

**BUSINESS**

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# LANDSCAPE

Dr. Frank R. Gunter

## Setting the Scene for a Better Private Sector

Interviews with

**Mr. Michel Rentenaar**

The Ambassador of the Kingdom of the Netherlands in Iraq

**Zainab Kufaishi**

Head of Middle East and Africa, Invesco

**Ahmed Al-Kiremli**

Co-founder and CEO, Orisdi

Riyadh Radhi

Iraqi Data Analysis to Action: **The Journey Towards Data-Driven Community**

Research Summary

Online Shopping: **A Glimpse into the Iraqi Customer's Shopping Behavior**

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The Reality of Information and Communication Technology in Iraq: **Ecosystem Reflection, Challenges, and Opportunities**

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The Digital Marketing Scene in Iraq: **the Good, the Bad, and the Way Forward**

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# Sustaining the Iraqi Business Landscape: Do We Have What It Takes?



The development of the Iraqi private sector has been a topic of discussion post-2003, plans on how to develop Iraq's economy have been morphing in accordance with the change of the political scene, oil revenues, and the oversaturated public sector. However, the public sector is still growing at the expense of the private sector.

Iraq has ranked very low among most of the international indices including doing business and transparency for many years which created an adverse business environment for the private sector. As corruption has spread to affect the whole community in multiple aspects including but not limited to social security and living conditions. (Read more on page 6, Setting the Scene for a Better Private Sector: Causes and Cures of Corruption in Iraq by Dr. Frank R. Gunter).

Moreover, Iraq is facing a major climate change crisis being one highly rated on the climate change ranking with an increase in the percentage of temperature average that is double of the global average. This situation provides both a challenge and an opportunity for the economy to adapt and promote the growth of different sectors, specifically agriculture. (Read more on page 26, Iraq is Moving Towards a Sustainable Future by Isa Mohammed).

Despite the numerous hindering factors, there is an increased activity from regional and global startups raising larger rounds to enter the Iraqi market in addition to the first venture investments by Iraqi corporates. (Read more on page 16, The Investment Landscape: Iraqi Corporate Starts to Venture by Ali Al-Suhail).

The Iraqi private sector is also, regardless of the challenges, witnessing an evolution in the e-commerce industry, leading to an introduction of a new kind of economy, an economy that requires a new set of skills. With the surge of e-commerce and online shopping, that has been accelerated by the COVID-19 pandemic, it is necessary for businesses to venture into the digital space. (Read more on page 38, Online Shopping: A Glimpse into the Iraqi Customer's Shopping Behavior by KAPITA's Research Department).

Promoting the growth of the private sector requires tackling one of the most critical challenges which is the development of human capital. As the Iraqi population is rapidly growing, with a high percentage of youth, thousands of jobs need to be created annually to accommodate the demand. This challenge cannot be addressed if there is no willingness to develop the Iraqi private sector and provide better management for these young talents. (Read more on page 18, Management by Objectives by Marwan Ahmed).

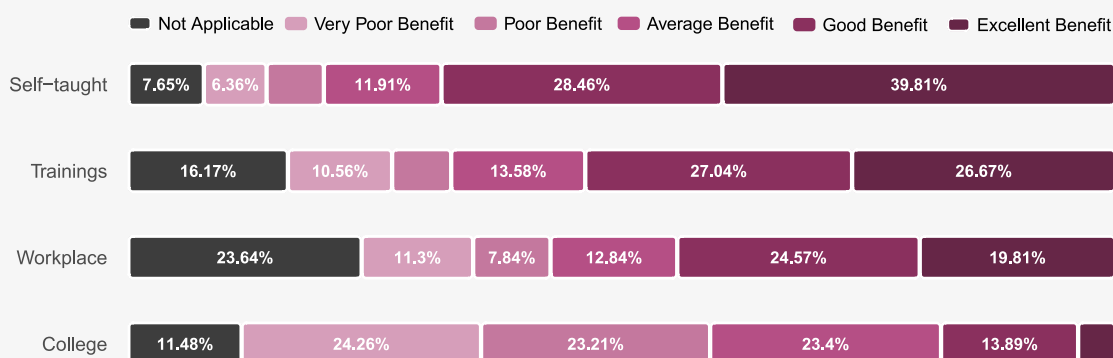
Furthermore, the youth needs to acquire new market-appropriate digital skills to keep up with the modern-day job requirements, skills the likes of data processing and analysis to build a data-driven community and fuel the digital transformation in Iraq. (Read more on page 12, Iraqi Data Analysis to Action: The Journey Towards Data-Driven Community by Riyadh Radhi).

On the topic of digital skills, digital marketing is a field that is on par with data in importance but it is still constrained to social media in the Iraqi business scene. Nevertheless, capitalizing on its potential would help businesses make more informed and data-based decisions, understand their customers better and drive audience

engagement. (Read more on page 22, The Digital Marketing Scene in Iraq: the Good, the Bad, and the Way Forward by Ibrahim Al-Zararee).

Developing the human capital starts with a crucial step, reforming the educational system in Iraq, which according to many experts is inadequate to develop the skills of the youth to equip them for the job market. It is also reported that many youths are self-taught when it comes to acquiring digital skills, while formal education has proven to fall short of its responsibility as a knowledge source. (Read more on page 30, The Reality of Information and Communication Technology in Iraq: Ecosystem Reflection, Challenges, and Opportunities by KAPITA's Research Department).

### Ratings of Different Knowledge Sources in Acquiring Digital Skills Among Iraqis



Percentage (%) Out of Total Respondents

Note: The presented results were collected on September 2021 with a total sample size of 540 respondents.

Egypt can provide a great example for Iraq to follow. Their new educational reforms included a focus on critical thinking rather than the outdated and memorization-heavy curriculum, that is still practiced in Iraq. Changing the education system to be more focused on proving new skills and equipping students with the right mindset would become the engine that would fuel the private sector forward.

Let's circle back to the title question. Do we have what it takes to sustain the Iraqi business landscape? We currently do not but we can and we must have what it takes. We have a road and a

journey that might not be an easy one to embark on. However, with the reforms of the private sector, public sector, and education system and the help of the international community, it is possible to take this critical step right now, or else Iraq will not be able to sustain the business landscape.

**Moahmmmed Jamal**  
Editor-In-Chief, Business LANDSCAPE



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*Edward Elgar Publishing, October 2021)*

## Setting the Scene for a Better Private Sector: Causes and Cures of Corruption in Iraq

According to Transparency International (2021), Iraq is in the bottom 12% ranking 160th out of the 180 countries evaluated. While academics may argue that small amounts of corruption act as a “lubricant” for government activities, the large scale of corruption in Iraq undermines private and public attempts to achieve a better life for the average Iraqi.

Corruption occurs if a government official has the power to grant or withhold something of value and – contrary to laws or publicized procedures – trades this something of value for a gift or reward. Among corrupt acts, bribery gets the most attention, but corruption can also include nepotism, official theft, fraud, certain patron-client relationships, or extortion.

The correlation between corruption and per capita income adjusted for the cost of living is strongly negative. Regardless of culture or geographic location, there are no very corrupt rich countries and few honest poor countries. At the individual level, corrupt acts are inequitable.

They allow some to avoid laws, regulations, and practices that others must follow. Thus, corruption undermines the average Iraqi’s confidence that success results from individual effort, rather than from bribery or political connections. Not only does corruption in Iraq lead to slower real growth but also it worsens the distribution of income.

The poor in Iraq must pay bribes but rarely receive them. The impact of corruption also leads to an expansion of the budget deficit, reduced services for the money spent, and a waste of needed investment spending. Because of corruption, the Iraqi national government has to spend much to get little.

The burden on private businesses is substantial. In addition to increased costs for businesses, Iraqi markets for goods and services tend to be inefficient because of the uncertainty and risk associated with corrupt activities.

Firms deliberately stay inefficiently small and organize their activities in complex manners to avoid coming to the attention of those in authority who will seek payoffs. Also, since the Iraqi banking system rarely lends to firms in the informal economy, less efficient high-interest money lenders or more prosperous family members are asked to provide financing.

Finally, the widespread perception of corruption tends to discourage legitimate foreign entities from trading, lending, or investing in Iraq. Investors have to worry not only about changing market conditions but also whether various unknown officials in Baghdad will seek to block their investment in order to extract additional bribes.

Reducing corruption is critical to Iraq’s long-term economic development. But in order to develop an effective anti-corruption strategy, it is necessary to first determine the causes of corruption in Iraq.

## Policy-related Causes of Corruption

There are several determinants of corruption that are more of a function of policy error and therefore can potentially be improved in a reasonable period of time.

- 1. One Dominant Natural Resource:** Oil accounts for almost 99% of Iraq's export revenues and almost two-thirds of its GDP. According to the World Bank, Iraq has the highest level of natural resource dependence in the world. The ministries in Baghdad control the massive revenues from oil exports which account for 90% of government revenue. The ministries and the associated state-owned enterprises (SOEs) are, to a great extent, welfare programs providing generous salary and benefits in return for little work, and they enjoy an independence that allows them to follow economic and social policies that block or undermine the economic liberalization goals set forth in the National Development Plans.
- 2. Lack of Market Competition:** Lack of market competition is associated with corruption for at least two reasons. First, the possibility that the government may allow the creation or maintenance of monopolies tends to provide strong incentives for corruption. Second, Iraqi firms will try to influence officials to reduce or eliminate competition from imports. Since 2003, there has been little discernable progress in reducing the dominance of the SOE in the domestic economy. This dominance has been maintained both by continuing to provide large direct and indirect subsidies as well as by discouraging the private business sector. According to the World Bank's Ease of Doing Business Report in 2020, Iraq ranks 154th out of 190 nations in starting a business, 186th in getting credit, and 181st in trading across borders. The more complex, illogical, and time-consuming the procedures are – the greater the number and size of bribes that can be extorted from businessmen.
- 3. Weak Free Press:** A free press reduces the potential for corruption both by increasing the likelihood that corrupt acts will be uncovered and providing a mechanism with which public opinion against corruption can be expressed.  
  
Iraq has made a rapid transition from an extremely restrictive media environment before 2003 to a media free for all with a sharp rise in the number of media outlets.  
  
However, there is strong opposition to free media. Some media outlets have been constrained by a flood of lawsuits. While news organizations have been forced to suspend coverage of these issues and violence against news agencies or their employees is not rare. According to the Reporters Without Borders' World Press Freedom Index, Iraq has dropped from 153rd to 162nd out of the 190 countries evaluated.
- 4. Large Scale Subsidies:** The greater the value of the good or service controlled by the government official, the greater the value and possibly the number of bribes that can be extracted. In other words, the existence of large government subsidies leads to increased corruption since the maximum bribe is greater.  
  
The government subsidizes many essential goods and services such as water, electricity, fuel, or food. A poorly paid customs official or border guard could easily double his annual income by accepting a cash bribe to turn a blind eye to some diversions.
- 5. Weak Legal Sanctions:** There are weak disincentives to accepting a bribe. In Iraq, although laws may call for severe punishment for bribery, the chances of being caught and convicted are low.  
  
While the number of investigations has increased substantially; it is still extremely unlikely that a corrupt act will be discovered, investigated, prosecuted, adjudicated, and punished.



Due to corrupt justice officials, many suspects are notified of their potential arrest in time to flee the country with their ill-gotten gains. While these officials may be convicted in absentia, the odds that they will be punished, or their corrupt gains recovered are very low.

- 6. Inadequate Public Sector Salaries:** A more controversial possible cause of corruption is that inadequate public sector salaries motivate government employees to seek and accept bribes.

Immediately after the 2003, civil servants were seriously underpaid. However, as a result of a series of salary increases, the typical government employee is now better compensated than a worker in the private sector. Combined with benefits, protection against dismissal, a less intense pace of work; government employment is eagerly sought after. However, once anyone has obtained a government position, the financial rewards for advancement in Iraq tend to be meager. The existence of generous compensation for entry-level positions combined with meager raises for seniority provides strong incentives for accepting bribes.

New employees are expected to “purchase” their entry into government employment by bribing senior officials. The payment is usually some combination of an initial bribe and a monthly cash “contribution” to one’s supervisor. Of course, each level of management is expected to make a “contribution” to the next most senior level of management.

As a result, the actual paycheck received by many senior members of the bureaucracy may account for only a small fraction of their compensation. Many seek bureaucratic advancement primarily to increase their ability to extract larger bribes.

## Reducing Corruption

There has been some progress in Iraq’s war against corruption. The Commission of Integrity reports increased prosecutions and recoveries of misappropriated funds. This progress has been reflected in a gradual improvement in Iraq’s Transparency International corruption rankings. What Iraq needs is an integrated anti-corruption strategy and the political will to execute it.

- 1. Political Will and Good Governance are Needed for Effective Corruption Control:** One simple way that officials can demonstrate commitment to fighting corruption is by personally abiding by anti-corruption regulations such as accurately reporting personal financial assets.

Achieving 100% reporting of personal financial assets should be an absolute requirement. In addition, officials should also be required to document in detail the sources of their financial, real estate, and other assets

- 2. Rely on a Single Anti-Corruption Agency (ACA) Instead of Many ACAs for Effective Corruption Control:** Iraq’s multiple ACAs diffuse responsibility and resources and therefore retard the fight against corruption.

One possible solution would be to reduce anti-corruption efforts to three organizations. Because of their important continuity and international roles, preserve an independent Federal Board of Supreme Audit (FBSA) and Central Bank Monetary Laundering Reporting Office.

Make all of the other ACAs part of the Commission of Integrity (Col) with all of their budget and personnel decisions controlled by the Col’s Director.

- 3. Importance of Cultural Values in Minimizing Corruption:** The Commission of Integrity appears to be making a serious attempt to change the culture of corruption.



**Instead of changing regulations one at a time, Iraq could adopt the best practices commercial code that has been developed by the World Bank.**



It has begun distributing anti-corruption messages to Iraqi newspapers, television, and radio programs. In addition, anti-corruption material has been prepared for children in kindergarten, primary, and secondary schools.

**4. Adequate Salaries are Necessary, but Insufficient for Effective Corruption Control:**

It is probably political suicide for the government to attempt to reduce public sector wages to the level of those in the small private sector with similar skills and responsibilities.

A more politically realistic approach would be to hold the line on public sector wages and benefits and wait for inflation—about 3% in 2020—to gradually reduce the real value of government employment to levels competitive to those in the private sector

**5. Constant Vigilance is Needed for Sustained Success in Corruption Control:**

If a society is not constantly fighting corruption in accordance with a well-planned strategy, then corruption will get worse. And every failed anti-corruption policy in Iraq since 2003 has led to increased public cynicism making eventual success more difficult.

## Conclusion

There are several options that could be adopted to speed up the process of rationalizing Iraq's incredibly complicated commercial code.

First, instead of changing regulations one at a time, Iraq could adopt the best practices commercial code that has been developed by the World Bank.

A second option would be for the Iraqi government rapidly to rationalize its regulations by substituting the existing commercial code of an Islamic Arab neighbor such as the United Arab Emirates (UAE).

While far from perfect, the regulatory environment of the UAE is much friendlier to its private sector.

A third option that has received less attention is to revitalize the "free zones" a form of special economic zone (SEZ). A SEZ is a geographic area within a country where the rules of business are different from those that exist in the rest of the country. In the Free Zone Law of 1998, Iraq authorized such zones, but this law is inconsistent with modern SEZ management practices.

However, a revised Free Zone Law might provide a viable transition route to a more rational regulatory environment in Iraq.



Investment News

# Alsaree3 Group Raised \$4 Million Fund in 2021



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Riyadh Radhi

## Iraqi Data Analysis to Action: The Journey Towards Data-Driven Community

### Data Science's Current Situation

To have a clear perception of the current state of data science in general, we need to go back a few years in time. It has been almost ten years since Thomas Davenport and DJ Patil published their article in the Harvard Business Review describing data scientists as "the sexiest job of the 21st century".

The generous description was mainly due to two reasons; the vast amounts of data volume to harvest and the shortage of enough skilled people to tame these data for proper insights at that time.

The last two decades have witnessed an explosion in data volume across the globe, leading to what is called by some the data revolution. According to Domo, a business intelligence specialized company, people are generating 2.5 quintillions daily (quintillion has 18 zeros after one) which translates to around 143.43 GB per day for each one of us.

These estimates are expected to witness further rapid growth in the future. In fact, former Google's CEO, Eric Schmidt, stated, "There were 5 Exabytes of information created between the dawn of civilization through 2003, but that much information is now created every two days".

While I do not advise trusting the mentioned statistics blindly, what I can say for sure is that data is insanely expanding. This fact, coupled with the technological advancements in computer hardware, has led to the creation of the modernized version of data science and artificial intelligence.

The second reason that made data science very appealing is the talent shortage in a high-demand field. In fact, the over-excitement around getting this large amount of data into use has caused a gap between the organizations and the data community.

In an attempt not to be left out, organizations started competing in hiring "data scientists" with little knowledge of the added value that data science can bring. Similarly, the data science fuss hindered the growth of human capital too. After gaining a few certificates, many people started labeling themselves as "data scientists" which made it a burden to spot qualified talents from the crowd. These facts naturally made the demand for data scientists larger than the number of qualified candidates in the market.

You might wonder where Iraq stands in all of this, and I would like to take a more data-oriented approach to put this topic into perspective. According to Glassdoor, working as a data scientist was the best job for four consecutive years from 2016 to 2019 and is the second-best job of 2021 in America. Additionally, LinkedIn ranked data science as the fastest-growing job in 2007 with a growth rate of 650% since 2012.

Meanwhile, in Iraq, there was only one job opening of a data science position found in the Iraqi job matching platforms compared to 5,971 job openings found in Glassdoor this year in America. Additionally, according to research

published by KAPITA on the reality of information and communication technology in Iraq, the Iraqis ranked their data science skills as the lowest compared to the other digital skills they have.

## The Perk of Joining Late is That We Can Join Right

Many Iraqi organizations have not started investing in data science yet, but this could be good news for us. In recent years, many international companies have tried to race for the leading roles in data science. While being the first is considered an advantage, it also involves higher risks of making mistakes.

As a result, many firms failed over and over until they made a success story. The good news is that we can learn from these mistakes while going through the same path ourselves in Iraq.

