rules that are incompatible with contemporary financial and economic principles, and which are incompatible with the nature of projects and economic public utilities in their modern applications.
- For a legislative organization is exposed to all forms of private sector participation, which gave a lot of uncertainty about the forms of private participation that can be applied under the law of Iraq .
- The absence of a law to encourage competition and prevent monopoly.
- The absence of some of the laws save transparency, as a law to prevent Disputes of interest, and the law on whistleblower protection, and the law of the right to access information.
- The persistence of the phenomenon of financial and administrative corruption, the weak rule of law and access to justice, is a package of fenders in front of the governance of the recovery and reconstruction file, causing imbalances in the reconstruction and development process.

Difficulties related to the executive and institutional framework

- The lack of an effective and specialized administrative although the partnership-related contracts differ from simple regular contracts and are characterized by attributes and provisions that may be complex in many cases.
- Weakness of the official control side over the extent of the private sector commitment to the public interest and the contracting conditions.
- Many concerned public sector institutions lack the technical, financial and legal expertise needed to put public economic projects on the private sector.
- The difficulties and challenges facing the state in its attempt to enhance stability and security in Iraq, and to extend the law to all, with the aim of providing space for institutions and companies and private sector projects to invest and develop.

Financial difficulties

The economic aspect of the state is considered to be one of the most fundamental and direct aspects of the violent events in Iraq, as the production forces retreated directly as a result of internal instability and the decline in the supply of goods and services, as well as the costs of production ,with the high economic burden of military spending and its negative impact on the possibility of continuing investment and service projects In the process of production, service provision and

investment spending pressure for the requirements of implementing reconstruction projects for governorates affected by military operations.

Difficulties related to poor public awareness

- Poor public awareness of the importance and advantages of private sector participation in financing, developing and operating public utilities, and the positive effects this participation has on economic and social development.
- Poor public awareness, whether among decision makers or the ordinary citizen of the various forms of the concept of participation ,and the prevailing belief in the public that participation is only limited to privatization .
- The limited role of the private sector in economic activity affected by the absence of an attractive business environment for investment.
- The scope of informal sector business is expanding.
- The absence of a unified central authority responsible for operating in Iraq.

Difficulties related to political and economic security and stability:

The experiences of many countries around the world have suffered similar conditions to what Iraq is going through now, confirming that political and security chaos may continue for a number of years , and Iraq is among the countries most affected by wars and their calamities, as the recent crisis weighed on all joints of the development scene, and the damage was The losses caused by terrorism, violence and fighting that affected citizens more than others have an impact on the elements of social cohesion.

9. SUGGESTIONS AND RECOMMENDATIONS

Procedures and recommendations to be formulated legally

The first procedure is developing partnership legal frameworks by:

- Providing transparency to local and foreign investors.
- Clarifying the legal status of the contractors and stipulating the procedures to be followed in selecting the partner.
- Clarify the requirements that will be applied during project implementation, from selecting the project company, during project implementation and operation, and finally when transferring project assets to the state, public institutions, or local groups.
- The legal framework should include the following recommendations:
- Remove all controlling restrictions imposed on private sector participation in financing and in constructing basic infrastructure.
- Define the industrial and commercial sectors for which obligations and licensing may be granted.
- Choose the project company in accordance with the competition and transparency controls aware of the legal procedures for the selection of partner vary by sector concerned and by each of the partnership agreement.
- Oversight bodies should be established in every sector that is independent of public bodies.
- The law must specify the essential conditions that must be met in the partnership agreement.
- The agreement should specify the conditions for assigning the license or obligation to others, special rules and all details.
- Reviewing and simplifying the legal and regulatory framework related to the private sector, amending laws, regulations ,and instructions and / or issuing other new laws in consultation between the government and the private sector, simplifying procedures and removing routine complications that hinder the provision of an appropriate environment for business to operate.

The second procedure is to provide the appropriate environment to encourage partnership

The success of the partnership as a contractual method based on mutual trust between the parties, the private sector partners need to enhance their confidence in the public authorities and ensure the political will of the officials to enter into a continuous partnership with them, and they demand the creation of an appropriate environment for its success, whether in terms of approved public policies or at the system level. The tax imposed or on the level of respecting the various pledges and obligations incumbent on it, as well as the economic stability required to encourage partnership about complex development projects that require high expertise, large technology and massive financing.

