

BUSINESS

Fall 2022/Issue 8

LANDSCAPE

**TRANSPORTATION
EDITION**

LAST-MILE DELIVERY IN IRAQ:

Navigating Through Logistics and Financial Bumps

KAPITA's Research Team

Transportation
Sector in Iraq:
**Roads and Railways
Scene Overview**

Transportation
Sector in Iraq:
**Aviation and Maritime
Scene Overview**

Interviews with

Hussien Albayati
General Manager, Careem Iraq

Bassam Al-Ateia
Founder and CEO,
Alsaree3 Holdings

Joanne Marques
Senior Advisor,
Runway Strategies

Issa Mohammed

The Dilemma of an
Import-reliant Nation:
**Why Iraq Is Not on the
Radar of International
Shipping and
E-Commerce Giants**

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Business LANDSCAPE is a quarterly published magazine that sheds light on the Iraq private sector, its challenges, developments, and investments, and on the entrepreneurial scene. It serves as a platform for the Iraqi business ecosystem.

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Editorial

The Road to a Thriving Private Sector



Roads leading to a growing private sector and a diversified economy in Iraq have long been debated, with interventions on infrastructure, policy, and investments, being the dominant topics. After two years of being a platform to highlight main opportunities and developments in the business scene of Iraq, Business LANDSCAPE is happily publishing the eighth issue with a focus on the transportation sector.

A viable transportation sector is an essential component of any growing economy, and development in this sector is critical in a country that has suffered from years of destruction to its infrastructure. In this issue, we introduce the latest investment and development in roads and railways (Read more on page 30, Transportation Sector in Iraq: Roads and Railways by KAPITA's Research Team) in addition to aviation and maritime (Read more on page 38, Transportation Sector in Iraq: Aviation and Maritime by KAPITA's Research Team). Each of these sectors is presented with an in-depth analysis of the current challenges and opportunities with the identification of rising startups.

E-commerce has been a booming sector worldwide, and Iraq was no exception. Since its initial development after the growth of internet users and the rise of social commerce and e-commerce websites and apps.

This growth has been possible due to the emergence of a last-mile delivery industry that uniquely provides delivery and cash collection services in a country still developing the e-payment sector. We come across the initial development of last-mile delivery with its current challenges and opportunities (Read more on page 6, Last-mile Delivery in Iraq: Navigating Through Logistics and Financial Bumps by Mujahed Waisi).

The rise in e-commerce reflects the growth of the retail sector in Iraq; however, this sector is still primarily dependent on imported goods. Moreover, even with imported goods, logistical constraints still play a major hurdle in the development of e-commerce in Iraq and a barrier to the entry of international e-commerce platforms (Read more on page 10, The Dilemma of an Import-reliant Nation: Why Iraq Is Not on the Radar of International Shipping and E-Commerce Giants by Issa Mohammed).

Investments in Iraqi startups are the initial steps to develop the scene further; IAIN has been working with Iraqi Angels and Iraqi startups to facilitate investments now exceeding \$1 million. (Read more on page 18, The Roadmap to a \$1 Million Investment into Iraqi Startups by Hayder Al Sammarray and Qudama Jalal). Human capital, on the other hand, is still facing many hurdles. Most of the Iraqi youth are still looking for public sector jobs.

Multiple reasons are behind this public sector orientation which we present with ways to reorient the human resources of Iraq toward the private sector (Read more on page 27, Public Sector Employment: The Reasons Behind the Glamorization and Inclination Towards Disguised Unemployment by Yahya Sami). Human resource development goes hand in hand with improving the culture of Iraqi companies; we discuss the importance of the psychological safety and well-being of employees (Read more on page 22, A Simple Formula for a Better Private Sector: The Role of Psychological Safety in the Workplace by Safwa Salim).

Iraqi roads are loaded with cars reflecting the rising market of car retail. In this issue, we discuss the dynamics of this market and the evolution of the offline and online car marketplaces (Read more on page 14, The Iraqi Car Marketplace: The Rise of Digitalization and the Accompanying Challenges by Amer Salih). Road congestions in Baghdad are usual, as shown in the figure below; travel time between two neighborhoods in Baghdad (one in Karkh and the other in Risafa) takes 28 minutes in the early morning, but it can take up to 100 minutes in congestion time. This shows the challenging transportation sector and the struggles that face startups who are working within it.

The transportation sector in Iraq has witnessed significant development through the growth of ride-hailing, food delivery, and last-mile delivery. Business LANDSCAPE had the pleasure of interviewing leaders of two leading companies in this sector. We discussed with Mr. Hussein Albayati, General Manager of Careem Iraq, who spoke to us about the journey of Careem in Iraq and how it has impacted the Iraqi business ecosystem in general, and the transportation sector in particular, and fueled the digital transformation (Read more on page 51).

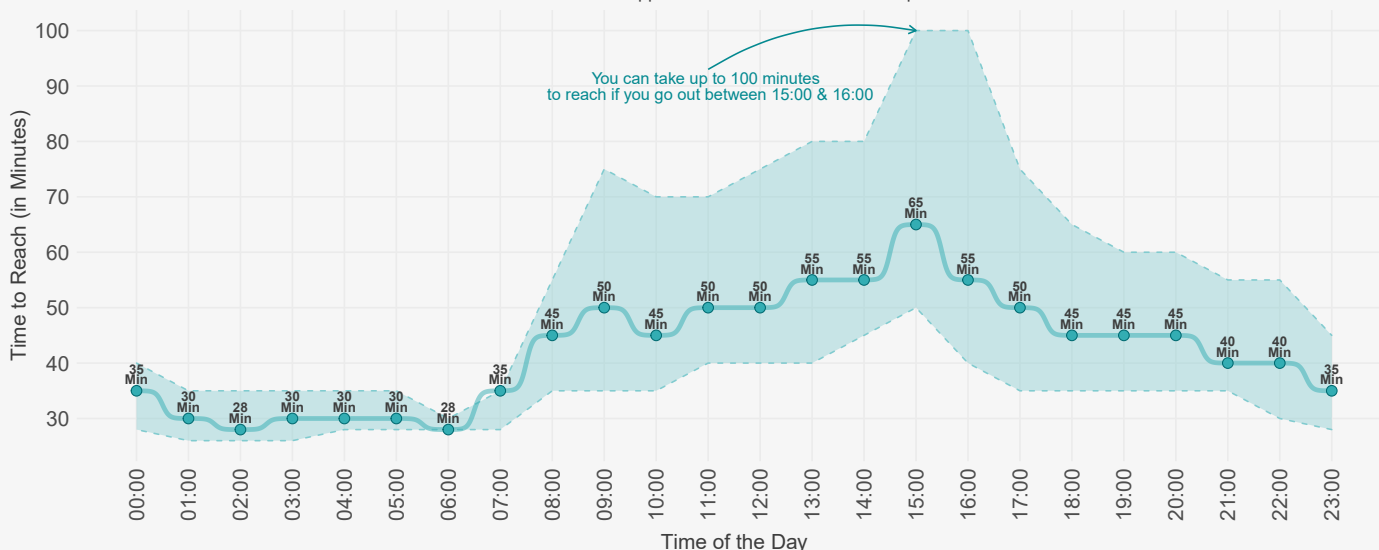
While Mr. Bassam Al-Ateia, Founder and CEO of Alsaree3 Holding, spoke to us about the food delivery business in Iraq, its challenges, the role of competition in developing the market, and the importance of adequate regulations (Read more on page 57).