The following recommendations are geared towards organizations and individuals separately and based on the recent global insights about data science.

**Organizations** are recommended to:

1. **Invest in Low-hanging Fruit:** The world started realizing that the bubble created by the luxuries terms in data science is starting to burst. Organizations should know that they do not have to use deep learning or artificial intelligence to harness the power of data.

In fact, many of the market questions and problems can be addressed with simple visualizations, descriptive analysis, and automation rather than fancy mathematical models for which we barely have enough data. Therefore, instead of doing bootcamps and training about artificial intelligence and machine learning, we should start teaching individuals and organizations about ways with low entry barriers and high return value.

2. **Generate Questions First:** More thoughts and attention should be given to creating questions before taking any other step. Often, organizations make the mistake of allocating expensive resources to answering questions that yield very little value.

Instead of hiring machine learning engineers or statisticians that can take months and a fortune to answer a few questions, hire fast analysts to generate questions at first and then invest time in answering the ones related to your objectives.

3. **Define Your Organization's Needs:** Most of us often hear about a talent shortage in the market generally and data science particularly. However, when it comes to data science, a clear understanding of the wide range of available skills and the definition of precise organizational needs will make a faster and more efficient talent match process.

This is especially true for data science as the field is rapidly changing with new job titles, different technologies and algorithms, and continuous emerging data types.

4. **Do not Look for Unicorn Candidates:** A common practice for inexperienced organizations when hiring data scientists is searching for an "all-in-one" talent to save money.

This mission of finding unicorn candidates does not usually yield successful stories for data science teams. Instead, organizations should encourage interdisciplinary teams with diverse talents and mixed domain knowledge to build a coherent data science team.

Similarly, **individuals** are recommended to have the following in mind:

1. **Jack of All "Tools", Master of None:** Individuals who are interested in learning data science should know that this field is a never-ending ocean. There are plenty of tools to extract insights from data, many data science fields to focus on, and various domains to be involved in. This fact is causing a lot of distractions, scattered efforts, and stress in learning as many skills as possible to compete in the job market.

Nevertheless, I am here to tell you that scratching the surface of many tools without mastering any is counterproductive for your career and well-being too! Instead, individuals should find what they love in data science and dive deep into it, even if that means not learning the most hyped technology out there. There is no predefined set of tools to analyze data.

The tool you choose could involve anything from coding (ex: R, Python, Julia), drag and drop applications (ex: Power BI, Tableau), or could be designed for specific tasks or concepts in mind.

The main principle is to choose the tool that answers your questions, can get your job done efficiently, and makes you happy while using it.

- 2. Some Managers Need to Catch Up With the Game:** The gap between data teams with technical backgrounds and managers has immensely grown.

Some individuals in managerial positions lack a fundamental understanding of the working nature of data scientists and analysts.

This results in unrealistic demands, setting faulty timelines, and making wrong decisions when dealing with their data teams.

Therefore, it is time that managers start to be familiar with the values data teams can provide instead of undermining their efforts with confusing tasks leading to ineffective business decisions and team failures.

- 3. How Much Theory is Enough:** Often in data science, we see the differences between academia and industry are being confused.

There is a lot of pressure on data scientists to understand the theory behind each mathematical model that exists.

In a sense, this is true to provide correct insights. Yet, individuals and organizations should know when to draw the line between

academic knowledge and practical analysis tasks. It is better if decision-makers put less emphasis on pure theoretical knowledge, which is rarely needed in the day-to-day job, and focus more on grasping the practical side.

For example, an individual with technical skills and domain expertise is probably a better investment, in most times, for industrial organizations than an individual who knows the math behind convolutional neural networks but has no clue about the sector your organization operates in.

Having said this, I am not against theoretical knowledge, and this is not an invitation to neglect that aspect of data science. However, it is a piece of advice to focus on the relevant theoretical topics that are foundational for the technical.

## The Next Step: iDATA

The extensive need for a data-driven community combined with the lack of expertise in this field is a recurrent challenge in Iraq. Hence, carefully planned actions are needed, and we believe that the iDATA initiative is one of these actions.

### What is iDATA

iDATA, short for Iraqi Data Analysis To Action, is a non-profit initiative dedicated to activating the role of data and creating a data enthusiast community in Iraq through three main parts; data science training and education, implementation of data-driven projects, and demonstration and communication of the results to the public audience.

We expect that a large number of parties will benefit from and contribute to iDATA efforts and programs to change the data science scene in Iraq, yet we see the following groups as the key target:

1. Individuals with interests in starting their journey in data analysis.
2. Data analysts who wish to be more involved in the field and learn more advanced skills.

# IRAQI DATA ANALYSIS TO ACTION: THE JOURNEY TOWARDS DATA-DRIVEN COMMUNITY



3. International NGOs and donors who aim to create job opportunities and support youth skills.
4. Institutions and organizations that wish to establish in-house or outsource data science teams.

Keeping the aforementioned points of the article in mind, iDATA aims to introduce a unique and healthy style in spreading data science across Iraq. The main goals of iDATA are to:

1. Support individuals by providing data analysis training through a series of workshops, bootcamps, and meetups.
2. Improve and boost individuals with existing data science skills through applied projects, competitions, and hackathons.

3. Offer help in bridging the community members with relevant jobs in the private sector through sharing job opportunities and internships.
4. Build analytical mindsets and raise awareness about the importance of data in decision-making.
5. Contribute to society by communicating insights on a broad range of social and environmental themes through the community members' projects.

Setting these goals, iDATA's mission is to create a data-driven community by providing a supportive space for Iraqis to grow through education, hands-on projects, and networking opportunities. Additionally, iDATA envision making data science simple, accessible, and beneficial across Iraq.



— Ali Al-Suhail, CFA

## The Investment Landscape: Iraqi Corporate Start to Venture

The build-up to the elections and the event itself has imposed some silence on the investment landscape in Iraq. However, as the news wended down, the investment activity has picked back up. What followed was the announcement of a new fund to be directed at Iraq, with the general partners being existing and established investors in the ecosystem; Mohammed Khudairi from Iraq Tech Ventures, Omar Al Handal from The Station, and Bassam Falah from Innovest. The fund will focus on Iraqi startups at the Seed and Series A stages and will be called Iraq Tech Partners.

We are also seeing increased activity from regional and global startups raising larger rounds to enter the Iraqi market. ZoodPay, a “Buy Now Pay Later” (BNPL) app has successfully completed a \$38 million Series B fundraising aimed at expanding and growing its operations in Iraq.

Rocket Internet, the German internet conglomerate, has launched a new ride-hailing venture; Baly, in Baghdad and has since expanded to food delivery. There are increasing indicators that more regional and global players are coming into the market.

In other news, Al Sharqiya Media has announced an investment into Orisdi; an e-commerce business, and Earthlink announced an investment into IoT Kids; an edTech platform focused on teaching digital skills to kids. Both investments were facilitated through the Iraqi Angel Investors Network, but more than that they are the first announced venture investments by Iraqi corporates. Corporate Venture Investing has been on the rise globally with global corporate capital-backed funding reaching \$73 billion in 2020.

The dominant nature of CVC backed investments is for the company to outsource innovation and capture synergies. In the Iraqi setting, this is quite interesting as the corporate culture has been built around developing business internally with little focus on external investments.

As the world continues to be disrupted by the rise of digital models, many traditional businesses struggled with building digital equivalents internally.



Investments into startups by corporations have also faced issues around culture differences, governance, and hefty valuations.

Accounting for the startup culture is a critical one. Founders by nature are highly ambitious entrepreneurs that are looking to take on large problems and grow fast. Both factors create a sense of urgency for founders that will need a responsive counterpart on the side of the corporate.

Rigid processes and procedures are valuable when you have well-established operations and long years of operational history. But for a startup, they slow down the speed of experimentation and learning which ultimately impacts its growth. Corporates need to put in place mechanisms wherein the startup is provided access to and is actively engaged with the strategy team linked to its operations.

A common one is using a point of contact in the CEO office that has the capacity to engage with the startup and understand their needs. As a corporate, it needs to empower that point of contact and might consider having him or her as the board representative or responsible for a budget of expenses and resources (beyond funding) that the company will use to support the startup. It is important that the corporate does not consider the startup as an extension of its operations and maintain the startup's independence.

This brings us to the second part which is governance and it starts before the investment takes place. Corporate should develop a clear investment strategy on why it will invest in a startup and incorporate this into governance in its relationship with the startup.

We can look at a common case in Iraq where the corporate invests in a startup because it can enhance its value significantly through the cooperate platform. In such a case, the corporate and the startup should work closely together to understand what such support will look like through a clear business plan.

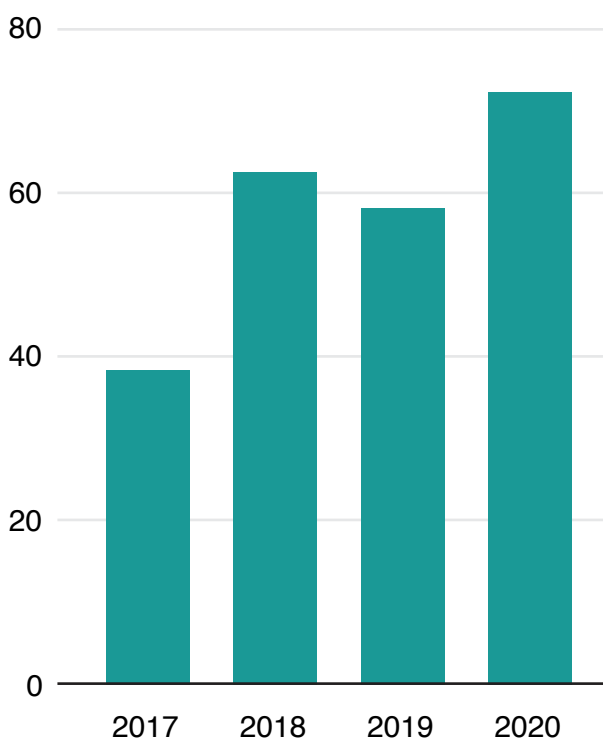
The corporate should also be clear on what it expects from such support whether it is being used to appreciate the value of the business or will be part of its offer to the business (pay less because of it).

The corporate should articulate the aforementioned governance issues in its offer to the startup which will not only help establish responsibilities but also set expectations. Clarity and understanding of what the corporate expect from the business can help it design an effective board of directors with the startup and better identify how the board will help the startup grow.

On valuations, most startups in Iraq need capital and can accelerate growth with the established platforms of the larger corporates.

This creates pressure on valuation and provides clear synergies to be captured for Iraqi corporates investing in startups. Considering that many of the corporations in Iraq are cash-rich, there seems to be a great opportunity for them to take on more ventures.

### Global Corporate Venture Capital Backed Funding





# Management by Objectives

When you start reading and watching content on management, you will reach the S.M.A.R.T. goals and objectives framework in no time. It has booked its position as the crown jewel of all objectives setting methods in management regardless of the industry and the discipline. Let's start by explaining the difference between goals and objectives before examining the mentioned framework.

While sometimes used interchangeably, **goals** are statements of desired outcomes that need to be achieved in a timeline of at least one year, with no description of the methods or the details involved. **Objectives** are specific, actionable targets that need to be achieved within a smaller time period, a year or less, to reach a certain goal. Goals setting is usually company-wide while the objective setting is for departments and teams and must be the managers' job. Therefore, we all need to understand the process of drafting clear objectives as we will be involved in an objectives drafting process sooner or later.

Before we go into some depth on the topic of the objectives, one last note to differentiate between company goals and strategy. A **strategy** is the methods and collection of tactics that individuals or companies use to achieve their business goals.

The problem starts from the company-wide misalignment and over-estimation of how much teams and individuals understand their company's priorities. A study published on MIT Sloan School of Management (one of the most prestigious and important educational institutions in the world) made an analysis of 124 organizations that revealed that only 28% of executives and middle managers responsible for executing strategy could list three of their company's strategic priorities.

If the problem is that severe at the upper ranks, how do things look to the lower ranks? In the Iraqi business context, employees would articulate their business goals by saying growing market-share or increasing sales and leaving us with not much understanding of any other detail even if we ask, because they simply do not know. Whether these goals by their naked articulation are the right ones or not can be debatable.

The problem gets more complicated and blurry when we go into the objectives level of things.

1. **The Limitations of the Language:** The words goals and objectives both translate to "Ahdaf" in Arabic, leaving no room for accuracy when trying to distinguish between the terms. Not to mention, that these terms often get translated to worse versions and become misidentified as plans or even strategies.
2. **Transparency:** Declaring the company's goals and objectives requires a level of transparency and disclosing details. Organizations do not trust their employees unless they are blood relations or have a personal history. The reasons for this initial distrust in non-family members are many and some of them are global and can be seen even in most Eastern societies. However, in Iraq, distrust (or limiting the trust) are reasons that have been amplified due to the history of violence and weak anti-corruption measures.
3. **Playing for the Long-term:** The famous proverb "if you want to go fast, go alone. If you want to go far, go together" explains the importance of organizations' internal bonds and alignment for the long-term future. It was almost impossible to witness companies that do not believe in maximizing the short-term gain. Industries have always operated like there is no tomorrow, hence, the excruciating rules of collaterals are everywhere and a finance system that revolves around zero-risk opportunities and overly-conservative plans.

## New Beginnings, New Generations!

As more international, and regional companies enter Iraq, in parallel to the sporadic wave of new businesses and startups that is only expected to increase.

We need to learn from the mistakes of others, to build workplaces that revolve around rewarding those who perform, and retaining them, which can only be done and measured against certain business objectives that align teams and individuals towards the same goal.

The clarity of the job role is essential for setting the initial expectations on the skills required for the job and the daily routine, for a lack of a better term. However, people need to understand how these tasks are contributing to a team and company's performance based on an indicator. Managers need to have that gauge as well to act and improve inputs and processes that will help their direct and indirect reports achieve their objectives, or at least be on the right track of doing so.

A key task in the management's scope of work and a clear expectation from employees on their managers and team leads is prioritizing resources and ensuring that the teams and individuals are working on the tasks that contribute to the company's success in the relevant areas.

Even if the jobs are self-explanatory, there should be a direction towards an objective to ensure that both the manager and the person who is doing the actual work are aligned on the performance and if the work that is being done (the inputs) is impacting the outputs and ideally the outcomes.

### Let's take an example here:

In Miswag, where I work currently, it is a company's goal to be the most customer-centric tech organization in Iraq. The Care agents in the Care department understand what they need to do by the default job description and react to incidents in accordance with our customers'

centric policies. So the original hypothesis is that we are not customer-centric by design, we need to shift to be one or get better at it until we perfect it over time. Thus, there should be objectives with timelines that ensure we are moving towards the company's goal.

### Let's Do It S.M.A.R.T.ly!

The **S.M.A.R.T.** objective setting framework tries to ensure that objectives are:

**S:** Specific and very well defined to be understood, communicated, and, ideally, remembered.

**M:** Measurable with no ambiguity by having a numerical value that can verify any improvement or decline in the performance.

**A:** Attainable and can be achieved given the resources available and other internal and external factors.

**R:** Relevant to the team or individuals' work just like how it is relevant to the company's. People can relate their work and efforts to it effortlessly.

**T:** Time-bound where the timeline is defined upfront and clear to all parties.

So for my example on the Customer Care units:

- We become faster in solving customers' tickets in the next 6 months vs. we decrease the solution time of non-voice tickets by 50% by the end of Q2 2022.
- We ensure that the customer is always right vs. we ensure that zero customer complaints are closed before going through a secondary verification process and customers rate the experience with an average of 4/5 in 2022.

The objectives above now have teams that are working on them and the narrative of the conversations shift:

From I am closing tickets and this is all that I do, to I am contributing to decreasing the resolution time in alignment with our direction of being customer-centric.

- From I follow the processes and ensure that I do not make mistakes, to I follow processes and have a say in making recommendations for improvements because it impacts how my performance is perceived by the management.
- From we are not meeting the objectives despite my hard work because my colleagues are not putting the same efforts, to I am always achieving my personal objective but the rest of the team are barely achieving 80% of their objectives so I will speak to the manager to avoid being accountable for something that is not my fault.

### Management by Objectives:

The Godfather of management by objectives that later sprang off OKRs (Objectives and Key Results), Dr. Andrew Grove (Intel's late legendary CEO) detailed the whole methodology with its implementation cookbook and touched upon the systems that need to surround it to ensure the maximum effectiveness of the framework.

Although most people in management and startups founders have come across objectives-setting and the importance of creating and tracking objectives, they find themselves crippled in many stages of the process because of the following reasons:

1. The fear of having imperfect objectives that lead to failure in delivery. This is a classic example of having something instead of nothing. Because having nothing will lead to no improvement. Mostly, the objective will be of positive contribution to the desired outcome.
2. Not knowing where to start. I would argue that this is an opportunity and not an argument for not starting. As the process of reflecting on current performance and coming up with a starting point is in itself an amazing improvement where time will be spent on analyzing the resources vs. priorities and highlighting historical gaps in performance.

“

**Perfection is not having no more things to add, but is having no more to take away**

”

3. The fear of not being able to follow through. This statement is at the core of team leaders performance management and an opportunity to do so. Managers are basically afraid of the ability of the process to uncover that the mediocre performance might be nobody's fault but theirs due to their inability to manage their team's bandwidth and resources against the business unit objectives.

The moral of the story here is to start. Start somewhere so you can improve. "Perfection is not having no more things to add, but is having no more to take away" and that means starting will help you to choose what to start with and what to park aside for the time being. Because once you and your team decide on the objectives and everyone starts looking in that direction, it will be like riding a bicycle where they will move in the direction they are steering towards.

Last but not least, please notice that I am including the team in most of my sentences in the last paragraphs because objective-setting processes often fail for not having the team's involvement in the decision-making process and giving feedback on the final objectives. Do not miss their important inputs because in many cases it will be impossible for you to understand the business details the same way that they do. And remember that all the failing companies did have objectives and plans and still failed eventually. In many cases of these stories, you will find that employees knew it would happen and some of them did leave before the company's dying years. But nobody was listening. So, again, if you want to go far, go together.