Procedures and recommendations for the public sector

- Establishing a unit for public-private partnerships.
- Develop plans and proposals to implement partnership projects in accordance with the priorities, importance and potentials available.
- The government should establish the necessary laws, legislation and regulations for partnership projects.
- Ensure that all available opportunities are used to provide political, financial and security stability in Iraq.
- Raising the efficiency of the human cadre in local bodies and adhering to recruitment systems that adopt objective and professional standards.
- Enhancing the role of government institutions and increasing their effectiveness by establishing and implementing an appropriate framework for rules for regulating economic activity and the rule of law.
- Establish effective systems and mechanisms to manage investment, trade and financing risks that a foreign investor may be exposed to.
- Amending and simplifying the procedures and controls for the private sector obtaining financing from commercial and sectorial banks.
- Cooperation and coordination with the international community to provide support for the reconstruction and development process in all its dimensions.
- Providing design and implementation requirements for projects represented in design plans, feasibility studies, tables of quantities and other requirements.

Procedures and recommendations to the private sector

- Create strong legal structures capable of implementing partnership contracts, by forming federations and mergers creating companies and large bodies capable of managing mega economic projects.
- Commitment to the laws and values of integrity in the management and operation of public projects, in order to enhance confidence in the private sector, whether by decision makers in the public sector, or by the public and beneficiaries of public services.
- Creating a "Private Sector Development Council" to be a platform for dialogue, interaction, consultation, coordination and integration between the government and the public sector and the private sector.
- Supporting the private sector and providing it with an appropriate and attractive competitive environment to produce the best data.

General Procedures and recommendations

- Paying attention to the principle of partnership and enhancing the role of the private sector in managing the public economic affairs through development plans and economic reform programs adopted by the government.
- Setting the outlines and the desired development goals of the partnership process with the private sector not only at the economic level or improving the performance of public services, but in terms of its impact on urban development in general.

- Setting general frameworks that define the role of each partner in development, including ensuring efficient coordination and complementarity among all parties.
- List the successful experiences that other countries have experienced in partnership with the private sector, evaluate them, take advantage of their positives and avoid the negative ones resulting from them.
- Providing a monitoring system made up of some governmental and popular bodies that ensure compliance with the agreements concluded between the state and the private sector, and secures service delivery to citizens at the required level and price.
- Liberalizing and developing financial markets and preparing them to attract national and foreign savings and employing them in the fields of investment in services projects.

Reconstruction procedures and recommendations

- Create an appropriate organizational structure that is efficient and able to work away from bureaucracy and routine.
- Establishing a special fund for reconstruction, whose tasks will be to rehabilitate the homes and areas affected by the military operations?
- Establishing major Iraqi shareholding companies, all or most of who are Iraqi shareholders, and these companies are given priority in reconstruction projects.
- Going forward with development and reconstruction is fully dependent on safety solutions across the country and a historic national reconciliation of healing, followed by a national consensus on the reconstruction process, mechanisms and sources of financing.

10. PROCEDURES AND RECOMMENDATIONS FOR THE SEARCH IN THE FUTURE

- Expanding research and comprehensive study of the topic in the future according to future conditions.
- Detailed research to develop criteria for selecting the best contracting type for projects.
- Working on a comprehensive and detailed study of the steps and mechanisms of the partnership projects.
- Detailed research into countries' experiences in reconstruction.
- The detailed study in identifying the most urgent projects and considerations of using value engineering in light of the scarcity of possibilities.
- The government must act decisively to address these matters and correct obstacles to ensuring successful implementation of PPP to complete projects in progress, as well as problems with payments.
- Improve the efficiency of the public sector and other stakeholders by paying attention to intensive and specialized abilities building programs and be among the priorities of contracting with specialized agencies to support public institutions with the required expertise and provide the necessary training to operate this process.
- Legislation a new law for PPP As soon as possible to cover this type of contract, in addition to creating PPP units ,and develop a comprehensive organizational framework along with clear delineations, criteria for selecting the best private partner.
- Reform and standardize approval procedures whenever possible, and delegate powers when necessary.
- Coordination is extremely important to save time and support the implementation of the PPP approach.
- Risk factors in the Iraqi environment require government intervention to provide various types of support, including issuing long-term bonds.

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