We also had the chance to interview Mrs. Joanne Marques, Senior Advisor at Runway Strategies, who told us about her work in the policy realm and how it is vital to the development of the private sector to have an open and transparent dialogue with the public sector to both work for the betterment of the economy (Read more on page 66).

Mohammed Jamal
Editor-in-Chief, Business LANDSCAPE

Estimated Time to Travel From Ziyouna to Khadra Neighbourhood (24.1 km) in Baghdad

Shaded Areas Are Upper and Lower Bounds for the Trip Duration.



Source: Google Maps, March 2022

Mujahed Waisi

Founder and CEO, KAPITA Business Hub

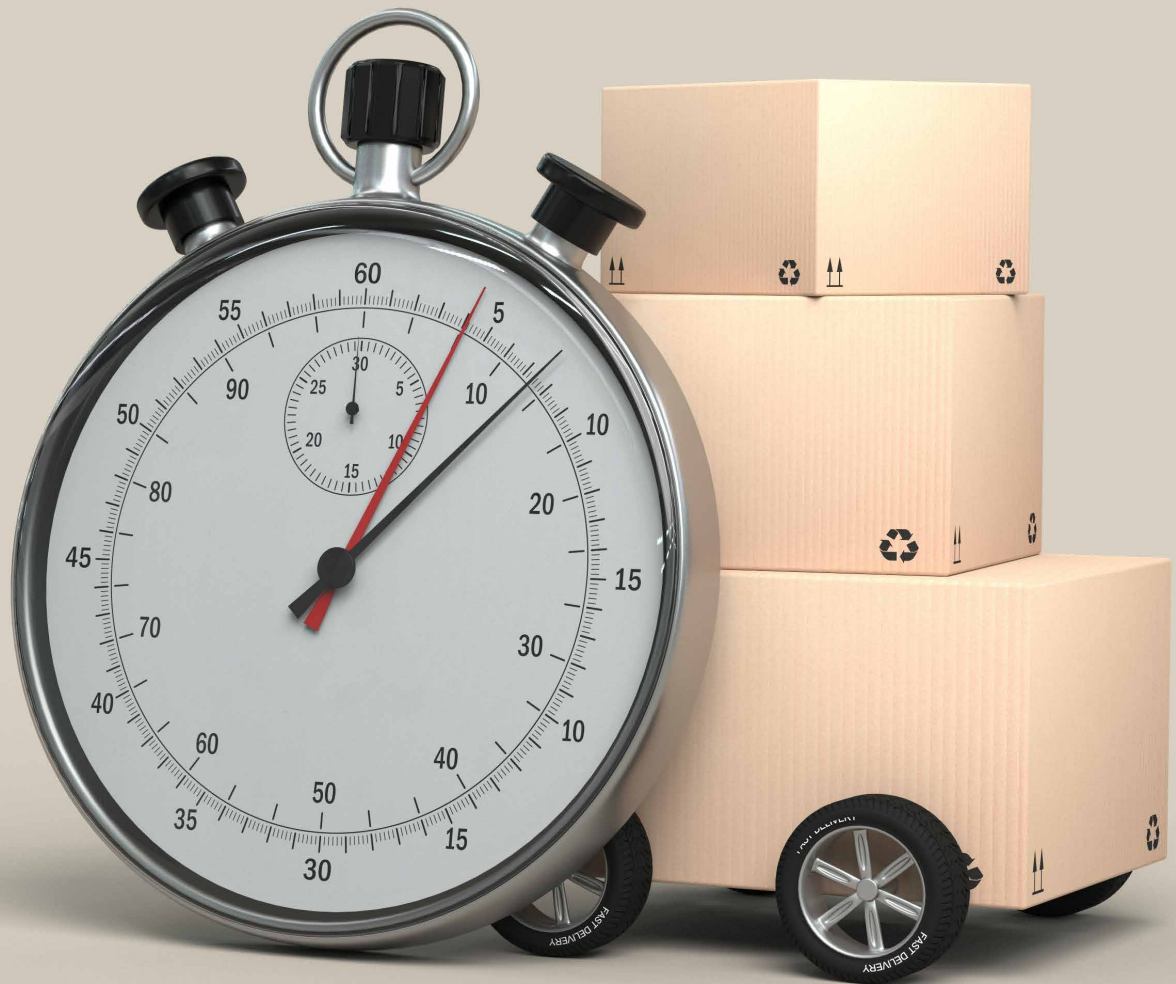
Last-mile Delivery in Iraq: Navigating Through Logistics and Financial Bumps

Last-mile delivery is the last step in delivering products to the end consumers' destinations, usually their residences. While the name of the process was recently introduced to the Iraqi market in a formal way, the service itself was not new to the Iraqi market. Delivery of newspapers, dairy products, and even the famous Iraqi Kebab was a known practice in the fifties. Moreover, many microbusinesses were operated by men and women marching streets and shouting for the availability of products that people would come out of their homes to purchase.

Years of struggling economy under sanctions delayed the transition into a systemized and digitized last-mile delivery service in Iraq prior to 2003. Afterward, the Iraqi market started experiencing the introduction of many new products in various sectors, from clothes to computers and mobile phones, which revitalized the market. These, coupled with the high purchasing power, created a need for better logistics and smoother delivery of products between different Iraqi cities.

Initially, the last-mile delivery service used to be exclusive to some transportation companies located mainly in Sinaa Street and Al-Nahda and some other places in the rest of the governorates. It functioned as goods transportation between Baghdad and the rest of the governorates, mostly by merchants who came to Baghdad to buy wholesale and then have it transported using these services. On the other hand, small goods were shipped between the cities in Iraq with companies that transported passengers. This practice, using passenger transportation as goods transportation, was usually used for lighter goods and followed a personal agreement between the sender and the driver. However, the demand for this service had to be on a larger scale than individual cases in order for companies to specialize in this field.