## The Digital Marketing Scene in Iraq: **the Good, the Bad, and the Way Forward**

### Digital Marketing Current Scene

To have a better understanding of the transformation of marketing from traditional to digital, we have to look back at the past three decades, where marketing has had to keep up with technological advancement. The marketing industry saw arguably the biggest change in its history after the introduction of personal computers in 1975 and the popularization of the internet in 1994 with the release of Netscape where the number of web users soared from 16 million to 70 million in a 3 years period. As this transformation started to happen, businesses saw the opportunity for growth, as any business hoping to reach a wider audience could no longer ignore the internet leading to the shift towards digital marketing.

The marketing landscape has changed beyond recognition over the past three decades, with digital spending accounting for more than half of ad spending. The strong growth in social media, video, e-commerce, and web search over the past ten years has come at the expense of traditional marketing, such as television and print media.

The outbreak of Covid-19 also had an immense impact on digital marketing considering that people were confined to their homes, and by default, their screens. During the lockdown, traffic and web search volume had surged, in fact, according to GlobalWebIndex, at least three-quarters (76%) of Internet users aged between 16 and 64 in surveyed countries say they had been spending more time using their smartphones compared to their pre-lockdown behavior.



This, in return, resulted in growth for businesses taking advantage of these low cost-per-click (CPC) rates benefitted from a much higher return on investment (ROI) than prior to the COVID-19 pandemic.

Digital Marketing is here to stay and evolve over time. According to Statista Research Department, digital advertising spending worldwide – which includes both desktop and laptop computers as well as mobile devices – stood at an estimated 378 billion U.S. dollars in 2020. This figure forecasts a constant increase in the upcoming years, reaching a total of 646 billion U.S. dollars by 2024.

There are many reasons why this shift toward digital marketing started to happen which can be summarized in a few points:

- **Using Data to Make Informed Decisions:**  
Gone are the days where businesses make decisions based on hunches, data is currently a gemstone waiting to be mined to take advantage of what it can provide. Technology today allows marketers to track and analyze both historical and real-time data in order to



understand how effective a given campaign is and measure against the overall ROI. In traditional marketing, there was no way to do so accurately but this can be done now in digital marketing using internal business data harvested from existing customers via Database Management System (DBMS) like SQL or relying on data collected by Facebook, Google, Ad Networks, and others using complex machine learning and algorithms.

- **Real-Time Tracking Means Better Targeting:** As consumers start to become more demanding, it is essential to keep up with this demand and understand that not all customers are the same. Digital marketing solved this issue by providing better tracking of customers' behavior using data to better target the right audience. Also by using attribution and analytical tools the likes of Adjust and Google Analytics to track customers' behavior.
- **More Leads with Less Cost:** Digital marketing allowed businesses, big or small, to reach a larger audience. Instead of spending millions of dollars on marketing, businesses can now spend a few thousand dollars to reach

those audiences at a low cost by using digital channels the likes of Search Engine Marketing (SEM), investing in Search Engine Optimization (SEO), Ad Networks, and Social Media Ads.

- **Next-Level Audience Engagement:** Unlike traditional marketing, digital is a two-way channel where people can interact with the ads appearing on their phones or laptops. This unlocks a whole new opportunity for businesses to understand their customers better and use both qualitative and quantitative data in order to enhance their marketing campaigns.

The question that poses itself is, how is the digital marketing scene in Iraq?

It is no secret to anyone that Iraq is in the early stages of digital transformation. There are many challenges businesses face when shifting to do business online due to the fact that Iraqis did not have proper access to personal computers and the internet up until it was widely available and affordable post 2003.

Even when the internet and personal computers became more accessible to people, it took almost 5 more years for people to get used to this new transformation and 10 more years to realize that mobile phones and personal computers are not just a means of communication and could be utilized to simplify their lives.

This happened due to companies like Careem, Miswag, Toters, and others who started to gain more popularity among people, and much like the rest of the world, Covid-19 accelerated this transformation and businesses started to shift from traditional marketing to digital marketing.

Unfortunately, this shift in Iraq from traditional marketing to digital marketing has not been done right up until now with very few businesses who adopt digital marketing tools and strategies starting to realize the full potential of digital marketing and how to do it properly.

## The Good and the Bad at the Scene in Iraq

There are 30.52 million internet users, 25 million social media users, and 40.01 million active mobile devices in Iraq as of January 2021 according to the Digital Report published yearly by Data Reportal. Those numbers might not be 100% accurate due to the fact that one individual can have more than one social media account and more than one mobile device. But for a country with a population of 40.70 million, the numbers seem very promising for businesses to seize this opportunity.

Digital marketing in Iraq can unlock a growth opportunity for both small and large enterprises to reach their desired customers and market their products and services to them.

Iraq has a huge potential when it comes to digital marketing, but it is also important to highlight the mishaps of digital marketing in Iraq and why we are still way behind in this domain, which can be summarized in a few points:

- **The Traditional Mindset:** Since the concept of digital marketing is fairly new to Iraq, it is very difficult for marketers, and especially those who are not up to date with the current trends in the world of marketing, to move away from the advertisement mindset and comprehend the impact of digital marketing on businesses and how it can take them to the next level if done properly.

Digital marketing is not only advertisement through digital channels, it is also a means to acquire, activate, retain, and engage with customers.

- **Planning:** Failing to plan, is planning to fail. Planning is a critical part of digital marketing, to provide a clear vision for the business when setting key performance indicators (KPIs) and objectives for a digital campaign. However, it is mostly being neglected by businesses when doing digital marketing.

- **Setting The Right Objective for the Digital Campaign:** Choosing the right objective sets you for great results. This is a major issue in digital campaigns in Iraq where businesses who want to drive, for example, installations of their apps, do not choose the right objective for the campaign, instead of having the call to action button directing users to the App Store or Google Play to install the application, it would direct them to send a message or an email.
- **Diversifying Digital Channels:** Facebook boosted posts are not digital marketing and digital marketing is not boosted posts on Facebook.

There is a huge difference between boosting a post on Facebook and digital marketing as doing the former does not give you the freedom to target a specific audience.

Choosing a certain objective, and testing new things to drive better results might. Also, relying only on one channel in digital marketing is not an optimized practice as businesses will miss out on audiences using other channels that can drive better results.

This can be seen in Iraq where businesses rely mainly on Facebook while the digital world is vast and full of possibilities like SEO, SEM, Affiliate Marketing, and Content Marketing.

- **Following Best Practices:** There are best practices for everything and digital marketing is no exception. When doing digital marketing, most marketers in Iraq do not follow best practices such as having creatives suitable for the channel, copywriting, choosing the right channel, and many other factors that can hinder the success of a campaign.
- **Being Data-Oriented:** Digital marketing can harness the power of data unlike traditional marketing and when using this data correctly and employing the proper tools to do so, it will have a huge impact on the success of a digital campaign.



- **Human Resources:** Iraq demonstrates a great lack of skilled people in tech-related fields and digital marketing is no exception.

Digital marketing is a rapidly changing field with new skills to learn coming up each day and if someone who works in this area does not keep up to date with those changes then they will be left behind.

Digital marketers should acquire many skills like planning, executing, reporting, and analyzing.

Unfortunately, we do not see a lot of people in this industry who have all of those skills and also have the mentality to keep learning and acquiring new skills.

### The Way Forward for the Scene in Iraq

In order for Iraq's digital marketing scene to advance, we need to start looking at digital marketing in a different way. Marketers should start to understand how this transformation from traditional to digital will unlock new and untapped opportunities, not only to grow but understand their customers better.

Currently, customers are more intelligent and have the ability and tools to research products and services in seconds, easily comparing competitors and reviews and unearthing any myths along the way.

The transformation from traditional to digital marketing is not an easy task. It requires both marketers and businesses wishing to adopt a growth mindset in order to catch up to the rest of the world within this industry.

This requires constant learning of new skills like unpaid digital, paid digital, data analysis, and many more skills and tools that can help them in this journey.

As for businesses wanting to adopt digital marketing, they need to start doing the following:

- **Current Situation Analysis:** It is very important to know where you are standing now and where you want to be. Undertaking a review and assessment of the current state of digital activities in your marketing activities and focus on the customer experience across the main digital channels.
- **Create a Vision:** Creating a digital marketing vision is essential to know how you will utilize digital activities to grow your business.
- **Build a Business Case:** This should be done in order to know the impact of digital marketing on your business and how it will create short and long-term benefits. Identify your key performance indicators, and put measures in place that will help you to keep momentum when the going gets tough.
- **Develop Your Digital Marketing Strategy:** Identify the key elements of your digital marketing strategy and know what are the key objectives you want to achieve from any campaign you launch whether it is a long-term campaign or a short-term tactical campaign.
- **Continuous Review and Improvement:** This point is essential for any business wanting to go into digital marketing as continuous improvement with a 'test and fail fast' mentality is a must as customers' behavior changes over time.
- **Invest in People:** There are people who are willing to learn and develop their skills in this field. Investing in those potentials, coaching and training them, will be a big plus for any business to overcome the lack of skilled human capital.

In the end, digital marketing is a set of tools and skills that needs to be harnessed in the right way. We do not have to reinvent the wheel as resources are already available to be capitalized on. Digital marketing is the future of marketing with billions of dollars being spent each year and thousands of job positions being opened each month for people who can learn the proper skills to be digital marketers.

# Iraq's Moving Towards a Sustainable Future

The 2021 United Nations Climate Change Conference, also known as COP26 was the 26th UN Climate Change Conference held in Glasgow, Scotland. The conference addressed the major environmental issues affecting the planet. The primary aim of the conference was to reach an agreement to reduce emissions.

This was the first UN climate conference to specifically address fossil fuels, and coal which was explicitly stated that the pledging countries would phase down the usage of coal. 197 countries have taken the pledge, 140 of which pledged to reach zero-net emissions, more than 100 countries pledged to reverse deforestation by 2030, more than 40 countries pledged to move away from coal. Iraq is part of that deal.

This is a historic move for Iraq which is considered one of the five most vulnerable countries in terms of climate change.

The effects of climate change have been felt on the ground more than ever. It is affecting all different aspects, the economy the most. During the summer of 2021, Iraq passed 51 degrees celsius.

This made Iraq the country with the most rapid increase in temperature in the world. According to the environmental agency, Berkeley Earth, Iraq has the highest percentage of temperature average, with a 2.3% increase since the end of the 19th century, double the global average.

In some parts of al-Diwaniyah governorate, the ground temperature reached up to 60 degrees celsius. According to a report by Al-Monitor, "Iraq is highly ranked on the environmental pollution scale.

This is due to the increase in oil production and gas burning, the increase in the number of cars and private generators, in addition to the vast desertification." With Iraq's accession into the Paris Climate Agreement and COP26 agreement, the situation has to change.

This led to various economic effects ranging from desertification to the loss of livestock and livelihood, causing migration to cities.

Many farmers and livestock owners are being affected firsthand by the rising temperatures and desertification. With an increased rate of salinization that threatens 53% of agricultural lands. According to KAPITA's Iraqi Agriculture Sector Overview, the agricultural land constitutes 21.4 % of the total surface area of Iraq, and the rural population constitutes 29.32% of the population, 75% of the working rural population make their living from their crops. In addition to 39% of the rural demographic living in poverty and poor circumstances due to the deteriorating conditions of the countryside and the reduction in resources.

The lack of attention and development, and the loss of income in rural areas are causing migration towards the urban areas. This point was indicated in the Foreign Policy opinion piece that was written by the president of Iraq, Mr. Barham Salih. He stated that "The loss of income may very well result in migration to cities whose infrastructure is even now incapable of supporting the existing population."

There are international efforts by NGOs to develop and create investment opportunities for the agriculture in Iraq in order to move away from the reliance on oil, support the rural communities, fight climate change, and achieve sustainability. For example, Cordaid's Agribusiness Acceleration Project - Ninevah focuses on small and medium enterprises (SMEs) by participating in Resilient Business Development Services Training, on various topics of business foundations.



Then they move to one-on-one training and consultancy to further develop their business plans and be investment ready. Oxfam's Iraq Response Innovation Lab, CEWAS, Mercy Corps, and SAAVI are also doing similar projects.

All these efforts are in alignment with what the government is trying to achieve concerning environmental issues. Another major issue in regards to improving Iraq's environment is moving away from oil. Iraq's economy is heavily reliant on oil, which is causing major environmental issues.

The President's article touches on that "Iraq's population is projected to double from 40 million today to 80 million by 2050 just as our income. Largely based on oil production, will be drastically reduced as a result of the world abandoning fossil fuels as it moves to sustainable clean energy." These statements were an echo of Mr. Ali Allawi, Iraq's Finance Minister, at the Middle East Green Initiative Forum in Riyadh.

"Iraq's economy overwhelmingly depends on oil revenues, which meets up to 90 percent of government expenditure." He also added on the negative environmental effects, "The World Bank estimates about 16 cubic meters of gas from Iraqi fields were being flared in 2015, costing the economy billions in lost revenue." He added about the government's plans to counter these economic issues "The country has begun investing in solar energy and looks to tap up to 10 gigawatts of energy from the sun by 2025."

In that regard, he added, "We are working on providing a budget of \$3 billion every year to replace all of the liquid oil that is used in electricity generation plants in order to work with natural gas." This will reduce the amount of flared gas that he previously mentioned.

The country is currently relying on importing gas from Iran, 5 million cubic meters per day, which is costing Iraq approximately \$8 per 2930.7 kWh, which is a rate higher than the global average of \$5.63 per 2930.7 kWh.

Mr. Allawi reflected on the situation's effects on the Iraqi economy "Whether we like it or not, the possibility of depending only on oil will not last forever, because the international economy is changing and this will be a burden, especially a burden for our oil-exporting countries." If Iraq succeeded in switching to clean energy, it could save up to \$5 billion annually for the national budget.

Aside from the fact that Iraq is struggling with providing electricity to its citizens, electricity seems to be the major concern that is affecting the environment in Iraq.

Iraq's previous governments had only focused on the production of electricity disregarding distribution, transportation, and fees collection. The plants are operated by oil and are eco-unfriendly. Iraq has spent \$60 billion since 2003 to address the electricity problem. It seems that the solution for this issue in Iraq goes hand in hand with switching to more environmentally friendly green energy.

Iraq gas signed a green energy deal with many companies led by the Norwegian Scatec ASA on the 7th of October, 2021, to produce 525 megawatts of electricity. According to the spokesman of the Ministry of Electricity, Ahmed Moussa "Clean energy is aimed to generate 63% of electricity in the next 5 years." According to the head of the Ministerial Energy Council, Ihsan Abdul-Jabar Ismail "[The government of Iraq] has so far signed three contracts for the establishment of solar-powered electric stations." He added that the government of Iraq has so far implemented 40% of their program to enable renewable energy projects, to meet up the country's commitment to environmental sustainability.

Another initiative, that was set to encourage the Iraqi population to be part of the transition to green energy, was initiated by The Central Bank of Iraq (CBI) to lend through banks to install solar panels at homes and residential buildings.

In that regard, Jassim al-Falahi, the undersecretary of Iraq's Ministry of Environment and Health has told Rudy's in an interview: "This requires the government to reduce or lift customs taxes on clean energy materials to lower their prices and make them available to everyone." "The most important issue is how we create and support what's called the green, sustainable economy, this is the concrete base for the Iraqi NDC," he added. NDC is the abbreviation for Nationally Determined Contributions, which are plans for how the governments will meet their emissions targets under the Paris Climate Agreement.

Mr. Salih views Iraq's environmental commitments as "an opportunity to diversify Iraq's economy; support renewable and clean energy; participate in carbon markets;

increase the resilience of environmentally and economically vulnerable areas; and provide better and more sustainable living conditions." The statement is optimistic, yet, it needs actual nationwide participation. The government, the international community, the Iraqi private sector, and ordinary citizens.

This issue is one of complete and whole participation because everyone is a stakeholder, both nationally and internationally, as a community or individuals. The President concludes his article with a nostalgic and hopeful tone that I will directly quote: "In looking towards a better future, we must return to our recent green past." Adding that there should be a cooperation between "the private and public sector to achieve our climate goals."



The Reality of Information and Communication Technology in Iraq:

# Ecosystem Reflection, Challenges, and Opportunities

## ICT Overview

Information and communications technologies (ICT) is a generalized term that contains in its folds all devices, networking components, applications, and systems that allow people and organizations to interact with the digital world. Some of the most important components of ICTs are cloud computing, software, hardware, transactions, communication technology, data, and internet access. The importance of digital tools lies in what resilience they offer their users, such as easy and immediate access and rapid scalability. Iraq is still struggling with the digitization and digitalization of its government, and that includes government-to-business, government-to-government, and government-to-citizen services. Lack of proper infrastructure, laws, and human resources have made digitalization a more difficult deed.

Information and communications technology skills is an umbrella term that covers a wide range of technical skills. Therefore, in order to benefit from this research, a clear definition of such skills is required. Accordingly, we have categorized ICT skills into three different skill categories. **Basic skills** such as effective email correspondence, searching for information over the internet, using video conferencing applications (e.g: Zoom, Google Meets, Skype), using word processing software (e.g: Microsoft Word), using spreadsheets software (e.g: Microsoft Excel), and using presentation software (e.g: Microsoft PowerPoint).

**Specialized skills** such as digital marketing, social media management, graphic design (e.g: Adobe Suite), Business intelligence (BI) software (e.g: Tableau or Power BI), network and communications software (eg: Cisco, MikroTik), project management software (e.g: Trello, Jira, or Scrum), communication platform software (e.g: Slack or Discord), and other non-programming digital jobs (e.g: banking, finance, media).

Finally, **programming digital skills** including web development (e.g: front end, back end, UI/UX design, full-stack), desktop or enterprise development (e.g: Windows, MacOS, Linux applications), mobile application developers (e.g: iOS, Android, Windows), data science (e.g: data analysis, machine learning, business intelligence), database system engineering (e.g: SQL, NoSQL), and other programming domains (e.g: gaming).

This research aims to evaluate the digital skills levels of students, graduates, and employees, assess the private sector's digital skill demands, explore the individuals and ecosystem scene and challenges, and identify the available training opportunities.