Yet, around 2016, the scene started changing with the increased penetration of the internet and the rise of e-commerce, mostly through social media. Transportation companies started to pivot their business to fit this growing trend. This trend started spreading since the traditional way to transport goods was very costly, especially when it was not on a wholesale scale. Sending items with a driver used to cost around 25,000 IQD. In addition, international shipping companies, FedEx, DHL, UPS, and others, work on international shipments rather than local ones. The market started changing and settled on a standard price for shipments of 5,000 IQD per item within the same governorate and 10,000 IQD per item from one governorate to another. These prices are non-negotiable even if the services are better because the customer will not deal with a company that charges more than those standard prices, leading companies to comply with these prices. Some companies, however, employed other tactics to drive up competition and traction by lowering the prices to 4,000-3,000 IQD for local delivery and 7,000 IQD for governorate-to-governorate delivery.



Last-mile delivery in Iraq is not just a delivery industry as it would be believed to be; it is a massive cash collection industry. Cash on delivery is by far the most used payment method in Iraq. In fact, about 75% of customers purchase products directly from social media pages that only offer cash on delivery as a payment method option. Moreover, even e-commerce apps and websites are almost dependent on cash on delivery, with minimal orders using online payment methods. Such dependence on cash-on-delivery in e-commerce and having the last-mile-delivery companies as cash collectors is a substantial limitation for e-commerce and is the root cause of most of the challenges that last-mile-delivery companies are facing.

Currently, thousands of companies in Iraq deal in transporting goods, either within the borders of one governorate or across the governorates. Many of these companies are not registered and are mostly small enterprises that consist of one office with a fleet of representatives, third-party taxi drivers that transport goods, or/and motorbikes. On the other hand, the more established companies in the industry function as big market players; those are registered companies with large fleets. Some of these more established companies employ tech in their business, either in their inner workings or to connect with clients through apps. However, so far, this has not been the prevalent way to do business in the goods transportation industry.

Many small businesses that work in the last mile delivery came out of the market need that was born of the rise of e-commerce. In some cases, that was even the result of some of those e-commerce companies that saw the potential in being responsible for their own deliveries. Some of those e-commerce companies started to either build their own last-mile delivery services or signed partnership deals with more established and reputable delivery companies due to the fact that many small last-mile delivery companies usually do not deliver according to the standards that e-commerce companies require. One of the most prevalent issues that emerged was reverted orders, which are orders shipped out but not received by the customer for many reasons. This generated an approximate loss of 5% - 20% depending on the quality of the product and the company.

Another issue is the damage that may occur to the goods. Often the delivery drivers might not understand the nature of the product, which may cause them to store it improperly, causing it to be damaged due to many different factors. This, in return, creates conflict between the last-mile delivery company and the e-commerce company dealing with them. Some last-mile delivery companies will hold themselves financially responsible for any damages that may occur to the products, while others may not and end up losing their customers.

Moreover, we have an issue that is mostly overlooked which is the problem of addresses. There is no correct addressing system in Iraq, and people often rely on physical descriptions of addresses. This causes a lot of unnecessary confusion between the drivers and customers, in some cases causing the customer or the driver to not receive or deliver. Also, there is the issue of settling the finances between the e-commerce companies and the last-mile delivery. Many of the last-mile delivery companies relied on paperwork; if the invoices got lost, a company would deny that orders were fulfilled. This situation is improving with

many companies adopting a digitized model. Yet, another facet of this issue is receiving payments from last-mile delivery companies, which are often susceptible to delays.

Furthermore, we sometimes see some companies lower their delivery prices to get more customers and gain traction despite it being unprofitable. Often those companies have bad accounting practices and improper bookkeeping and are not fully aware of the issue at hand. The money that is coming in and the money that is being paid to maintain operations is being rotated without generating any profits, while at the same time, the company is gaining more customers, and the cost of operations is increasing. Therefore, some companies were bankrupt and in large debts to their customers and are unable to pay back or, in the best circumstances, can only pay in long-term installments.

Regardless of the hurdles that affect the last-mile delivery sector, the potential in this sector is massive and cannot be overlooked. The growing e-commerce market is its main beneficiary, and the two are organically linked to growing side by side. The increased adoption of electronic payment by companies and customers alike will mitigate many fundamental issues in this domain, including reverted orders, fraud, and delayed payment. In addition, digitalization, advancements in technology, improvement of logistics and transportation infrastructure, and the usage of proper accounting practices would lead this sector to exponentially expand correctly and in the right direction.





Issa Mohammed

Editor, Business LANDSCAPE

The Dilemma of an Import-reliant Nation: Why Iraq Is Not on the Radar of International Shipping and E-Commerce Giants

The reliance on oil in Iraq has led to the neglect of many other industries, which led the Iraqi market to be an import-based market. Regardless of the extensive range of available imported products on the store shelves, there are still many products that are missing, despite the existing demand. The internet penetration, the young tech-savvy population, and the rising demand for more unavailable products have created an untapped market potential for many businesses especially e-commerce and social commerce platforms, to import from international e-commerce players who have turned a blind eye to the market opportunities in Iraq and, until this day, do not ship to Iraq.

Many businesses capitalized on this opportunity which led to the emergence of specialized e-commerce platforms such as Pure Platform, Orderii, Sama that function explicitly as the middleman between the customers and international e-commerce platforms such as Amazon, eBay, and others. However, the question remains why Iraq is not on the map for those giant international players.

This realization has compelled Business LANDSCAPE to delve deep into the issue to understand why shipping to Iraq seems inconvenient for international e-commerce and how the Iraqi market is working around these issues. We have interviewed Shakir Ayad, Co-founder and CEO of Orderii, a company that offers logistics and fintech solutions to customers who want to order from international vendors by handling the payments and the shipping logistics, to provide us with insight into the inner workings of Iraqi companies to address these issues.

We have identified some major themes that the issue stems from, and resulted in Iraq not being on the radar of the international players. The root causes are as follows:

- **Dependence on Cash**

The dependence on cash in Iraq remains one of the main issues that hinders the growth of many businesses. This dependence is rooted in the lack of citizens' trust in the banking system coupled with the lack of accessibility and availability of financial products. According to the World Bank, there are only four bank branches for every 100 thousand people in the country, compared to double this number in the UAE and 14 branches in Jordan. While the number of ATMs in Iraq per 100 thousand people is only 5.35 compared to six times this number in Jordan and ten times in the UAE.

Therefore, despite the emergence of many digital wallets and the increase in the issuance and use of bank cards, online payment methods in Iraq are still limited and cash on delivery remains the most preferred payment method. This has turned e-commerce platforms, last-mile delivery, and shipping companies into cash collection businesses that handle and deal with unfathomable amounts of cash. This could be the principal issue behind the international players' reluctance to enter the Iraqi market.

- **Legislation Issues and Customs Irregularities**

The customs in Iraq are currently not well regulated and nor follow a certain list, meaning that items are sometimes taxed based on the whims of the officer who is taxing the shipment. Shakir told Business LANDSCAPE that a particular item that was shipped was once cleared and received without any taxation, but once it was re-ordered, a tax was imposed. These inconsistencies cause a challenge to carriers, as they cannot inform their customers of what taxes to expect once their shipments arrive. Therefore, many carriers list a disclaimer about taxes and their inconsistencies. Some items that could come in easily today might not be allowed to enter tomorrow.

At the same time, the rate for taxation is set on the invoice that comes with the item. Shakir told us, "It depends on the invoice; the higher the value, the higher the price."

Aside from that, the handling company in Baghdad has excessive bureaucratic processes and limited working hours on a five-day week. Given the large number of shipments that are ordered to satisfy the market need in Iraq, those hassles are hindering the growth of the imported items market. Custom clearance has become, in fact, the most time-consuming step in the shipping process.

- **Testing**

The time consumption that custom clearance usually takes becomes more apparent in the case of the so-called 'dangerous goods,' items like lithium batteries, sprays, paints and perfumes. Those items are usually tested and are likely to be more difficult to clear.

While in Erbil, the testing laboratories are located in the airport, in Baghdad they are located in downtown Baghdad, making the clearance process take around a week for the testing results to be back. As for Orderii, Shakir stated their company handles those types of orders that contain dangerous goods as follows. "We cancel these items. Dangerous goods have their own set of rules and regulations, making them not inadmissible but very difficult to clear." This is limiting a very large range of products that could have been of value to the Iraqi consumer.

- **Transportation**

Another issue would be choosing which city to receive your shipments. The process is often smoother, and the rules are less ambiguous in the KRI. Hence, carriers are well aware of what to expect there.

The rates by kilogram are 25% cheaper, and the process is faster due to the fact that the airport facilities are in charge of all aspects of shipping logistics, handling, customs clearance, and testing. However, the setback is the land transport from Erbil to Baghdad. The roads are mostly underdeveloped and dangerous in terms of infrastructure, and transportation is costly. There is also the issue of checkpoints at local 'borders' between cities. These checkpoints could confiscate items or delay shipments. In addition to the fact that the market is bigger and the demand is higher in Baghdad. Therefore, many businesses choose Baghdad as their shipping hub despite the convenience that Erbil offers.

International Companies' Reluctance to Shipping to Iraq

Now that we have identified the local side of the issue, we wanted to investigate what hinders the international market from shipping to Iraq. As the international market is as globalized as ever, why is Iraq still not on the map? We have contacted some of the more renowned international and regional e-commerce companies to try to hear their side of the story.

The world's most prominent e-commerce platform, **Amazon**, has told Business LANDSCAPE, through their customer service representative, that "if the item is sold by the seller, they will pick where to ship. Some items marked «Ships and Sold by Amazon» are shipped directly from our suppliers to our customers. It is sometimes not possible for suppliers to ship outside the 48 contiguous United States." When further pressed about the reason that their suppliers would not ship to Iraq, Amazon did not have an answer. We tried inquiring about the reasons from the merchants themselves but could not find a solid answer. It could be that the majority of those merchants rely on certain logistics companies that would not afford the cost and risk to ship to Iraq and are not well aware of the market potential there.

As for many Amazon suppliers, they have also abstained from shipping to Iraq as their trade lane coverage has excluded Iraq, and they do not have freight forwarders located in the country. This includes many large companies like **Freightos**, **Shipkoo**, **Unicargo**, and **Flexport**.

Other popular large e-commerce platforms have a similar issue, where the international shipping companies, the connecting line between the customers and merchants, do not ship to Iraq.

This is the case with **eBay**, the second largest US e-commerce platform, which has told Business LANDSCAPE that their “Global shipping eligible countries currently do not support Iraq. Items can still be shipped to Iraq using other international services.”

On the other hand, **Etsy**, an e-commerce company that focuses on handmade or vintage items and craft supplies, is fully dependent on the seller rather than the company itself. If a seller wants to ship to Iraq, they need to list the eligibility of Iraq on the website and handle the logistics of shipping themselves.

Recently, products from the Chinese e-commerce platform **Shein**, has been gaining massive popularity in Iraq, and many Iraqi trends influencers have been promoting it. However, Shein, does not ship to Iraq, claiming it is for logistics reasons, and they are looking to develop new shipping channels to reach more countries. Many Iraqi Instagram stores have been capitalizing on this opportunity and acting as the middleman between Iraqi customers and Shein merchants.

On a regional scale, we have contacted some of the biggest Middle Eastern e-commerce companies in regard to the same issue. **Noon.com**, the Emirati e-commerce company, only operates and delivers to customers in the UAE, KSA, and Egypt, but they claim to be working on expanding to other markets soon. However, **Namshi**, another e-commerce company that was recently acquired by noon.com, delivers to Iraq with multiple payment options, including cash on delivery. We are unsure if the acquisition would enable noon.com to ship to Iraq or disable Namshi from shipping to Iraq.

Conclusion

The global economy is more interconnected than it has ever been. Iraq must understand the need to facilitate the movement of goods and take some serious steps to be fully connected to the world by building and maintaining a sound infrastructure and defining clear procedures and regulations to address the challenges of shipping services in Iraq. On the other hand, the need for imported products, the increase in online shopping trends, and the young tech-savvy customer segment have all pushed Iraqi entrepreneurs to find solutions that could serve as a template to overcome these issues, turning this challenge into an opportunity to be seized.

FinTech solutions like Orderii are entering the market as part of the wave of entrepreneurial spirit that has been transforming the country for the past few years. Those companies, led by the emerging and ever-growing private sector initiatives, are doing their best to connect Iraq to the rest of the world by assisting in the movement of goods to the country. Iraqi entrepreneurs could be a huge asset to international companies looking to expand their operations into the Iraqi market; they have the resilience and dedication, are well aware of the local context, and have the toolkit to operate in this market.





Amer Salih

CEO and Founder, iQ Cars

The Iraqi Car Marketplace: The Rise of Digitalization and the Accompanying Challenges

Iraq had a closed market for a long time that lasted until the late 1980s. The car market was controlled by the socialist government through GAMCO (General Automobiles and Machinery Company), and fleet deals were made with automotive distributors and manufacturers abroad to import vehicles into the country. The units were sold at subsidized prices to government employees. The people who were not entitled to government-subsidized cars had the option to buy second-hand cars at the local car market, which led to a growing number of local used-car markets in major cities.

It was around the mid-1990s when the new interim administration of Kurdistan Region (KRI) opened the borders for the private import of vehicles, then after 2003, the private car importation market exploded. Unfortunately, there is no reliable data to know exactly how many vehicles were imported during that period, but some estimate the number to be over half a million annually.