As of January 2021, 75% of the Iraqi population have access to the internet, 61.4% of them are active social media users, and 98.4% have access to mobile connections. Furthermore, e-commerce is a growing field in Iraq, its growth however hindered by the limitations in the finance sector, with only 22.7% of the population aged 15 and above owning an account with a financial institution, 13.5% making purchases and/or paying bills online, and only 1.8% owning a credit card (DataReportal: Digital Iraq, 2021).

The modern market is in high demand of ICT skills, with almost all businesses requiring some sort of ICT skill to assist in their growth. The 2019 COVID pandemic was a highlight for ICTs as it emphasized their importance, especially in contactless transactions of all sorts.



## Labor Force Condition

The research examines the condition of the labor force through a series of assessments of the basic, specialized, and programming skills, in addition to analyzing the knowledge sources of those skills.

According to our survey of 540 respondents, the Iraqi education system seems very inadequate to accommodate the skills required to work in the private sector. It is contributing to a huge gap between the skills of the graduates of the system and the job market.

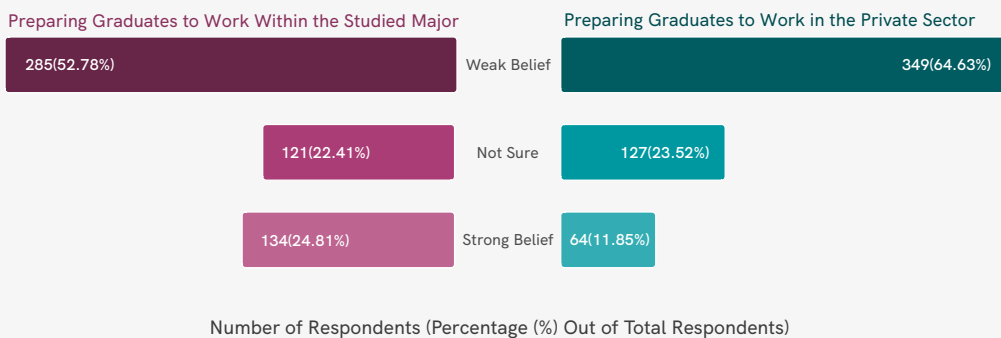
The majority of respondents believe that the educational system does not provide them with the proper set of skills to have a job in the private sector.

However, it is interesting to note that around 25% of respondents thought that the education system is capable of preparing them to work strictly within their studied major.

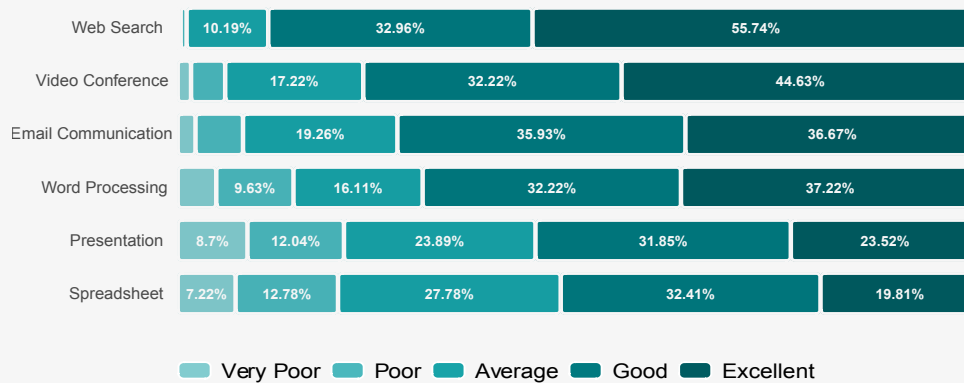
Almost 90% of all respondents were confident in being good at web search, followed by video conferencing while the majority fell short in terms of handling spreadsheets and preparing presentations.

Most of these skills were self-taught, proving to be the most effective source of knowledge followed by trainings. Whereas respondents rated college education with a source of knowledge of average or poor benefit with around 32% and 28% respectively.

### The Belief in the Educational System

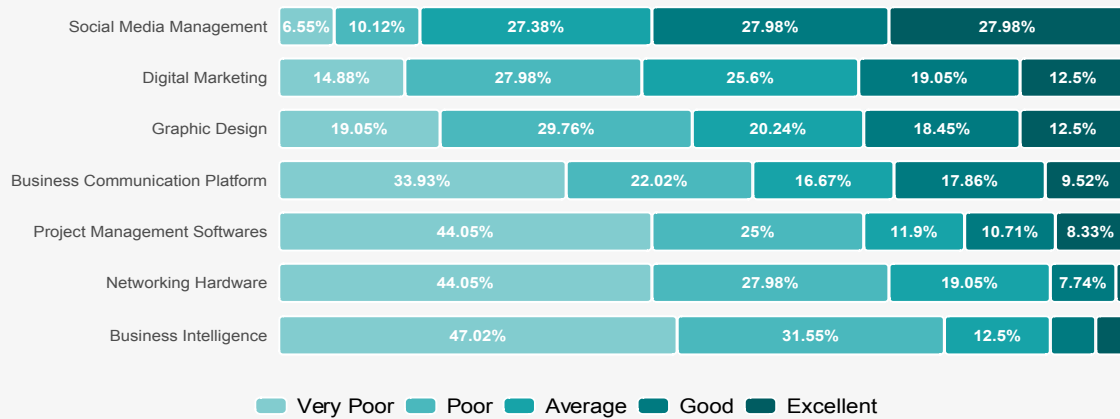


### Basic Digital Skills Assessment





## Specialized Digital Skills Assessment



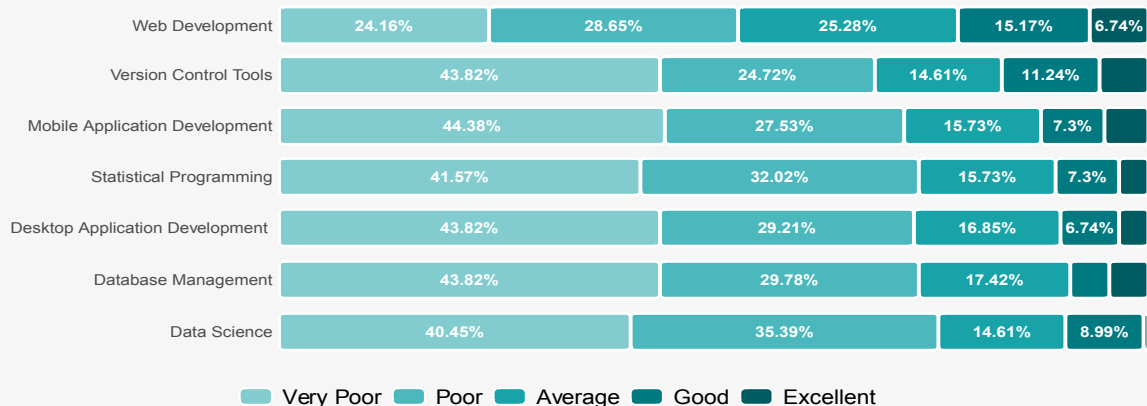
As for **specialized skills**, participants found themselves most knowledgeable in social media management and least knowledgeable in an aspect of business intelligence. The source of knowledge of these skills showed a very similar pattern to that of basic skills, with self-taught being the one of excellent benefit for around 50% of the respondents followed by trainings. Once again, college education shows inadequacy as around 27% of respondents rated it as of poor benefit and 22% thought it was of very poor benefit.

**Programming skills** were very clearly less available amongst the workforce compared to basic and specialized skills. Around 40%-44% of the respondents assessed their skills as very poor in all the examined programming skills except for web development that was assessed as poor

and very poor by approximately 28% and 24% of the respondents respectively. The percentages of respondents who rated themselves as excellent in the aforementioned skills fell dramatically, with the highest percentage being an extreme low of 6.7% which was scored in web development, where the excellence assessment fell even behind that of other skills.

As for the source of programming skills, self-studying was still the source that yielded excellent benefit, however, to a lesser extent than non-programming skills as only 37% of respondents rated it as a source of excellent benefit compared to around 50% in basic and specialized skills. College education scored as a source of poor and very poor source of knowledge with around half of the respondents.

## Programming Skills Assessment



## Private Sector Analysis

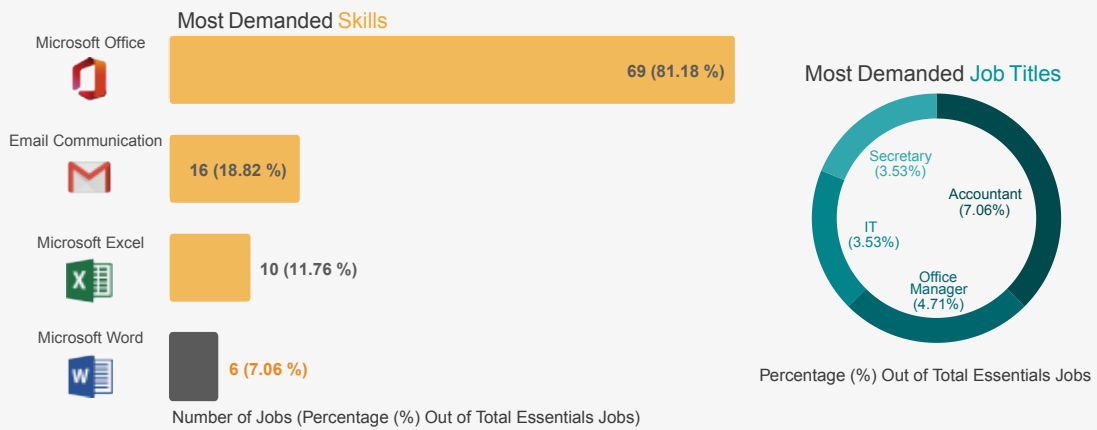
We reviewed 374 job postings and 1333 skills in the first half of 2021 to convey a holistic picture of the skills requirements of the Iraqi private sector. The overwhelming majority of 81% of postings required Microsoft Office skills and proper knowledge in the use of emails. Around 12% and 7% specified knowledge in using MS Excel and MS word, respectively. Out of all digital-related job postings during that period, 7% of them were looking for accountants, 4.7% for office managers, and 3.5% for a secretary and an IT officer.

Moreover, Adobe Photoshop, Adobe Illustrator and social media management skills were the most frequently asked for skills in job applications for specialized skills across online job application platforms.

The demand for designers was very high, occupying more than 12% of all digital job postings in the first half of 2021, and 10% of job postings asked for a graphic designer.

Other job postings requested social media managers, digital marketing specialists, and architects.

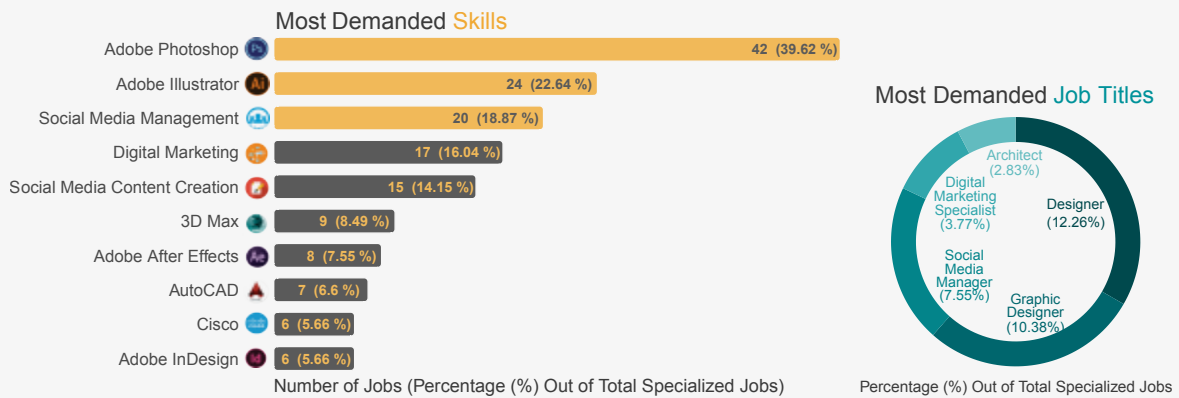
### The Demand for Essential Skills in the Iraqi Market in 2021



**Source:** El Khana Job Matching Platform

**Note:** Data collection is from the 1st of January 2021 until the 1st of August 2021

### The Demand for Specialized Skills in the Iraqi Market in 2021

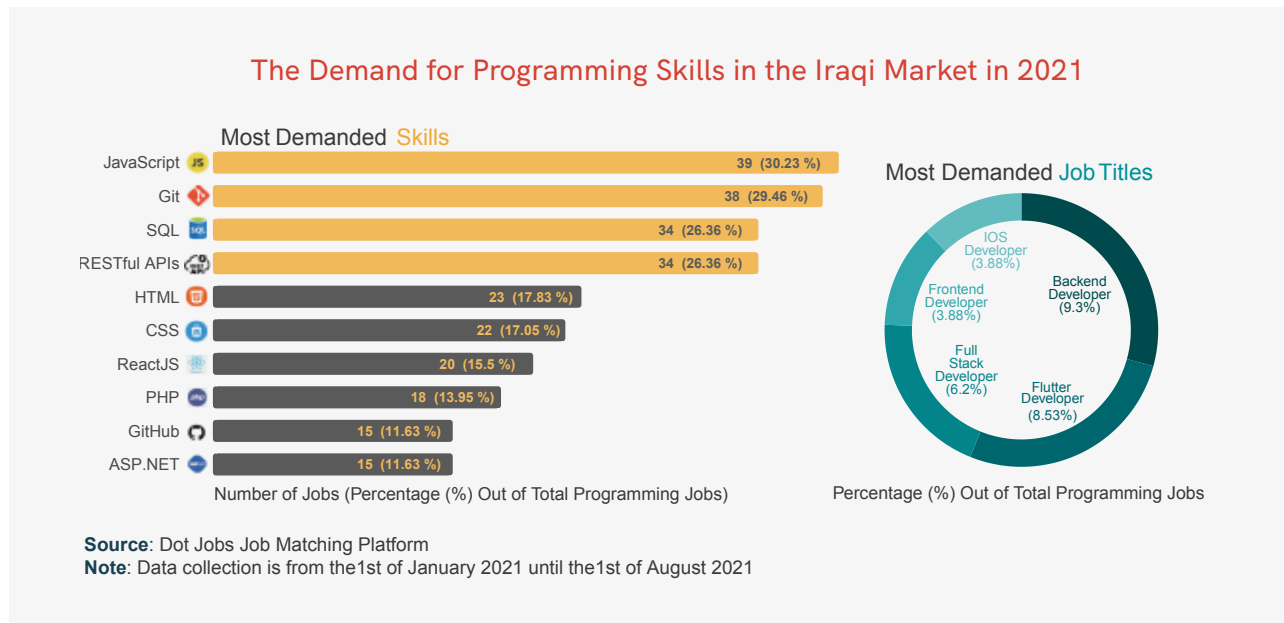


**Source:** El Khana Job Matching Platform

**Note:** Data collection is from the 1st of January 2021 until the 1st of August 2021

As for the programming digital skills, Javascript, Git, SQL, and RESTful APIs were the programming languages and skills most demanded in job applications across job platforms in the first half of the year 2021, with Javascript being the most demanded in more than 30% of all job offerings.

Backend developers and flutter developers were the most requested job titles among the digital-related postings, taking up more than 9% and 8.5% of all digital job offerings, respectively. Other less-demanded positions were full-stack developer, iOS developer, and frontend developer.



## Experts Opinions

The research extends into in-depth interviews with experts to provide valuable insights that will lay out the reasons behind the findings in the first parts of the research and will allow us to further understand the ecosystem from a different perspective. The interviews were followed by critical thematic analysis and five major themes were identified. These themes draw a realistic scenario of the current ecosystem situation in a logical order, and they are as follows:

### 1. What Companies are Looking for:

- a. **Soft Skills:** This set include core essential skills that most companies and hiring managers are seeking to find in their applicants regardless of the job position and level, this set includes problem solving, critical thinking, the ability and willingness to learn and develop one’s skills, effective communication, teamwork, taking initiative, leadership, commitment, hard work, adaptability, attitude, and ownership.

- b. **Hard Skills:** The set of hard skills includes more technical skills and abilities that are easier to define, measure, and learn. Hard skills can comprise essential skills, specialized skills, graphic design skills, and programming skills.

### 2. The Current Recruitment Process:

- a. **The Mismatch Between the Job and Labor Markets:** The current existing talents and level of skills in the market do not meet the job market demand, resulting in an unemployed workforce and plenty of job positions with no one to fill, especially senior positions.

While regular job postings proved to be an ineffective method as a large number of applications are received but mostly submitted randomly and rarely match the job description or the minimum requirements.

- b. **Investment in Potentials:** This approach is employed by some companies and startups, particularly those seeking young talents, to overcome the lack of skills in the market.

They should invest in hardworking applicants with potential, willingness, and eagerness to learn and learn fast, then help those new employees develop by coaching and training them on the job.

- c. **Referrals:** This has become a more reliable method to cut time, cost, and efforts for the company, where hiring managers use their networks, connections, and other employees in the company to share job position opportunities with their networks to find a suitable candidate. It is noteworthy that referrals do not entail providing unfair opportunities to certain applicants but rather match deserving individuals with jobs more efficiently. The applicants who got referred for the job still go through the recruitment process, the referral does not necessarily secure the job.
- d. **Outsourcing:** The lack of existing senior-level skills and skills in certain domains like programming and graphic design, have led the hiring managers to resort to outsourcing foreign workforce for certain positions.

### 3. Key Identified Problems:

#### a. Ecosystem Issues:

- I. **Inadequate Academic Institutions:** The interviewees unanimously agreed that our educational system needs drastic reformation as it does not equip Iraqis with the basic skills to prepare them for the job market and the curriculum is outdated.
- II. **Lack of Conceptualized Knowledge:** This is found to be another critical issue in the ecosystem with many individuals knowing how to use the tools and technologies but falling short in understanding the bigger picture of the problems they are solving and cannot communicate the results effectively.
- III. **Lack of Advanced Technical Skills:** Almost all the leading companies are facing a shortage of experienced technical people, especially when it comes to

specific niche areas with high demands and domains such as graphic design. This deficiency forces companies to hunt for the very few talented skills in the market.