It is difficult to estimate the automotive market size in Iraq. However, based on analyzed data that was provided by the government, iQ Cars, one of the major marketplaces for automotive in Iraq, estimates the annual market size to be \$35-\$40 billion based on 1.4 million sales transactions.

Automotive distributors started to establish their presence in the country after 2003. For the past 15 years, more than 40 automotive brands have commenced operations through authorized dealerships. The number of brands is forecasted to reach more than 80 within a few years due to the increasing popularity of Chinese automotive brands.

Authorized dealerships have relentlessly tried to change consumer behavior, focusing on delivering quality services and providing a long-term warranty, hoping that the consumer would be drawn to the quality of service rather than the low prices. Retail sales are increasing at authorized dealers but are still far from the ability to impact the market.

The local car sellers, or “showrooms” as they are commonly known in Iraq, are still much in control of the market. Their strategy lies in exploiting their low monthly expenses to push for high-quantity sales with lower margins instead of focusing on customer service. The automotive distributors are eager to reach higher sales volume, competing with other brands and supplying vehicles to the local car showrooms to reach their targets. It is not uncommon for consumers to find the exact same car at a lower price in the local car showrooms than the authorized dealer of those cars.

These strategies of showrooms and automotive distributors created a cycle fueled by the authorized dealers’ and distributors’ sales targets and has only empowered the local car showrooms to outperform the authorized dealerships in sales. This has led to retaining low-quality customer services in the local car markets.

A survey conducted by iQ Cars in March 2022 interviewed 200 car buyers in Iraq and showed that 92% of car buyers consider the experience of visiting the local car market terrible or bad.

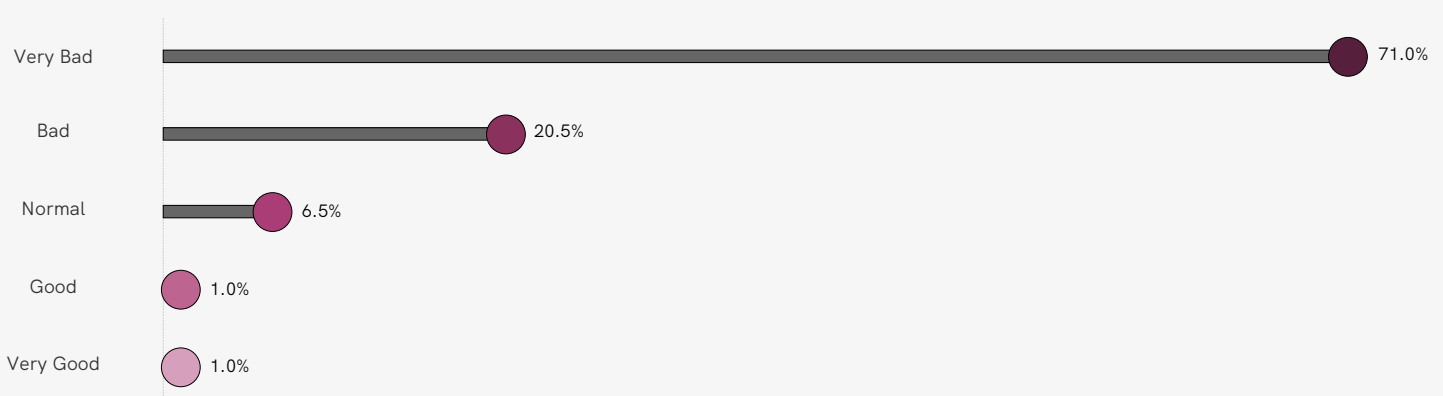
Most Iraqis believe that the local car markets are crowded and messy, prices are confusing, and confidence in car dealers is at an all-time low. It is common practice that car buyers consult with

a relative or friend who has experience in the car market to evaluate car prices and negotiate with sellers. Car selling is no less painful process, frequent visits to the car market are required, and it comes with questionable methods by some car buyers.

Another surprising figure from the survey showed that 83% of car buyers start their car-buying journey online. Few car dealerships or showrooms, with the exception of authorized dealers, have developed a digital journey for their customers or even a functional website. Social media pages and channels are used as part of their digital solution for customers.

Moreover, a major part of the market is now placed on social media groups and pages. It is easy to find hundreds of groups specifically created for only a certain car model, for example, the relatively similar and popular SUV cars models in the Iraqi market, the KIA Sportage and Hyundai Tucson. There are over hundred of Facebook Groups with hundreds of thousands of members with frequent posting of over ten posts a day, where car owners post about their cars’ specifications. A significant portion of the daily transactions in the car market happens through these social media groups.

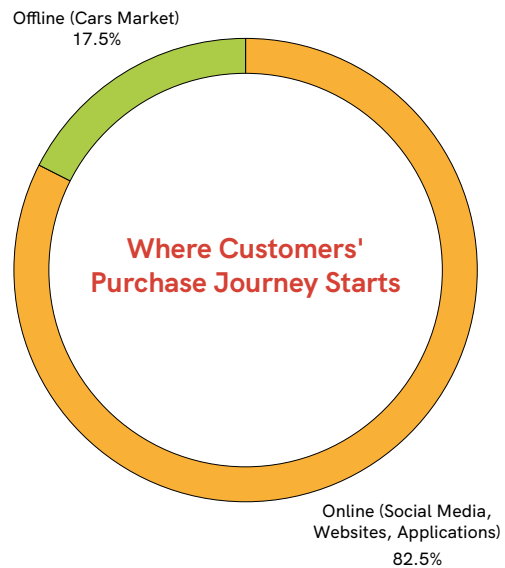
Customers' Evaluation of the Car Market



Social commerce is a growing market worldwide, but when it is a very large part of the market or maybe the largest, it indicates the highly unorganized car marketplace in Iraq. Fraud and lack of benchmarks make the process foggy for customers and negatively impact the market dynamics.

Car dealers and «showrooms» are using social media to promote their cars. However, there are many limitations with social media pages for car dealers, they require frequent content management to keep momentum, and paid ads are crucial to have the necessary reach to get qualified leads. Organic leads generated from social media pages are few and qualified prospects are even fewer, and the workload becomes unbearable for even the most established authorized dealers. The digital customer journey requires more than just answering customers on Messenger.