- IV. **Brain Immigration:** Many highly skilled and well-trained professionals left Iraq due to the poor ecosystem and lack of support. This immigration continues to cause a shortage of senior-level talents within the community.

#### b. Labor Force Issues:

- I. **Insufficient Self-investment:** This is a serious drawback that became a norm within the Iraqi community. This problem is clustered around the lack of a self-learning mentality, ineffective time management, and absence of leadership. Adding to this, a senior director explained that the youth need to understand prioritizing self-investment rather than chasing money, especially at the beginning stages of their careers.
- II. **Soft Skills Gap:** This is among the top concerns for private sector companies. According to a chief administrative officer, many Iraqi people are not trained for work environment situations, this entails proper behavior towards their peers and managers, and preparations for interviews which involves resume writing, a healthy attitude during work, and ownership.
- III. **Dependent-mindset Issues:** Have surfaced as a significant concern. A major figure in the private sector explained that the mindset of relying on governmental jobs after graduation and not thinking about taking initiatives is found in a big portion of the community. He added that Iraqis should learn how to be independent and creative workers as opposed to the current situation where employees have to be micromanaged by their supervisors.
- IV. **English Language Barrier:** This is a main challenge in the private sector as it is a must-have skill for individuals. However, the current ecosystem lacks even the

basic English language usage such as professional communication through emails.

**V. Reluctance to Change:** Many Iraqis are sitting each in their comfort zone without any attempt to advance their skills. One manager added, "Some Iraqis just want to get to the end of the month to receive their paycheck".

**VI. Seeking Shortcuts to Success:** Some individuals do not progress through the learning path gradually, thinking that they can learn everything in a very short time. This fact is coupled with the unwillingness to read books, articles, or even take online courses to develop their skills is causing a skill gap in the market.

#### **4. Creating Talent Magnet Companies.**

**a. Company Culture and Work Environment:**

Building the right company culture and creating a healthy and friendly working environment are extremely vital to creating a talent magnet company and building a strong pipeline for the ecosystem. If a company succeeds in creating the right culture, then it will have gained leverage when trying to acquire and retain employees and talents.

**b. Career Development:** A crucial step for creating a talent magnet company involves the ongoing development of the company and its employees to keep up to date with the rapid pace at which things are changing in the world and to promote the growth of the company. Moreover, the company should prioritize every individual employee's career and establish a clear path for them to encourage their development.

#### **5. Gender-Specific Limitations.**

**a. Social and Cultural Barriers:** Women in Iraqi society still struggle with many barriers that limit their opportunities. Outdated traditional mindset still discourages women to work or limits them to stereotypical job roles and duties, preventing them from exploring their passions, dreams, and potentials. Although

society has come a long way in recent years, there is still a long way to go, the progress that has been made in cities like the capital is not tangible everywhere.

**b. The lack of Women Involvement in the Tech Sector:** There is a wide gap between the number of women and men working in the tech domain.

One expert reported only 11% of the programming team in their organization were women, even though they aim to achieve an equal quota for men and women, they stated "we still receive a scarce number of women applicants for those positions, often with fewer skills than men".

Another expert stated that "There is an obvious skill gap between women and men working in the tech domain since this area is already male-dominated and requires a lot of self-learning and engagement with others, it is harder for women to break into it, which affects the quality of their skills".

**c. Job Preference:** Some experts noticed that there are certain jobs that women favor over others and tend to be more willing to pursue. One expert reported that "we are more likely to find women working in jobs related to social media, given that they exercise better patience, flexibility, and engagement." Whereas jobs related to sales are mostly unfavorable to women, even though organizations try to be sensitive regarding the clients they deal with and the locations they dispatch their female employees to.

**d. Applications Approach:** Experts have observed that women applicants tend to be more apprehensive and less assertive in their applications. They are also more likely to apply to job positions when they match the majority of skills, qualifications, and experience listed in the job application. Unlike men who are more open to applying for positions even when they do not possess all the required qualifications.



### Research Summary

KAPITA's Research Department

Online Shopping:

## A Glimpse into the Iraqi Customer's Shopping Behavior

The World Trade Organization (WTO) defines e-commerce as "the production, distribution, marketing, sales or delivery of goods and services by electronic means." Currently, 75% of the Iraqi population has access to the internet, and 61.4% of them are on social media platforms.

The internet made it easier to communicate with retailers, anytime and anywhere. This led retailers to adapt to the continuously changing needs of

the Iraqi customer that shifted from being limited by few items at certain shops to a variety of brands that are not limited by Iraq's borders.

Retailers are putting more effort into "reading the mind" of their customers to keep up with the rapidly changing shopping landscape.

With the outbreak of the COVID-19 pandemic, online shopping became a safer, more convenient way to purchase items, and at times, the only means of purchasing needs as lockdowns were implemented. Online shopping activities increased alongside the global increase in COVID cases, as the restrictive measures hindered the in-store shopping process.

Therefore, many brick-and-mortar retailers were forced to enter the online retail scene and work out a way to reach their quarantined customers. This has further driven the e-commerce scene to evolve in order to meet the needs of customers, which was coupled with the launch of various e-payment methods.

This research is aimed at discovering the 'path to purchase' among Iraqi consumers. The path to purchase is a traditional shopping concept, which has evolved significantly due to the internet, digital innovation, and the subsequent rise of online shopping.

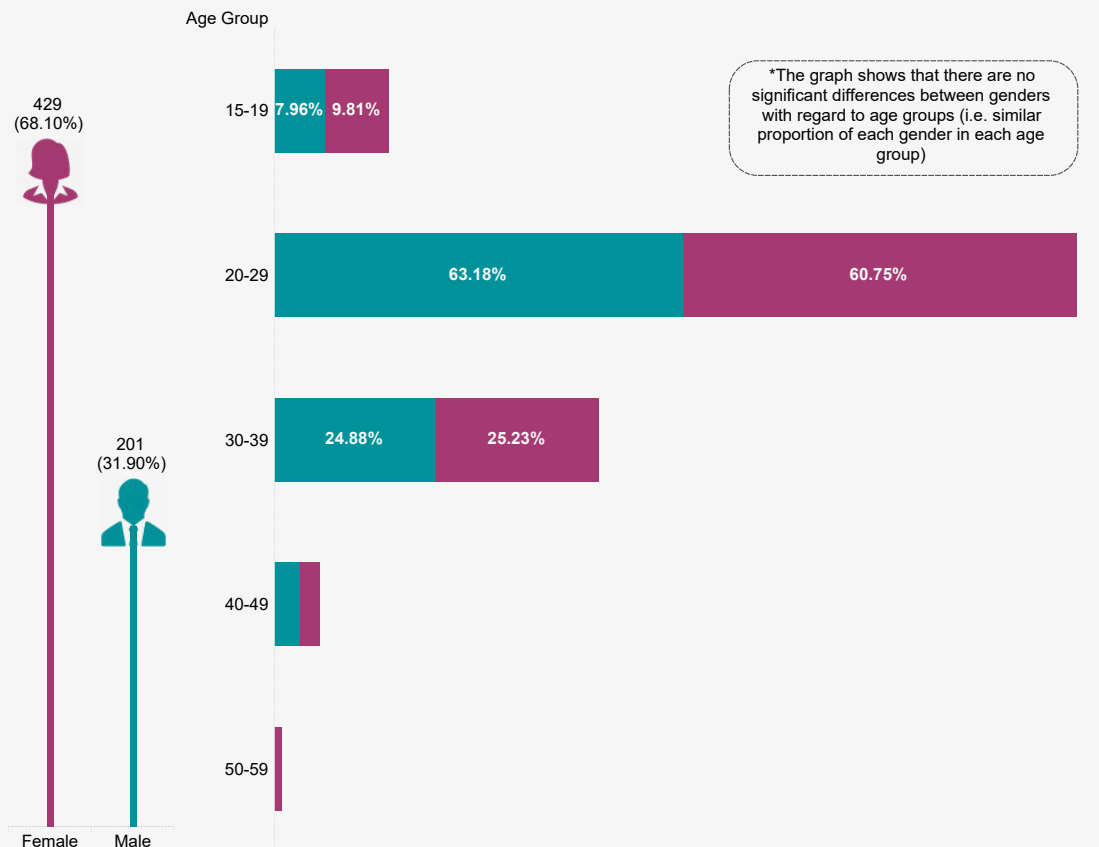
It mainly consists of four stages; awareness of a product, considering a product by researching it online, conversion (which is deciding upon where and when to buy a product), and finally, the fourth stage being the evaluation after fulfilling the purchase.

In this research, respondents were asked to describe what best fits their behavior when considering purchasing an item, what drives them to purchase online or in a brick-and-mortar store, and the factors that influence their decision-making process during their most recent transaction at each of the four stages.

## The Iraqi Online Consumer's Portfolio

Consumers undergo changes in their shopping behavior with each purchase, and businesses need to take these changes into account by becoming more flexible when targeting their audience. One of the most important factors that keep changing in the online shopping landscape is age. According to the responses of our online survey, it appears that around 61.43% and 25.08% of respondents make up the 20-29 and 30-39 year old cohorts, respectively, revealing that millennials (individuals born between 1982-1996) and Generation Z (individuals born between 1997-2012) are taking up the majority of the online consumer population in Iraq. However, most respondents to our survey were females (68.1%), which did not affect the equal contribution of both genders when divided based on age groups.

### Age Distribution by Gender

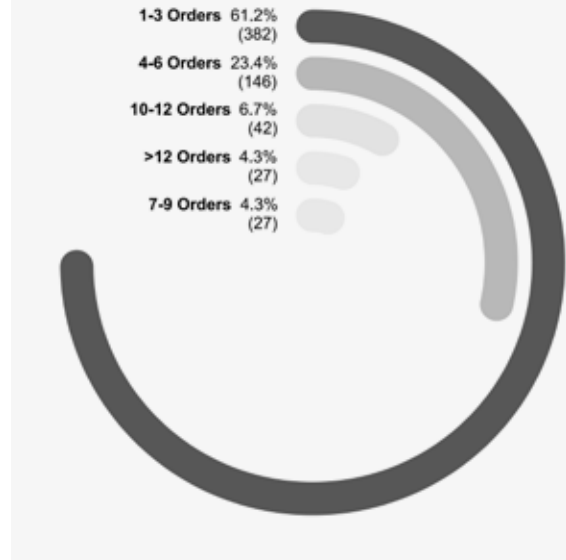


## The Trend of Online Shopping: Frequency and Expenditure

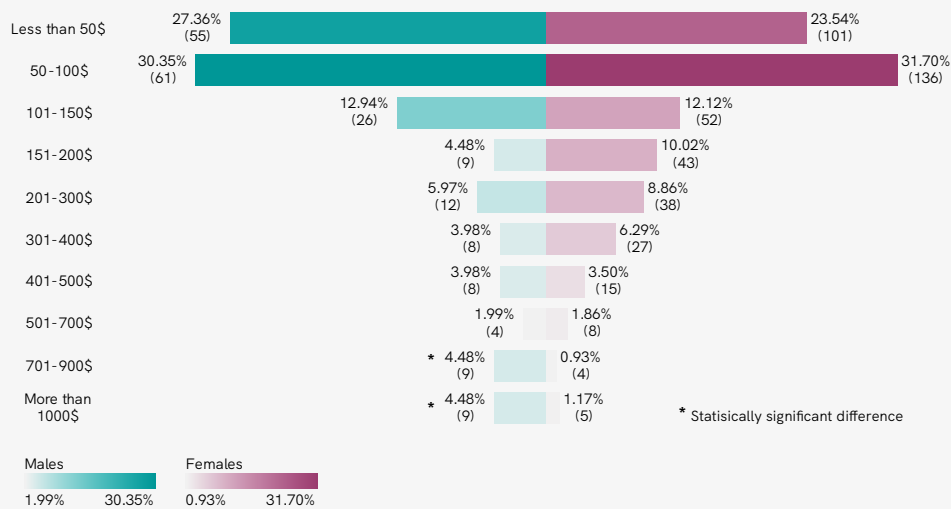
The Iraqi e-commerce market is proliferating, with expected revenue of 3.815 billion US dollars in 2021 and a projected market volume of 5.6 billion US dollars by 2025 (Statista, 2021). Most of our respondents (61.2%) said they had placed at least one order in the past three months, and 23.4% said they had placed 4-6 orders in the same timeframe.

When doing a gender-based subanalysis, we found a significant difference between men and women who placed 1-3 orders in the past three months. more men placed 1-3 orders than women (72.22% vs. 56.1%).

Number of Orders in 3-Month Period



Estimated Expenditure on Orders in 3-Month Period by Gender



The global consumer report showed that, on average, men tend to spend more per purchase than women (\$220 vs \$151), despite their similar frequencies, as stated in KPMG’s 2017 report “The Truth About the Online Consumer”. In our sample, the majority of men had a lower order frequency than women but they tend to spend more than women as evidenced by the difference in the \$701 and above groups.

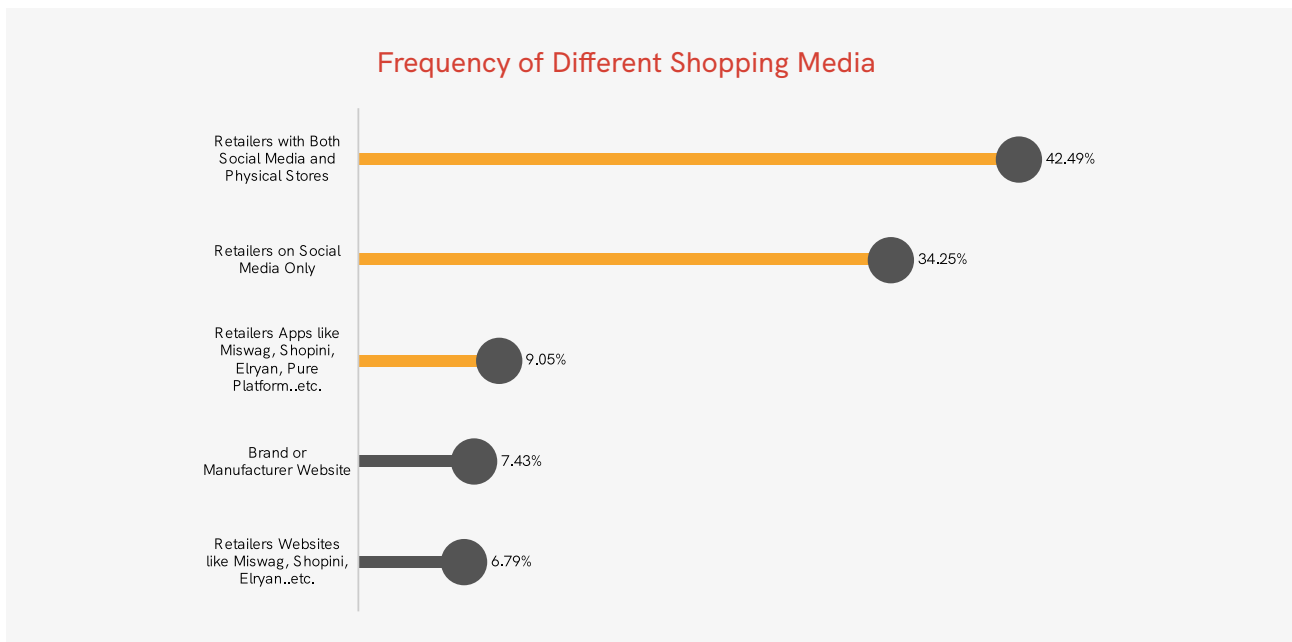
This information could indicate that the items purchased by men tend to be of higher value, such as electronics, whereas women tend to spend their money on lower value items such as clothing and cosmetics, as can be seen in later results.



## E-tailer: Where, How, and Why

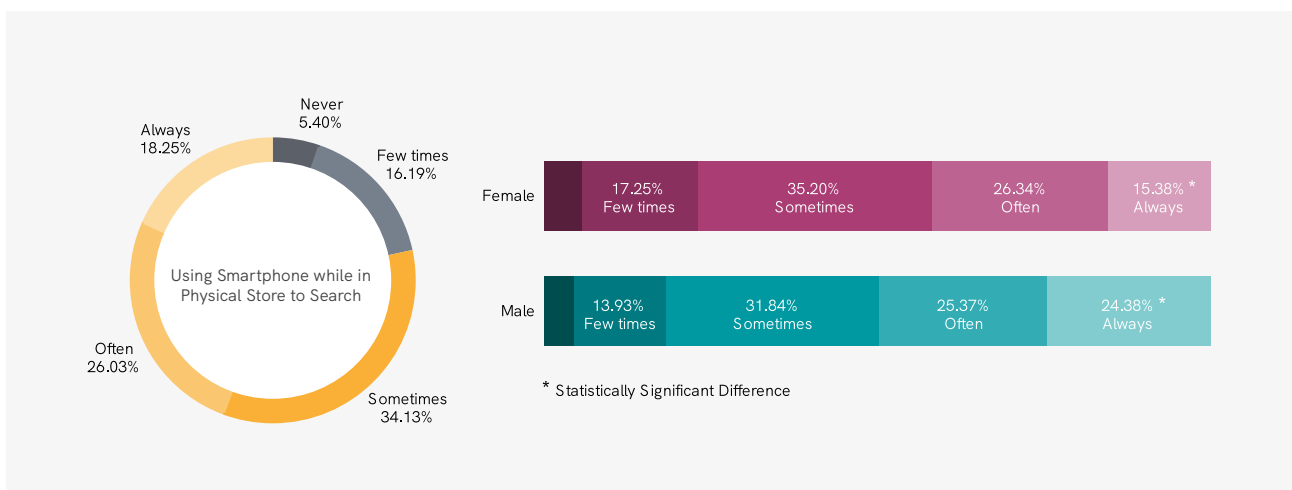
In this section we inquired about where respondents preferred to shop, the means they used for searching products, the frequency of smartphone usage specifically, and for what reason. Retailers with a physical store presence have the upper hand when it comes to first purchase, as 50% of shoppers prefer buying through a retailer than a marketplace (Shopper-First Retailing, 2018).

When asked where items were purchased, the majority of respondents (42.49%) said they made their purchases from retailers having a brick-and-mortar store as well as an online shop, while around 34% said they ordered from retailers exclusively on social media (i.e. having no brick-and-mortar store).