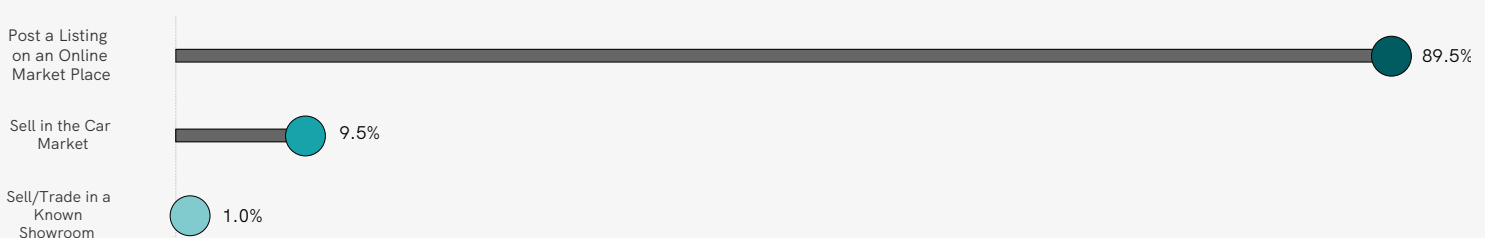
It is a distressing customer journey with many pain points, and very little has been done to improve the situation in one of Iraq's largest markets. Customers are demanding more digitized services and added-value services to enhance their buying experience. It is a difficult transformation for a relatively new emerging car market recovering from decades of war, political unrest, and economic instability. Still, it is finally time for Iraqi car buyers to experience better services. It is not enough to get quotes from dealers, it should be seamless to book a test drive, compare auto finance solutions, apply for loans and book delivery dates, and many more to improve the customer journey.



Source: iQ Cars Data, 2022. Copyrights: KAPITA Business Hub, 2022.

Cars listing websites and apps started with Mredy.com in 2008, then the regional player, OpenSouq, entered the market in 2014, and iQ Cars started operating in 2020. They are all aiming to create a more organized market and a smoother, seamless customer journey. iQ Cars provides more tools to empower the car buying experience, such as comparing vehicles in detail and enabling car buyers to monitor the marketplace and get notified when their preferred car is available for sale. The Iraqi consumer is becoming more and more tech-savvy and is making a more conscious purchasing decision; there has not been a better time to digitalize the customer's car purchasing journey.

Customers' Preferred Method to Sell Their Cars



Source: iQ Cars Data, 2022. Copyrights: KAPITA Business Hub, 2022.



Hayder Al Sammarray

Senior Investment Associate,
KAPITA Business Hub

Qudama Jalal

Investment Analyst,
KAPITA Business Hub

The Roadmap to a \$1 Million Investment into Iraqi Startups

Before the establishment of the Iraqi Angel Investors Network (IAIN), the Iraqi Startups ecosystem was in dire need of investment funds. The main enablers for the Iraqi ecosystem were the NGOs and international development programs, which focused on grant-based funds with capacity building on the basics of business development for startups and entrepreneurs. KAPITA identified this critical gap and decided to establish IAIN at the end of 2020, which paved the way for Iraqi entrepreneurs to access investment funds.

KAPITA has identified an urgent need to establish an investment entity to gather local, regional, and international investors interested in the Iraqi market and equip the local startups with the required skills to be investment ready. In addition, the Iraqi entrepreneurial scene has a wide gap between pre-seed, seed, and other investment rounds, as there is an absence of facilitators to support startups in those stages. Thus, the Iraqi Angel Investors Network (IAIN) was born in September 2020 as the 1st Angel Investors Network in Iraq. It came about to serve as the bridge between the Iraqi entrepreneurs and investors, the startups and the investment funds.

IAIN managed to surpass one million USD worth of investments in less than two years despite the challenges of the emerging ecosystem. This was achieved by structuring the world-class investor network rules, procedures and conditions, and building a pipeline of startups that showed growth potential and could satisfy the investors' appetite. IAIN provided these startups with professional investment readiness support plus legal advice throughout the investment process. This was only possible due to the support of our biggest enabler, the GIZ, and the technical support of the World Bank Group.

Since the establishment of the Network, there have been eleven pitch days, more than 24 startups pitched their ideas, and the seven most promising startups were able to attract the investors' attention and obtain a substantial investment. In addition, IAIN facilitated the process and linked the investors and startups, playing a significant role in the discussions after the pitch. The Network was also often involved in the negotiations between both parties upon their requests and their technical and legal support needs. This was executed to establish a stable investment environment for our angel investors, startups, and the Iraqi business ecosystem.

KAPITA played an essential role in encouraging angel investors to invest in Iraqi startups by co-investing in some startups to reduce the risk factor for investors and to increase their trust in the Iraqi startups and founders. In addition, GIZ matched the investment with a grant in its unwavering efforts to support the Iraqi entrepreneurial scene. These favorable circumstances, coupled with startups reaching their investment milestones, made them more trustworthy for future investment resulting in additional investment rounds that led to their growth and success.

The Challenges

During the journey to achieve this investment milestone, we faced many challenges that we had to overcome, especially the state of the emerging startup scene.

1. The Covid-19 Pandemic:

IAIN was established in the 4th quarter of 2020, at that time, the impact of Covid-19 was grave on the business and specifically on startups. It has also had ramifications on investors' decisions and behavior. Many investors shifted their interests to e-businesses and online platforms due to their adaptability and the rising rate of their revenue during the Covid-19 pandemic.

2. The Adverse Business Environment:

The process of establishing a business in Iraq is costly and often complicated. The registration of businesses has become a necessity that is difficult to achieve for all startups due to the number of obligations that are inconsiderate of modern types of companies and business models, especially those operating in the technology domains. Thus, the registrar treats startups similarly to larger and more established enterprises. If an entrepreneur's business is not legally registered, then they would not be able to have a valid agreement with an investor because the startup's financial obligation, profit or loss, is expected to be the startup's and not the founder's.

3. Limited Scalability of Startups:

Despite the number of applications or the scouting of businesses that have what it takes to join the Network, the main ongoing challenge is finding a business that has a scalable vision and has been operating for a considerable period of time that can attract investors' interest. Often entrepreneurs dive head-first into their ideas without considering proper planning for how to operate and scale their businesses, which is the equivalent of planning to fail.

4. Financial Illiteracy:

Most startups have very small teams with few members doing various tasks, neglecting the essential role of accounting and bookkeeping. In addition, many founders are under the false assumption that they know their business enough and do not need to hire a professional accountant or perform proper bookkeeping. As a result, those startups lack accurate documentation and financial data to present to investors, consequently missing the opportunities to obtain investment.

5. The Inadequate Digital Transformation:

The shift from physical stores and traditional business models, such as retail, to tech-enabled businesses, is challenging for many reasons, including internet penetration, mobile phone penetration, and tech awareness among customers. Moreover, digital payment integration is slowing the transition to tech-enabled businesses. Most startups are trying to provide digital payment options. Still, the distrust of citizens in digital payment and the dominance of cash-based culture has created a customer behavior that prefers cash on delivery (COD). This created a new issue, particularly for fully automated businesses that lack capital.

6. Investors' Preference:

Investors' appetite sways toward tech-enabled businesses. They are also focused on post-revenue stage startups, which limits the pool of startups, especially considering the current growth stage of the Iraqi ecosystem and entrepreneurial scene. Furthermore, investors usually invest in entrepreneurs rather than businesses alone. They carefully inspect founders as they consider them potential partners, which means that the founders should check multiple boxes, including reliability, dedication, work ethics, passion, and determination, amongst many other factors.

Key Takeaways from the Negotiation Table:

- 1.** The early deals of the Network were struck with startups that addressed a real market or industry challenge and provided a feasible solution to that challenge, regardless of whether those startups had similar business ideas or business models to others in the market.
- 2.** Providing the appropriate operating model and resolving the flaws in the rivals' operation model provides a competitive edge that, in the long run, will attract the interest of investors and lead to a successful fundraising round.
- 3.** In the early phases of a startup, receiving funds is less significant in terms of the validation and success of a business. However, it serves as proof that the business is on the right track or has a competitive edge.
- 4.** Valuation based on the startups' wishes, wants, and sometimes needs is often a deal breaker for investors. Investors are looking for startups that can use the funding in accordance with a proper business strategy and plan in order to advance and scale up their business for future investment rounds and a higher valuation, instead of those who are looking to have a high burn rate without a sound business plan.
- 5.** Failing to receive funds or interest from investors does not necessarily mean that the business is not on the right track. Startups often have to pitch to many investors and entities multiple times to raise funds. Sometimes the issue arises because startups do not pitch to investors in their relevant field.



Recommendations

- **For IAIN Investors:**

Investors should always try to explain to startups why they would not invest in their business, whether it is irrelevant to investors' field of interest, or an issue in the stage of the company's development, operations, business idea, and/or management strategy. This helps entrepreneurs work on their shortcomings for their future pitch days.

Furthermore, it is preferable that interested investors contact the startups after the pitch day to discuss their interest in the business. Investors may also set milestones and key performance indicators (KPIs) for the business. If those KPIs are met within a certain time frame, they may begin negotiations for the business fundraising round.

- **For Non-IAIN Investors:**

For investors interested in the Iraqi market, IAIN will provide you with the opportunity to learn more about the Iraqi Startups ecosystem. It will facilitate your investment in Iraq, give you a front-row seat on pitch days, discuss with entrepreneurs about their businesses, and have insights from the IAIN team. The Iraqi market is promising with untapped potential.

- **For Entrepreneurs:**

- There needs to be more than a unique business idea and profitable business model to attract investors. Entrepreneurs need to be more aware that investors are looking for their future partners and want to see the potential in them to invest.

- It is essential to employ a sound accounting system or hire a professional accountant from the very early days of the business. Proper bookkeeping is essential to show financial data and traction.

- Before the pitch day, entrepreneurs should research to know who the investors are, their interest domain, and their investment portfolio. Entrepreneurs must have an idea about those finer details, which could be an asset for them to understand what to target to attract the right investors.

- Build your pitch deck in a proper and clear structure and come prepared for the pitch to reflect your confidence as a founder and the competence of your business.

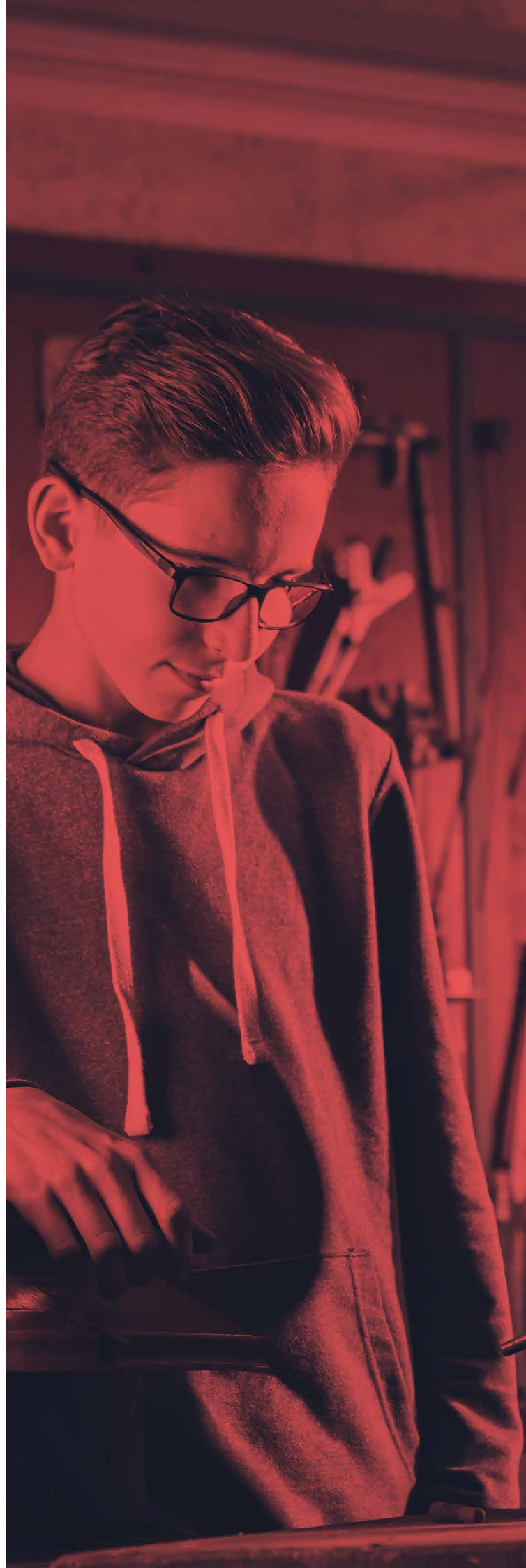


A Simple Formula for a Better Private Sector:

The Role of Psychological Safety in the Workplace

The development of the Iraqi private sector has been the focus topic for our ecosystem for years; numerous attempts, initiatives, projects, supports, and funds have been trying to foster the growth of the private sector in different aspects. Those efforts are mainly trying to bridge the skills gap between the human workforce and the job market as it seems this is one of the most critical problems that is hindering the growth of the private sector. Therefore, many business and entrepreneurship support organizations, training institutes, and educational institutes have been channeling their efforts to address this gap.

Through further research and surveys conducted by stakeholders in the ecosystem, including one conducted by KAPITA in 2021, "The Reality of Information and Communication Technology In Iraq: Ecosystem Reflection, Challenges, and Opportunities," indicates that this gap between the private sector and the workforce is the accumulation of different factors including the inadequate education system, reliant mindset, insufficient self-investment, reluctance to change, English language barrier, lack of soft skills and advanced technical skills, brain immigration, and others. While all the mentioned above are accurate, there is another aspect to this issue.