When asked specifically about using smartphones to search online for a product they found in a brick-and-mortar store, the answers illustrated that the majority of respondents do, in fact, use their smartphones to search for a product

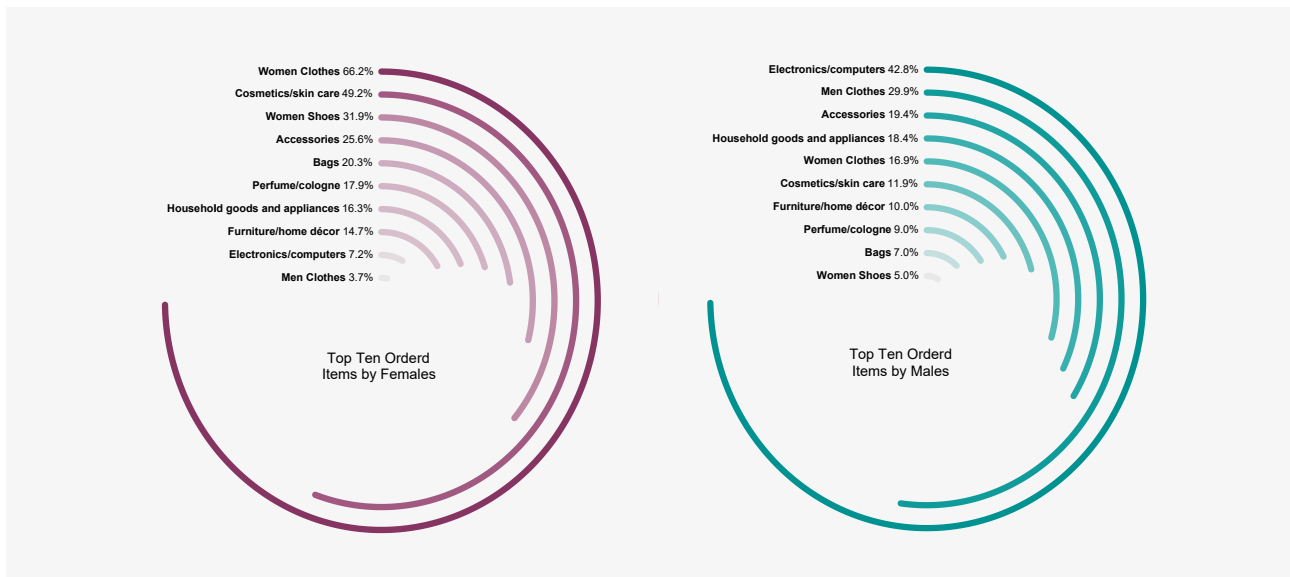
online, albeit they vary in frequency. The largest percentage answered "sometimes" (34.13%), with an overall view of men using their phones while shopping more than women.



## Online Products: What is on the Iraqi Shopping List?

The average Iraqi spends 60,000 IQD of their monthly income on clothing and footwear as previously reported in KAPITA's Overview on the Expenditure of the Iraqi Household. Overall, women-related products were the most common items chosen, with 83.12% buying women's

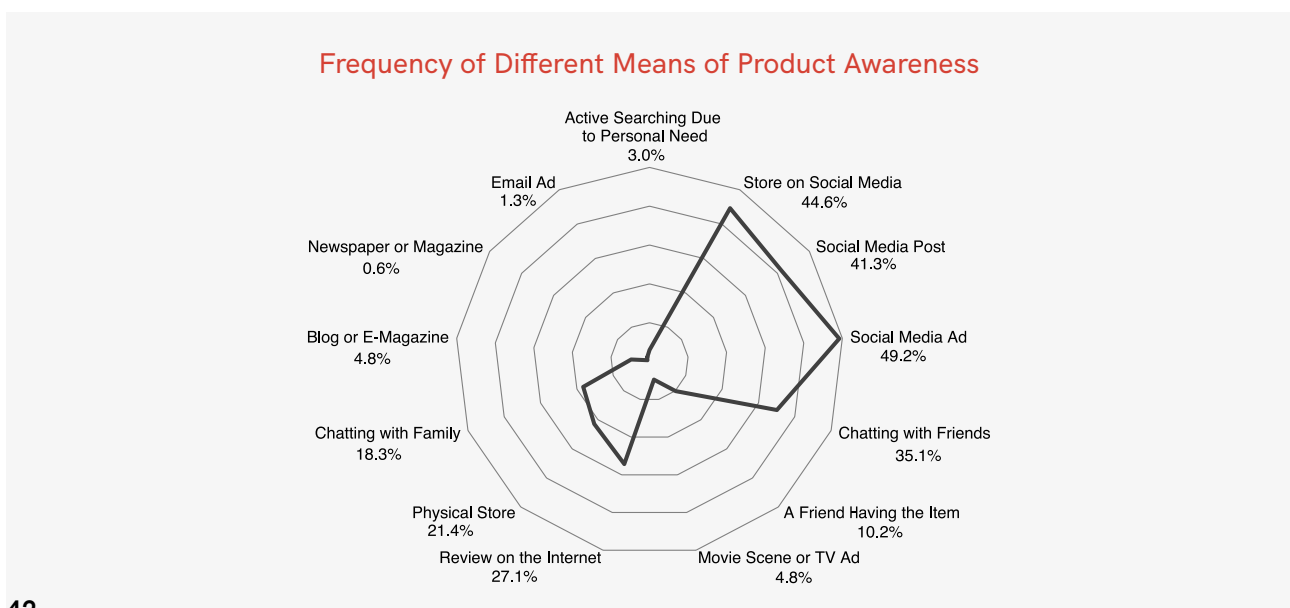
clothes, and 61.12% purchasing skincare products and cosmetics. Further analysis showed that the top three items purchased by women were: women's clothes (66.20%), cosmetics and skincare (49.18%), and women's shoes (31.93%). Whereas the top three purchased items by men were: electronics and computers (42.79%), men's clothes (29.85%), and men's shoes (19.40%).



## Purchasing Journey

The purchasing journey consists of four stages; awareness of a product, considering purchasing the product, making a purchasing decision, and providing feedback on the product, all of which we expanded upon in our full research. Regarding Iraqi buyers' awareness of a product,

online advertisements, the seller's online page, and social media platforms were the three most prevalent means for sellers to spread awareness regarding a project. Respondents have agreed that talking to a friend (35.1%), or family member (18.3%), or seeing a friend own the product (10.2%) gets them acquainted with products, thus perhaps interested in purchasing them.



After getting acquainted with a product, 64% of respondents said that they searched for online reviews of products, 40% of our respondents said that they discussed the product with a friend or a family member, while 38% said they visited the manufacturer's website.

When sub-analyzing by gender, we found women (46.39%) more in favor of chatting with friends/family and men more in favor of checking the company's website (50.75%).

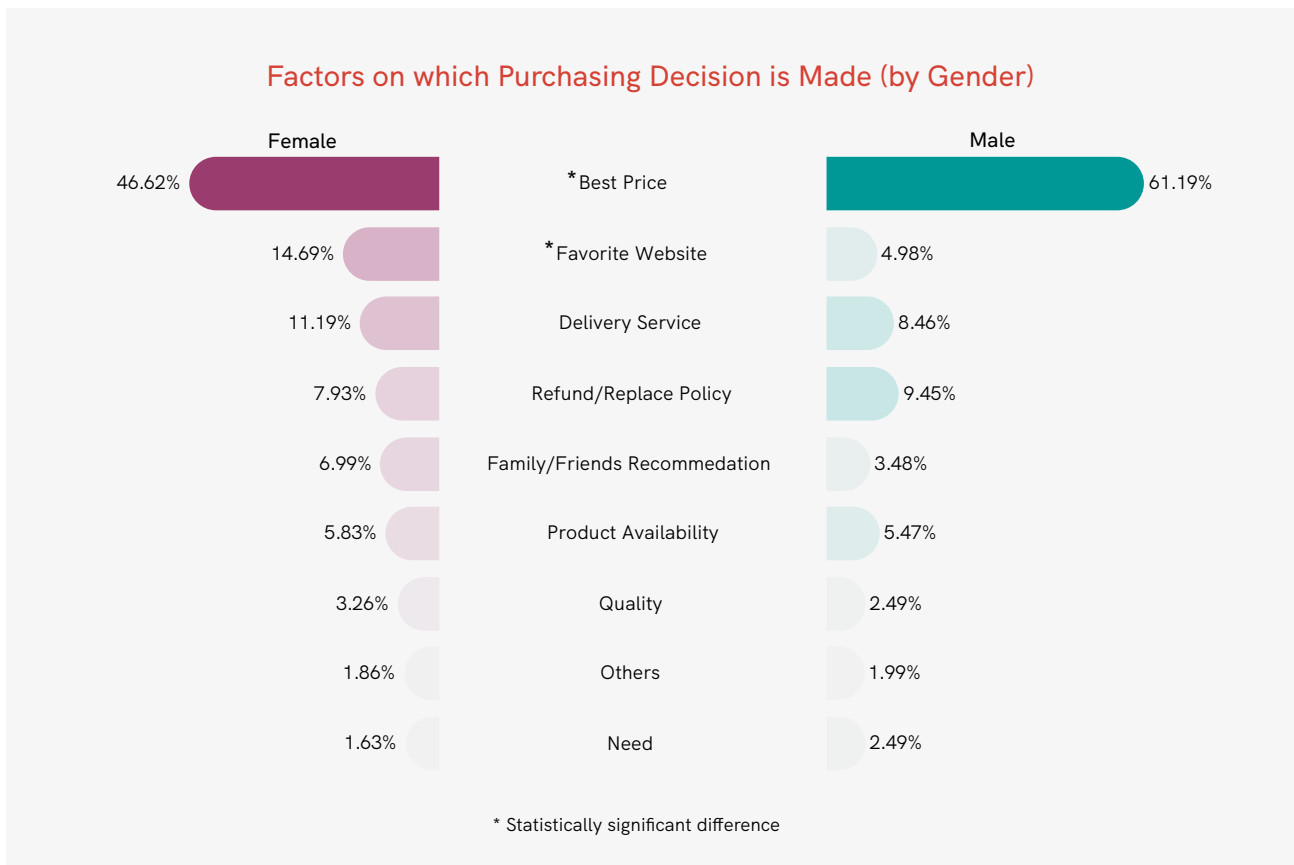


Getting the best price for an item is the most determining factor for 51.27% of our respondents, followed by website preference (11.59%), and having the best delivery service (10.32%).

The return policy was very important to 8% of our respondents. A convenient delivery service (11.19%) was a shared third reason in both men and women for choosing a specific retailer.

Especially after the COVID pandemic, delivery of products increased in importance, alongside product availability. Based on the future shopper report, the average waiting period for a delivery to arrive is 2.61 days.

Younger generations are more likely to care about faster delivery and would prefer a same-day delivery. Older generations however stated "free delivery" as a preference.



## Conclusion

The introduction of the internet had a major influence on the reshaping of the shopping experience. The conversion from purely in-store shopping to a combination of in-store and online shopping has opened room for discovering the habits of shoppers and their preferences. With our respondents, the convenience of an online shopping experience, along with the 24/7 availability have been the main driving factors for going online.

In-store shopping still appeals to consumers as most respondents still feel the need to check the products themselves and interact with the seller to verify authenticity, in addition to delivery and return policy concerns and inconveniences.

Overall, the Iraqi consumer fits the global profile of an online shopper in many aspects. Moreover, the Iraqi online shopper is still on a learning curve as the Iraqi market is still nascent, and in need of better infrastructure to support online shopping.

To Find Out More About This Research  
Visit Kapita's Website

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Interview

## **Mr. Michel Rentenaar**

# The Ambassador of the Kingdom of the Netherlands in Iraq

The Kingdom of the Netherlands, through its embassy and partners, has been a vital player and contributor to the development and stability of Iraq and has been supporting the growth of the private sector, agriculture in particular, and the Iraqi startup ecosystem.

Business LANDSCAPE, had the pleasure to meet his excellency, Mr. Michel Rentenaar, the Ambassador of the Kingdom of the Netherlands in Iraq, who discussed with us the projects of the Netherland in Iraq, the main areas of focus, the challenges, the potential of the Iraqi agriculture sector, the significant impact of the Orange Corners programme, and what potential he sees in the Iraqi youth.

## **Why is it important to the Kingdom of the Netherlands to contribute to building a stable prosperous Iraq?**

Often people think Iraq is a country far away from the Netherlands, which we think is not true, we have many common interests and we feel that Iraq is a neighboring country to Europe. In fact, it is bordered by Turkey which is a NATO ally. Currently, the Iraqi economy is in a fragile state, the country depends heavily on oil and gas, which is problematic as these are very volatile sources of income, especially with the price constantly going up and down while the world is moving away from all these sources of fossil fuels and going into cleaner alternative sources of energy. Another issue is that the public sector is very bloated, yet, it is constantly growing, opposite to a very limited alternative in the private sector, together with a young and growing demographic. There is also a lack of investment in critical infrastructure and education. Moreover, corruption is still a major problem.

What we focus on is mainly a reform agenda of the government, and we hope that the new government will move the agenda forward. This is constantly what we are pushing for since we feel that these reforms are essential to provide actual perspectives for young people.

However, we also think that Iraq has a positive side of the story in the sense that it offers so many opportunities. Iraq has considerable economic potential, abundant national resources, a very young population, and a big underdeveloped market. All of these challenges and difficulties that the Iraqi government experiences can be addressed with the reforms and the strong commitment of Iraqis to build a better, safer, and brighter future for the country.

## **What are the main pillars that the Netherlands focuses on strengthening in Iraq? And why those in particular?**

A couple of certain themes are very important to both Iraq and the Netherlands. We have four main pillars of focus, first of all, is security, when it is safe for you, it is safe for us. The second is migration, if young people emigrate from Iraq, that would be very unfortunate for Iraq as it will lose its young potentials. Human rights also play a very big role and that is the third pillar that we focus on, when people feel safe, they tend to invest in their own country. And finally, the most important pillar is creating job opportunities. A country like Iraq has a young population with around 70% of the population below 30 years old. We need to provide the youth with hope, perspective, and employment opportunities for them to contribute to the prosperity of their country and feel secure enough to work and invest back in their homeland.

If we do not give some sort of hope and perspective to those young people, then they have only bad choices left, either they will migrate out of the country, or they might be a target for terrorist groups to recruit.

## **What are the projects and initiatives that the Netherlands has in Iraq? And how are they promoting the growth of the Iraqi private sector?**

We do that through multiple approaches and projects, for example, “knowledge to knowledge”: promoting knowledge transfers in which the Netherlands shares its expertise with Iraq. For example, Iraqi universities trying to increase their knowledge about how to do actual agricultural business are then supported by Dutch experts on how to improve their teaching. Sometimes it is business to business.

Promoting the growth of the private sector is embedded in all the four pillars that we focus on; security, human rights, migration, and work & income. We always try to look through the lens of creating job opportunities regardless of the theme and sector of the project. For instance, if we are supplying aid to internally-displaced people (IDPs) somewhere, then we will try to execute that



in a place where it also creates jobs. If we support demining activities, which is a security interest, we try to do it in a place where we will be able to have agricultural production in the same area. Supporting the development of the private sector is always in the back of our minds, integrated with all these activities and projects that we try to implement.

### **How is the Orange Corners programme contributing to the empowerment of the youth, entrepreneurs, and startups, and developing the entrepreneurial scene in Iraq?**

Orange Corners is a six months incubation programme, where we support 20 young male and female entrepreneurs with training, business development, and masterclasses so they can start their own businesses. We also try to connect them to potential investors so they will have a chance to actually attract investment. We are very proud that it is an initiative from the Dutch Embassy, implemented by KAPITA Business Hub, with the support of Asiacell. Every time I attend a new cohort whether just started or just graduated, I am so impressed with the amount of enthusiasm, seeing that the youths are fighting against the big challenges in all sorts of fields like agribusiness, food manufacturing, tech, e-commerce, or any other sector. The training sessions, business development support, the masterclasses, and the events that KAPITA organizes are all offering a positive and encouraging environment for people who do want to make a difference.

I think the Orange Corners has a great potential to work on reforms from the bottom up.

### **What are the most challenging obstacles that you face in promoting the participation of youth in the private sector?**

There are many: for example, security is one of the large problems of Iraq not just in the terms of physical security, but also contract security. We are very aware of this challenge. Sometimes when

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**If we provide the young people with the opportunities and the tools, such as with the Orange Corner programme, or with knowledge and technology transfer, they will be able to overcome the obstacles.**

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I speak to the youth, they often say it is not what you know in Iraq, but it is who you know. Iraq is a network type of society. Which is difficult for us, as outside actors, to influence. But we feel strongly that if we provide the young people with the opportunities and the tools, such as with the Orange Corner programme, or with knowledge and technology transfer, that they will be able to overcome those obstacles.

### **Can you tell us more about the Nuffic programme in Iraq, and what they are trying to achieve in Iraq?**

Nuffic is a very big educational organization in the Netherlands. It is connected to many different universities in the Netherlands, and we link those universities to a string of universities in Iraq. In order to help them increase the quality of their programs, and share the knowledge about the kinds of educational programs that exist in the Netherlands. At the same time, we also have lots of exchange programs and we provide training opportunities to young Iraqis but also to professionals to increase their skills and knowledge. Our Nuffic programme was not very focused on particular areas in the beginning but now our scholarships and exchange programs are more focused on what we do best, which is agriculture and water management.

## **What are the main challenges you encounter when implementing projects in Iraq?**

Iraq is still one of the lowest-ranked countries on the Ease of Doing Business Index. It is still very difficult to start a business, get credit, trade across borders, and enforce contracts. We have, together with KAPITA, published a report titled "The Roadmap to Start-up", which signals all the red tape startups face when setting up a business and advises on how to deal with it. It will take many years to build a practical, viable private sector in Iraq. But in the meantime, it is important to work together and demonstrate that even in a difficult context, the young generation is able to set up and operate businesses and that the Iraqi private sector and the ecosystem are progressing gradually. We also hope that the graduates of Orange Corners can lead by example, and show to their peers that it is possible to build the future in Iraq. There is a complicated past in Iraq. We are well aware of the challenges of today, but we also like to focus very much on the hopes and the potential of the future.

## **Why the agriculture sector and food manufacturing are the main fields of interest for the Netherlands in Iraq? What are the potentials of those fields?**

The Netherlands is the second-largest agricultural exporter in the world. Therefore, agriculture is a sector that we are very involved in and we have excellent expertise to share with Iraq. We also think the agriculture sector provides major employment potential for Iraq, decreasing the food dependency, diversifying the economy, and moving away from the reliance on the traditional hydrocarbon sector. Historically, Iraq has a very rich agricultural sector, which needs to be revitalized. We have the knowledge, expertise, and investments to offer in sustainable agriculture, agribusiness, and food innovations. We do this by trying to focus on knowledge transfers, innovation projects, and business-to-business operations. We already have many projects in this respect in Iraq.

Our prime focus is mostly on the agricultural value chain, which will increase the competitiveness of Iraq's agricultural production, boost rural employment and employment in sectors connected to agriculture, like transportation and food processing, and reduce the demand for food imports. We aim to achieve that through developing different parts of the agriculture value chain. For instance, Iraqi farmers can also make potato chips and fries and sell them in the Iraqi market instead of just producing potatoes, in turn generating more revenue and creating more employment opportunities. So it is basically from the field to the consumer and all of it is made in Iraq.

## **What are the latest developments achieved in these domains in Iraq through the efforts of the Netherlands?**

We have a very broad and diverse portfolio where we are focusing on security, work and income, human rights protection, and inclusion of socioeconomic autonomy of refugees and internally-displaced people (IDPs). All of that is a portfolio within which we have a focus on the agriculture sector. We do this in many different fields, wherever the opportunities arise, where we can transfer knowledge and create job opportunities. For example, 99% of seed potatoes in Iraq come from the Netherlands, so we focus on that and also on importing cows and goats. We have a project to grow cherry tomatoes, and other projects to help build greenhouses for cultivating cucumbers or tomatoes, to increase the level of production.

## **Who do you think are the main actors that should be more involved in the development of agriculture?**

I believe the development of agriculture in Iraq can take place through business to business, however, it is often difficult to convince Dutch agricultural businesses to work with Iraq due to the dangerous image they perceive of the country. There are security problems in the country but there are also huge potentials.

The best thing that we can do as a foreign embassy is to give a little bit of a head start, to show people the way and the possibilities of businesses and corporations in the agricultural sector. Then after establishing the connection between Dutch and Iraqi businesses, it will bloom on its own due to the mutual interests. This has already happened quite a lot in the Kurdistan region where the security is better and local regulations foster investment opportunities. Certainly, my aim as an ambassador in Iraq is to roll out some of those activities to other parts of Iraq, and we have started doing that.

For instance, in Ninewa, where a big part of our programs is focused, we have started doing some community farming projects. We are implementing those community farming projects in the South as well, but different problems are experienced in that region, especially with climate change. Hence, we focus on climate-smart agriculture and try to teach farmers how to grow crops despite the high salinity levels of soil even if the salinity goes up very much, which is a problem in the south.

### **Do you think that businesses from the Netherlands started to think about going into the central and southern regions of Iraq? And what is the one thing that the private sector should do to attract more Dutch businesses?**

Yes, it started happening with a small group of Europeans and some Dutch businesses that are willing to take bigger risks than others. It is clearly much easier for a Dutch farmer to do business with Luxembourg, Belgium, or Germany. Therefore, we need to attract them to Iraq by explaining the huge opportunities in the country, where there is a young population, enormous landmass, agriculture suitable weather, and many possibilities.

Then we try to help them in steering through the challenges that we mentioned earlier. I tried to do that with my staff by identifying where there is a possibility to deal with groups of farmers,

and how to stay away from the more unreliable corrupt companies, to show Dutch farmers that it is possible to actually go into many areas of Iraq. Certainly, there are particular areas in Iraq where there are more instability and security issues. But we are trying to change the bad image of the country.

The private sector should be willing to do business with foreigners, help them navigate their way in Iraq and how to overcome its challenges, connect them to the right people, and help them build relations with the true movers in Iraq who are not a part of the corrupt structure.

### **How is the Netherlands supporting the rehabilitation of Ninewa and the other recovering conflict areas?**

Ninewa has attracted the focus of many foreign donors and many funds especially in areas that were affected severely by the conflict and violence. Many of those funds are focused on the past, such as humanitarian and development funds going into IDP camps, in terms of education, health, and basic services. What we are trying to do is to move away from the form of emergency aid that it was a couple of years ago into job creation. One example is the project with ECO Consult, where we have started four community farming projects in the region.

We try to be inclusive and have those projects touch on different segments of society. Moreover, we fund demining projects, refocusing them in areas where they create agricultural possibilities. But sometimes the politics are difficult, there is still an unsolved political situation in some areas and people are not coming back partly because of the politics but also due to the lack of jobs.

It is like a chicken and an egg question, do we start with fixing the politics which we cannot as outsiders as it requires an internal-based Iraqi solution, or do we create jobs that will improve the conditions for return. It is a complicated situation where I believe there should be work on both ends of the dilemma.

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**When I talk to the youth, I see an enormous thirst for creating a different kind of Iraq in all different aspects whether economic, political, or social.**

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**Are there any projects or interests from the Embassy of the Netherlands in supporting Iraqi women and women entrepreneurs in particular?**

Yes, absolutely. Female labor participation in Iraq is, unfortunately, very low, accounting for approximately 12%, which is the third-lowest in the world. The structural constraints are very acute. Thus, we tried to shift the private sector, focus on education, skill development, and strengthening specific female labor force participation.

We think women’s employment is a key factor in all of our programs. We also tried to set clear targets for women’s participation in our programs. KAPITA, for instance, has a strong focus on women’s participation in Orange Corners. In addition, we feel that gender equality can be increased through achieving socio-economic equalities. It is important to ensure that women are supported and included, and we are committed to doing that.

**We would like to know about your personal experience in Iraq? How do you perceive the situation in general?**

I came to Iraq a year and a half ago. Many people from the Netherlands, when I was sent out to Iraq, thought that I got into a very difficult situation. In fact, I did not feel like that at all. Nevertheless, I am very familiar and aware of all the challenges that exist, but I am a person who wants to focus on the full half of the glass while acknowledging the existence of the empty half. One of the things that gives me a lot of energy is always dealing with young people.

When I talk to the youth, I see an enormous thirst for creating a different kind of Iraq in all different aspects whether economic, political, or social. The young people are fed up with the system, they want to build a new place, a new reality. I think Iraq has enormous potential economically and politically. It is the cradle of the first civilization on earth. This gives me the motivation every day to continue to work on this.

As I arrived, I felt like I was a fish in the water, as they say, I am in the right place to try to make a difference.

**What is the most interesting thing you have witnessed during your time in Iraq?**

It is the drive and perseverance of the young people struggling against the current and not willing to just give up. As a small anecdotal example, at one point, I was in an IDP camp, and I was talking to a 16 years old girl there.

She basically told me, in pretty good English “Well, I do not know about you, grownups, whenever you are going to figure out this whole return issue, but my future starts right now.” That kind of energy is exactly what makes me wake up every morning, what makes me want to work in a country like Iraq, against all the challenges, and to try to make a positive impact.

**The Netherlands Embassy has successfully established a great connection with the Iraqi community through social media and other channels. How did you find that reflects on the ease**

**of your work in Iraq and building strong influence or impact on the society and businesses in Iraq?**

Social Media is a tricky thing. Certainly, as a foreign diplomat, you have to be careful what you write on Twitter or Facebook. You cannot please everyone, that is clear. But we try to show, as much as possible, what we have to offer and constantly reinvigorate and reconfirm the image that we are neighbors.

When you treat your neighbors well, the relationship is better for both. We are a trading country, therefore, we support all those business-to-business contexts.

We feel that there is a big chance for Dutch and Iraqi companies to work and make a profit together and that there is a better future, away from the present challenges that we have discussed.

Together with that strong trade portfolio, where we focus on the agriculture or energy sector, we try to look for the economic potential where both neighbors work well.

**In the end, we would love to know if you have any favorite Iraqi dishes?**

I quite love the Iraqi food. I am a Dutchman, I come from a fishing nation, so Masgouf is one of my favorite dishes but Dolma is fantastic as well. The bread is also amazing here, even though I am from a bread country.





Interview

## Ahmed Al-Kiremeli Co-founder and CEO, Orisdi

Ahmed Al-Kiremeli is the co-founder and CEO of Orisdi, an Iraqi leading e-commerce platform that was founded in February 2019 and launched in May 2019, and since has been providing the Iraqi consumer with an exceptional experience and conquering the market challenges to pave the way in the e-commerce domain.

Orisdi has recently signed a 6-figure deal with Al-Sharqiya Group in July 2021 that involves a strategic partnership. Mr. Ahmed told Business LANDSCAPE about his entrepreneurship roots, the motivation behind establishing Orisdi, Orisdi's successful multiple investment rounds, and the importance of the accessible investment opportunities for the e-commerce market and the digital transformation of the economy.

## **We would love to know more about you, your background, and your passion for entrepreneurship?**

I have started several businesses before in various sectors, both online and offline, such as video gaming, movies ratings, restaurants, kids playgrounds, stationery, sports coaching, and an online mentoring business focused on business development, digital marketing, efficiency and scaling. I was also a professional athlete, Iraq's number one champion in Squash for over 7 years, played for the national team for over 10 years and my best world's ranking is 236. Moreover, I have written a book, *The Efficientpreneur: A Practical Guide to Transition from Employee to Efficient Entrepreneur*, which hit a number one bestseller on six Amazon stores in the first week of its launch making it a number one international bestseller.

Before I started my Orisdi venture, I used to coach startups and entrepreneurs to help them build, grow and scale their businesses. I saw that e-commerce will be the future and will revolutionize the way we shop as the consumer habits are changing, and most of the retail stores are doomed to close and operate online instead unless they have some kind of special experience. This trend has already happened in the United States 10-15 years ago and is happening in the United Arab Emirates and other countries in the last few years and it will carry on to Iraq. I saw this as a great opportunity to seize. I started my research and worked on a strategy to enter the Iraqi market. We started working on Orisdi in February 2019 and then we launched the website in May of that year; we have been around for 2 years and a half.

## **What motivated you to enter the e-commerce domain and establish Orisdi?**

E-commerce is usually one of the first steps of digital transformation in any country. It might be an established field in other countries that have been through a major digital transformation.

However, in Iraq, the tech ecosystem is taking its first steps. Generic e-commerce platforms pave the path in that regard then they move on to niche e-commerce that focuses on certain types of product categories. For example, in the United States, Amazon is dominant when it comes to generic e-commerce, so other e-commerce platforms are more focused on niche categories. After that, the tech ecosystem will move on to other domains such as food delivery and last-mile delivery.

Then the ecosystem will tackle other fields like big data, cloud computing, analytics, fintech, health tech, artificial intelligence and machine learning, virtual reality and augmented reality, and blockchain. Delivered in various business models like software as a service (SaaS), platform as a service (PaaS), and Infrastructure as service (IaaS).

## **What are the main categories of products that Orisdi focuses on and why?**

We focus on an array of categories but our main categories are health and beauty (perfumes & makeup), home appliances, electronics, and stationery. We also have other categories, like toys, games, cleaning supplies, and hardware tools. We are considering focusing on certain categories as it differentiates the e-commerce platform from other competitors, accelerates its growth, and helps overcome some challenges such as raising capital as the more focused the platform is the less capital you need.

## **How can we address the lack of accessibility of funding and investment?**

When we started Orisdi, we had the vision to be the Iraqi version of Amazon from the beginning. To achieve that, a lot of capital is needed. It took Amazon about 14 years of losses to break even and they raised billions of dollars in the process to be able to get to that level.



Tech startups usually start with no profits in mind but the goal is to take over the market share, dominate it and then start to generate profit. This process needs a lot of funding, which is something that all startups in Iraq are struggling with. The Iraqi ecosystem is still novel especially in the tech sector and the existing investors still adopt the merchant mentality when it comes to investing in tech startups which is not ideal.

Most startups start with losses, and that is also true for e-commerce, in fact sometimes, e-commerce incurs more losses than other startups because you are dealing with physical products and that requires more staff and heavier operations. This is a big challenge that we, and many other Iraqi startups, encounter.

Currently, the situation is better than it was two years ago. There are several accelerators, incubators, co-working spaces, and grants offered by NGOs and agencies, like GIZ with partnerships with KAPITA. There is a development in the ecosystem in general, it is a gradual process yet it is still developing at a slower pace in Iraq in comparison with other countries in the region like the GCC countries or Egypt. Specifically in the high capital incentive startups, like e-commerce. However, if a startup does not need a lot of capital, the support that it can obtain is much better than two years ago.

It is a development process, yet it needs to pick up the pace a little bit. There must be more funds that can help accelerate this process, much like the Iraqi Angel Investors Network by KAPITA. This was a very big and vital step that helped a lot of startups. However, the funds are still not large enough, and it mainly comprises angel investors, so their ticket size is usually small. But that is part of the process, it starts with smaller funds and then expands to bigger funds. A trust should be established for foreign investors, the regulations should be amended to facilitate easier investments. For example, the law that was passed in late 2019 that states that a foreign investor must not invest more than 49% in an Iraqi company is diminishing the opportunities of foreign investments in Iraq.

Furthermore, the current investment funds should create joint ventures with venture capitalists in the MENA region. We have contacted some of them and we found out that Iraq is usually outside of their scope of work in terms of geography. Funds should help facilitate their insertion into the Iraqi market. The present and the future are all embedded in tech. Most of the brick-and-mortar shops will start losing their market share. This trend has been going on for the past 15 years around the world. The pandemic accelerated that phenomenon, as it made people realize the transition from brick-and-mortar to online models is happening regardless of how much you would like to resist it.

### **How did Orisdi secure its recent investment rounds?**

In late 2020 we had a bridge round with three investors; Bassam Falah from Innovest VC, Omar Al Handal from Al Handal International Group, and Amar Shubar from Management Partners.

Recently, we had a six-figure deal with Al-Sharqiya Group, it is a strategic partnership. We are trying to achieve something similar to the joint venture that was formed between the MBC Group and Anghami, which is one of the factors that helped Anghami scale faster and access the New York Stock Exchange. It is an experiment, with a hopeful positive impact on the development of Orisdi. However, we have not launched any commercials or marketing campaigns yet, it is expected to be launched at the end of the year.

### **What role did the Iraqi Angel Investors Network play in facilitating Orisdi's recent investment?**

The Iraqi Angel Investors Network (IAIN) played a pivotal role by providing us with a pitch day for a group of investors, amongst them was Al-Sharqiya Group. We were already in talks with Al-Sharqiya Group before that but the pitch day helped us to solidify the trust between us and move the process faster to the next level.

They also helped us afterward with the PR and the grants that came as a result of the deal with Al-Sharqiya Group.

The Iraqi Angel Investors Network provided us with a breakthrough in regards to networking with investors that have an interest in the Iraqi market. Thus, helping some startups to launch their prototypes with this support being available.

I am sure this is only the start and it will be followed by larger funds that develop the ecosystem in Iraq. Much like what is currently happening in Egypt and Pakistan. Both countries have accelerated their tech ecosystem, the number of startups, and funding deals in the past few years. It is just a matter of time until Iraq follows in their footsteps, but we need to develop the ecosystem faster with the support of more funds, the private sector, and hopefully the government.

The government and the private sector need to realize that there are no walls or obstacles in the internet era like it used to be before, the playing field is flat, any Iraqi regardless of his age or gender from his room in Iraq can compete with anyone in Silicon Valley or anywhere in the world thanks to the internet, that's a huge advantage for countries with big human capital like Iraq that the government and the private sector needs to capitalize on.

Usually, the first startups that emerge in the ecosystem are the ones that encounter the most challenges because they are the pioneers of change. However, those challenges will help out the whole ecosystem moving forward. We at Orisdi are proud to pave the way for the next entrepreneurs and startups to operate in the Iraqi market.

**What are the most hindering factors that stand in the way of e-commerce growth in Iraq?**

The market is very fragmented and it is mostly made of brick-and-mortar stores. The distributors are not very professional when dealing with proper inventory management systems. When it comes to payment, most people purchase items using the cash-on-delivery method due to the lack of trust, which may cause faulty transactions. Moreover, the logistics of the shipment processes, especially shipments to cities other than Baghdad are not properly tracked. While most of the last mile delivery companies are used to subcontracting drivers, there is no tracking and they do not have their own delivery trucks to the other cities to deliver the shipments directly to the customers. These are outdated methods that cripple the customer experience and the operations of e-commerce platforms.

The biggest challenge that might be the cause of all the other challenges is funding. Proper funding with the right valuations will resolve all the other challenges or at least mitigate them. The investments that are already happening are sufficient to a certain degree, yet they are still not sufficient enough for the growth of e-commerce to achieve the vision that we have in mind with the time frame that we want or the customer experience that we wish to offer. However, it is a process, I am sure the funding will be better moving forward.

**How is the lack of fintech and e-payment methods affecting the operations of e-commerce in general and Orisdi in particular? What initiatives should be taken to further promote the cashless culture?**

It is an adaptation process, which is to start with the responsibility of both the government and banks then as result the businesses and consumers adaptation will follow gradually. We could look at Souq.com as an example. When they first started, it took time for people to have enough trust to use e-payment methods. The consumer should feel safe purchasing through credit/debit cards. In addition, the number of

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**Proper funding with the right valuations will resolve all the other challenges or at least mitigate them.**

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credit/debit cards has been increasing in Iraq in the past few years. This provides a fertile ground for people to purchase using e-payment methods. On the other hand, there are disputes on online purchases, which creates a challenge to overcome. Yet, again, trust and online purchases are growing side by side. I believe it is a matter of time that Iraq will catch up to the rest of the world in this regard.

### **What role is e-commerce playing to promote the digital transformation of the economy?**

E-commerce plays a very big role in promoting digital transformation in any economy. E-commerce marketplaces and online stores have been more organized and adapting quickly to the disruptive changes since the start of the pandemic which is creating a culture of trust between the consumers and the businesses. The services are improving, which consequently improves the customer experience, leading to higher customer satisfaction. The customers are also adapting to this change and they are now able to order goods online through e-commerce platforms instead of sending the photos of products to merchants to order through social media channels. These changes are creating a large-scale digital transformation, which in turn is affecting many lanes including the marketing strategies, branding methods, logistics, transportations, and e-payments.

### **What makes Orisdi stand out from the rest of the players in the e-commerce sector?**

Our brand is well-known. We have a strong marketing process and a low cost but effective customer acquisition. Our prices are competitive in most categories. We only deal with verified brands and merchants and we do not deal with counterfeit products. We were the first e-commerce company to offer 48 hours return or exchange for the products without any shipping costs, this allowed the customers to have more trust when purchasing from Orisdi. In addition, we managed to take marketing and branding to a new level in the ecosystem. When we started, we focused extensively on our brand identity, which led other players to adopt some of our branding and marketing methods. Our main focus is the customer experience. We were the pioneers in the Iraqi e-commerce sector when it came to that concept. Our whole branding, marketing, and positioning are based on that concept, to create an exceptional customer experience. Furthermore, we have a large stock of a wide range of products and items in many different categories, amounting to over 37,000 SKUs.

### **Does Orisdi see that there is space for more competition from local, regional, and international players?**

We are sure there will be more competition in the near future. There are already new players that have infiltrated the market and left because the market was too difficult for them to operate. When it comes to e-commerce, one has to deal with a lot of loss before they break even or even generate profits as e-commerce requires obtaining a significant market share to make a profit.

Nevertheless, there is definitely more space for regional players to penetrate the market. Many startups set a goal to merge or be acquired by a regional player. Based on a precedent in other industries, like Careem and Talabat who entered Iraq, there is a possibility of seeing that happening in e-commerce as well. There is also the possibility of mergers or acquisitions between local players that are already established in the Iraqi market, which could be very healthy for the ecosystem and prepare for future regional acquisitions.

### **Is it part of Orisdi's plans for the future to be acquired by a regional player?**

There is a possibility, it is the dream of most startups, but it is not an easy task. We have had negotiations in regards to that with a regional player but it did not materialize. I believe that the possibility is always there. All I could say is that we are open to the idea locally or regionally if it comes with the right terms and conditions because this sector needs cooperation and funding, thus, it is the right option to merge or be acquired by other companies.

### **How was Orisdi's journey with Takween Accelerator?**

We took the first place in Takween's second cohort which provided us with a grant that was very beneficial for us. The Accelerator supported us on different levels, we were connected with strong networks of players and investors in the region, and we gained a lot from the information and the mentorships. I strongly encourage startups to become a part of an incubation or acceleration program, that could help them accelerate their business and set them up for the right path. It is wrong to believe that one can reinvent the wheel, any startup needs help, support, mentorship, training, and connections.

### **What are the fundamental elements to lead a successful startup?**

To succeed, each startup should apply three fundamental elements. One is the team, do not establish your startup alone, it is much better to have one or two co-founders. Two is picking the right market for your product and service by conducting market research and analysis. You must have the solution to a problem in the market and show investors that the market has the potential to scale. Three is the quality of your product or service. These three aspects are the important ones that investors usually take notice of; the team, the market, and the product or service.

### **Where does Orisdi aim to be in the next few years?**

Our grand vision is to be the Iraqi Amazon, and we have all the capabilities to do so. Nonetheless, this is tied to raising capital with the right valuation, it is unachievable without the investments of large funds. There should be cooperation of different stockholders to get there. We are maintaining our presence in the market while focusing on specific winning categories. Even if bigger players entered the market, we can maintain our status as market leaders in certain categories.

The Iraqi market is big enough, the Iraqi consumer is intelligent, and the digital transformation is in effect, and it is still in its infancy. The challenges exist and we are coping and expanding to help develop the ecosystem in general. We always wish the best for everyone within the ecosystem, it is along their side that we can strengthen the Iraqi economy and employ digital disruption to improve people's lives.

### **Are there any closing remarks that you would like to add?**

There must be a focus on tech startups, the entrepreneurial ecosystem, and the private sector in general because it is the savior of the Iraqi economy. There must be a shift in the mentality that believes in getting employment in the public sector to one that seeks employment in the private sector or entrepreneurship because it provides better opportunities for personal growth and the economy. This shift in mentality will lead to a shift in the reliance on the oil-dependent economy to a more diverse economy. There should be support from the government, banks, funds, angel investors, and merchants to push more towards the private sector and to create more employment opportunities and push towards a more diverse economy and tech startups is one of the most efficient ways to achieve that. We have to move away from the public sector short-term thinking that has been depleting the national budget on public salaries without adding any actual value. While the private sector is creating more job opportunities, better scale, and having a tangible impact on the Iraqi economy long term.

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Interview

**Zainab Kufaishi**

**Head of Middle East and Africa,  
Invesco**

Zainab Kufaishi is the head of Middle East and Africa and senior executive officer at Invesco, which is an asset management company that has been operating since 1935 with branches all over the world. Zainab has around two decades of experience in the investment industry and has recently been recognized by the Forbes Middle East as Middle East's Power Businesswoman.

Zainab discussed with Business LANDSCAPE her story of joining the Iraqi Angel Investors Network, the latest trends in the investment scene in the region and Iraq, the main sectors that hold potential for the thrive of the Iraqi economy, the challenges of hydrocarbon-reliant countries, how women founders and entrepreneurs can navigate their way through the ecosystem, and her experience as a judge on the Middle East Women Inventors and Innovators Network Award.

## **We would love if you could tell us a bit about yourself?**

I am originally from Iraq, I was born there and I grew up there till the age of about 10. Then after moving out, we went to the UK, where we eventually settled for about 20 years, and I have been in Dubai for about 12 years now. I have been in the world of finance since I graduated from university. I graduated from the University of Warwick where I studied Economics and International Studies and joined the world of investment straight after graduating and became a technical analyst.

I was advising portfolio managers about market timing decisions and then I joined the asset management industry and I worked for companies like Fidelity and Invesco which are large, multibillion-dollar asset management companies that invest internationally across lots of different asset classes. I have been with Invesco for 12 years and I am currently the head of the Middle East and Africa and senior executive officer for the Middle East Branch.

## **Would you tell us about Invesco and its operations in the MENA region?**

Invesco is a traditional asset management company, we invest assets on behalf of institutional and wholesale investors and we manage lots of different asset classes, from traditional equities to fixed income to cash to private equity, and real estate, amongst others. We have been in Dubai for 15 years, our focus is mostly capital raising and relationship management for our main investors in the region. We do invest in the region, but through an exchange-traded fund (ETF).

Therefore, we do not have any current investment operations in Dubai. But this is something that we continue to look at as the region evolves and grows.

## **How did you come across the Iraqi Angel Investors Network and what motivated you to join?**

I think it is fantastic that there is an Angel Investors Network in Iraq and credit to KAPITA and other partners on the ground in Iraq. I have very strong roots in Iraq, it is still my first love as a country. I am very much associated with the country and very saddened to see what has happened to it over the last 30 years or so. But given that I am in the investment industry, I do passionately believe that a real source of economic growth and prosperity for all is the growth of the private sector. Unfortunately, Iraq does suffer from the predominance of the public sector.

The statistics are shocking about the numbers of public sector employees and the productivity per day, and the over-reliance on oil and gas, when we all know that there is a more sustainable future ahead of us and that will no longer be the main driver of growth for the world. Hence, we need to make sure that our economy is well diversified and the private sector, particularly startups and ventures like what KAPITA is incubating, is the source of that growth, and creating sources of employment as well as promoting the entrepreneurial spirit, especially for the young people, who are the future of the country.

This is what motivated me to become involved in the network. It is a very interesting story, I am a big fan of LinkedIn and I just saw that Ali Al-Suhail had posted a very interesting article about the venture ecosystem in Iraq and I had not realized that there was a nascent ecosystem that is growing and I read it with real interest. It was a very good read and I then reviewed KAPITA's work and contacted him.

I wanted to be involved and bring more diversity and a different perspective to the network and I have a lot of mature contacts within Abu Dhabi and other large investors in the region and over a decade of experience.



## **Have you recently attended any of the startups' pitches held by the Iraqi Angel Investors Network and what was your impression?**

Yes, I did. I think I was thoroughly impressed by all the ventures and their presentations. I would say there are various levels of maturity and there is a big spectrum of diversity and each startup is on a different level of the journey.

Some startups are a lot more mature than others and have rehearsed their presentations over and over and been able to refine the crux of what they wanted to convey to the investors. I do think there is a place with KAPITA and with other parts of that community for some mentoring, to make sure that these startups come with their best foot forward to these pitching sessions, where they only have one opportunity to impress, to make sure that they come well prepared, have answered all the questions, and made sure their pitch deck is succinct and clear.

## **How do you perceive the current investment opportunities in the Iraqi ecosystem and the future growth potential of the Iraqi market?**

The demographics speak for themselves, it is a young population, the rising level of education, increasing middle class, which is increased wealth and disposable income and that is fertile ground for e-commerce, which is where we have seen the majority of the startups operating. But I think there is room in agritech, tourism, and healthcare for startups to prosper.

Iraq has many resources other than oil and those types of industries provide a great opportunity to diversify the economy. Nevertheless, the country, the leadership, in particular, should direct incentives into the private sector, not just into the public sector, and create a friendlier space for the private sector to operate. I have been in Dubai for 12 years, this is the same challenge that any hydrocarbon economy faces, where the government wants to provide for its people and

gives some generous benefits. But on the other side of the coin, it does not train its people to become entrepreneurs or provide them with the space to inception businesses and grow the private sector, where I think the real opportunity lies.

## **Do you think there are any strategies or policies that can promote the growth of the Iraqi private sector?**

I think this could be tackled through two things, the first is through business supporting companies and organizations such as KAPITA, where there are lots of support systems for startups and entrepreneurs, grants, access to mentors, access to high levels of education, to incentivize young people to start their own businesses or to join the private sector. Two, attracting more mature, large, and multinational companies into Iraq and providing them with incentives to set up operations there, and make sure they employ local talent. Hence, Iraqis can have access to governance practices that are world-class and are trained by large companies with different standards. It is a challenge for everyone and not an easy problem to solve, but I do think that it needs to be a top-down strategy from the leadership.

In case this does not materialize, I think that a lot of private sector communities like KAPITA and the Iraqi Angel Investors Network will need to reach out to other multinational bodies that can provide some support which they have already been doing.

## **What can be done to address the lack of financing and funding opportunities in Iraq which is one of the most critical issues in the ecosystem?**

Unfortunately, Iraq does face a challenge in terms of funding. There are many international investors or even some of these large Middle East investors that I talked to and Iraq is not even on their radar because as a country it has not passed what we call the hygiene factor where, the rule of law,

certain governance systems exist. Unfortunately, things like corruption, also play a role in why investors would be quite put off by investing in Iraqi ventures. I think a lot of work to change that needs to happen countrywide. Having said that, I think there is a lot of room for the open-minded, and Iraqi diaspora that is one of the largest in the world, to invest back into the country, having understood the country and its dynamics.

The demographics and macroeconomic indicators of the country show that there is a lot of potential once we overcome those challenges and the change is already in effect.

### **What are currently the most emerging trends in the investment landscape especially in the MENA region?**

The largest investment trend worldwide, especially post COVID-19, is the environment, social, and governance (ESG). Sustainability is at the forefront of everybody's minds. Recently, the United Nations Climate Change Conference, COP26, is held in Glasgow.

Real sustainable change is on top of everyone's agenda and it is not just a box-ticking exercise. This is filtering into investors' minds in the world and the MENA region as well.

Many sovereign wealth funds that we work with look at ESG issues as quite relevant and they are trying to see the impact of factors like climate change, some social issues, and how companies are governed, especially in the wake of lots of scandals and lots of mismanaged companies all over the world.

I do think that if Iraq is thinking about moving into the next phase of growth, it is not going to be the same as the last 10 or 20 years, it cannot be because it has to be better than that, because we must not only forgive our reliance on hydrocarbons and oil, but also to think very innovatively and creatively about how more sustainable businesses and sectors can flourish in the country.

Since those sectors will eventually drive funding and growth and we will move away from oil dependency, although it is very challenging since a lot of funding is generated by it, especially since oil rebounded to \$85 a barrel.

### **Have you identified any recent investment trends in the Iraqi market?**

I have seen quite a few e-commerce emerge and secure investments, which is great for the ecosystem. I just wish that we have more original ideas that are trying to solve unique problems in Iraq rather than replicating existing business models. If we are going to be another Uber, then that is great, but there must be some unique challenges in Iraq that need to be tackled and requires innovative solutions.

### **Are there any certain issues that come to your mind that stand out and are unique to Iraq? Do you think maybe the startup ecosystem can come up with ways to solve them?**

There are two industries, where I think we can create innovative solutions and establish startups in order to help to diversify the economy and move away from the reliance on oil. That would be the tourism sector, there is a wealth of culture and history in Iraq to create an international tourist destination and I do not think there is enough attention nor enough tourists from outside of Iraq.

It is understandably challenging in the age of COVID but that will resume and there needs to be business ideas and models that would resurrect the Iraqi tourist industry.

The other one is agriculture, Iraq is such a fertile country and can exploit these resources. It is great that it is self-sufficient in terms of produce, but there is a huge potential to establish businesses across all the value chains and revive the food manufacturing and processing industry as well as exporting to other countries through employing new technologies and innovations in agriculture.

## **As an investor entering the investment landscape in Iraq, what topics or analyses do you wish existed to help you further understand the scene?**

I think what is important is to dispel myths because I think people still have this idea of Iraq being a corrupt country where it is very difficult to do business. Investors want to hear good news about the progress in the country, factual information about the scene in Iraq, which sectors are thriving, political risk analysis, and how that impacts business.

These are the kind of topics that would put people's minds at ease, at least in terms of entering into Iraq, and then they can explore further. It is more of a preliminary analysis like what KAPITA is doing but I think it needs to be available in different forums, international magazines, make sure that different industry groups and audiences internationally have access to that kind of information.

## **Have you invested in any startups recently?**

Yes, I already put money to work. I have just closed on Orisdi. I think investment comes to your faith in the founders because you are taking a big punt on the startup scene. Thus, there are a lot of inherent risks there. But I think if you believe in the founders, vision, credibility, and professionalism of the people that are driving it then that is where success comes from.

## **Do you have any advice or tips for startups or founders to prepare for their pitch day?**

Founders need to make sure that first of all their pitch deck is concise, and they can tell the story in 15 pages or less. They have put their story upfront, what problem they are trying to solve, and how this idea has the potential to grow and scale. I think that the main crux is right at the beginning, also they need to make sure that their financial data is ready and bulletproof because investors are going to look at the bottom line.

Moreover, have an ESG angle, if possible, this is at the forefront of every investor's mind and we have to prepare for the industries of tomorrow as the world economy is changing. Rehearse, rehearse, rehearse, make sure you can cover up all the questions you receive from the audience, and make sure that the technology does not trip you up.

## **Do women investors face gender-specific challenges? How are you navigating through these challenges as a businesswoman?**

I do not see any gender-specific challenges for women investors, it is, however, a male-dominated field but I think it is a mindset above all and you have to make sure that you stand out and be your authentic self, and everybody brings different perspectives and different things to the table. I have not faced any gender-specific challenges in my journey, but that is not to say that other women have not. Nevertheless, the more senior you get, and the more travel is involved, that does impact your family life.

Right now I have two young kids, and balancing travel with family life is challenging.

But I think the key for me personally, is having a supportive husband and understanding family that allows me to balance the two and be my best self to myself and a role model to my children which is what I thrive on.

On the receiving end of the investment, I think the stats worldwide show that when raising funds for venture capital, especially in Series A and Series B, there is a lot of the funding that does not seem to filter down to women-owned businesses.

The reason could be that there are not enough women-owned startups, although this is changing day by day. Or that there is some kind of unconscious bias where the money is not flowing to women-owned businesses.

### **Are there any obstacles standing in the way of women founders and entrepreneurs seeking investments or reaching investment readiness?**

I do not think there is anything intrinsic that prevents women from reaching investment readiness but I think, especially in the startup phase, there is more gravitation towards femtech or women-oriented industries. I was recently a judge at the Middle East Women Inventors and Innovators Network Awards.

Many women were presenting their ideas and their inventions which come from a variety of sectors. However, the real winners of that competition were the ones that did not just focus on women-dominated industries, like cosmetics for example, instead, they focused on engineering, sustainability, farming, and other domains.

There is a huge potential in that women's talent pool but I would say, try not to crowd yourself out by being like everybody else. Instead, make sure that you stand out with your own original idea that could be in any sector not just aimed at women for women.

### **Are the workplaces and the startups' scene in the MENA becoming more gender-inclusive? And how can we encourage women to take on more entrepreneurial roles?**

Absolutely, I do think it is becoming a lot more gender-inclusive. We have seen that with a lot of senior hires across different industries, where a lot of women leaders come to the forefront. There is still an endemic problem, we cannot get away from that.

I think women start probably 50/50 when it comes to the graduate stage or entry-level jobs but then they start dropping off as they go through the ranks.

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**Challenge the authority, I think that is a big one, even if you are young and you think you are inexperienced, your voice still matters.**

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This could be due to lots of factors, whether it is family or unconscious biases by male bosses. But I think this is an advantage for the startup scene that women do not necessarily face those challenges, you are your own boss. However, I have not yet seen women founders in the pitches that I have attended in Iraq. Although in the wider MENA region, Egypt for example, there is a big thriving scene, and in Sharjah, where there is a big incubator with quite a few women founders

I think the entrepreneurial scene is where the opportunity is, and where we will probably need to do a lot more work in schools and universities to encourage more female startups.

### **Do you have any advice as a businesswoman to other women navigating their way through the business world and male-dominated industries?**

Yes, quite a few. Listen to your inner voice, be authentic to yourself, and do not try to be somebody who you are not.

Challenge the authority, I think that is a big one, even if you are young and you think you are inexperienced, your voice still matters. Everybody brings a different perspective and a different viewpoint, so speak out.

Do not take no for an answer, if you really want something, go for it. Be resilient and go after your own truth.

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Business LANDSCAPE is a quarterly published magazine that covers a wide range of topics regarding the private sector of Iraq.