The Iraqi private sector has many fallouts that are deterrent factors for the workforce to join. This other side of the coin should not be dismissed. It requires just as much attention to address this issue as much as the issue of human resources. While those factors fall under many different themes that can range from working conditions, wages, labor rights, transparency, and culture, one that is often the most neglected is the psychological safety of the workplace and its significance in the well-being of both employees and organizations.

It is also essential to remember that the Iraqi population is very youthful. According to the 2021 statistics of the Central Statistical Organization of Iraq, around 40% of the population is under the age of 15. While 20% are between the ages of 15-24, which represent the youth population of the country, and another 20% fall between the ages of 25-34. This means that the current workforce is mostly constituted of young millennials, while the fresh graduates and the new workforce who recently joined the job market are Gen Z.

Regardless of the differences between the two generations, the two have many similarities when it comes to work preferences. According to the Deloitte Global 2022 Gen Z & Millennial Survey, the top reason for staying at an organization was good work/life balance with 32% for Gen Z and 39% for millennials, followed by learning and development opportunities with 29% for both, and financial benefits which ranked third with 24% and 27% for Gen Z and millennials respectively, whereas positive work culture including safety, feeling of belonging, and value, ranked fourth with 24% for both generations. The aforementioned numbers indicates that the current and upcoming workforce values more than just salaries, and puts a high weight on other benefits such as work environment and culture, and growth opportunities.

Therefore, organizations should take into consideration the importance of creating a better work environment, strive to build a psychologically safe atmosphere to support the well-being of the employees. Which, consequently, leads to higher productivity, better performance, and increases the retention rate of bright talents.

However, to understand how organizations can create better work environment that is psychologically safe, we need to know precisely what does psychological safety mean? Psychological safety was first researched during the late 1960s, similar to many other organizational behavior and psychological topics. Scholars Warren Bennis and Edgar Shein defined the concept psychological safety in 1965 as reducing interpersonal risk in their paper "Personal And Organizational Change Through Group Methods: The Laboratory Approach."

Later in 1990, Professor William Khan defined the employee engagement theory, where people engage, express and employ their personal selves, or disengage, withdraw and defend their personal selves, and the psychological conditions that are linked to it, which are meaningfulness, safety, and availability.

In 1999, the term "Psychological Safety" became popular by Harvard Leadership and Management professor Amy C. Edmondson who built on the work of scholars before her and defined psychological safety in her paper *Psychological Safety and Learning Behavior in Work Teams* as " a belief that one will not be punished or humiliated for speaking up with ideas, questions, concerns or mistakes, and that the team is safe for interpersonal risk-taking." The paper studied 51 teams in manufacturing companies and found that teams with higher performance were the ones that made more mistakes.

In 2012, Google conducted its project "Aristotle," that studied many diverse teams working at Google and tried to understand what are the factors behind successful teams.

The project concluded with five elements ordered according to importance, the first being psychological safety, followed by dependability, structure and clarity, meaning, and impact.

There are many components to psychological safety, but essentially, it is an environment built on trust, respect, open communication, transparency, and inclusion, where people feel supported to take risks and make mistakes and feel valued and appreciated at their workplace.

Here are a couple of not so secret secrets to increasing the psychological safety of the workplace:

Fostering Inclusion and Authenticity

We spend the majority of our day working, and our jobs have taken a significant share of our lives. It is important that those jobs allow us to be our authentic selves without pretending to play a role that does not resonate with us. Hence, organizations starting with their leaders, should model authenticity in the way they lead and interact with others.

Furthermore, organizations are mostly working in diverse teams; it is critical that this diversity is celebrated and not discriminated against and everyone feels included. That means letting go of our prejudices and judgment, learning to listen to others more attentively, and accepting our differences. This might be a challenging exercise at first; however, acknowledging our prejudices and biases is a step in the right direction. Eventually, this will reinforce the sense of belonging to the organization and reduce negative morale.

Embracing Mistakes

Mistakes and fallouts are just a natural by-product of any job or process. It is improbable to be avoided entirely even with the highest level of professionals or experts and even from the top management. Reframing mistakes as learning opportunities and seizing the chance to optimize and improve operations instead of punishing them would encourage employees to take more risks and be more innovative, instead of creating a culture of fear and anxiety, where employees feel unsafe and shy away from taking responsibility or trying anything new. This responsibility also falls on the shoulders of management to admit their fallibility and embrace it, allowing the organization to follow in their steps to do the same.

Encouraging All Voices

Organizations should create a more open space for their teams to participate and invite people to be a part of the conversation. It is significant to empower people to take an active role in the dialogue and the decision-making process, and to make sure they are indeed heard. Moreover, encourage those voices even when they are challenging certain ideas, suggesting changes, or questioning certain decisions. Adopting a curious mindset and asking people for their contributions and valuing them will not only enrich but bring more perspective to the table and will also reinforce the collaboration among the team members to perform better. This will also strengthen the morale of the team as they feel valued and appreciated, and their contributions matter, fulfilling their sense of purpose within the organization.

Practicing Empathy

The rapidly changing world of today introduces many personal struggles that we have to deal with on a day-to-day basis, not to mention the volatile state of the world, from recovering from the pandemic to being on the doors of a possible recession. The current system is not designed to be supportive of the well-being of people. In addition, we might have been stripped of many humane virtues that made us view people for the work they do but not the person they are. Leaders and managers should practice empathy and try to understand their employees and continuously check with them, address their concerns and provide support where possible.

High Psychological safety creates an organization that operates in the learning zone; the learning zone is where the employee's motivation is high, and the psychological safety of the organization is also high. This, in turn, will help the organization to improve and develop continuously.

All of the aforementioned is not some secret recipe to improve the psychological safety of an organization. However, we might neglect those obvious necessary practices or underestimate their impact on the well-being of employees and their effect on employees' retention, performance, and team efficiency. Regardless of those countless benefits that reflect directly on the performance of the organization, it is important to remember that at the end of the day, it is the people that matter. We live in a complex modern society that champions hustle culture and glamorizes workaholicism and is designed to generate profit, turning a blind eye to the downsides, which makes it easy to forget about the core of what it matters in life, the well-being of people.



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Public Sector Employment: The Reasons Behind the Glamorization and Inclination Towards Disguised Unemployment

There is a widespread tendency in Iraq to favor public-sector employment; this is an issue with a lot of economic repercussions. The public sector wages bill costs Iraq a significant portion of the annual national budget. This, combined with the dangerously high levels of corruption, represents a substantial impediment to the economic development so sorely needed in Iraq. However, with all of the aforementioned economic strain that public sector employment causes, it is still the most favorable form of employment for young Iraqi citizens. Why would some young people be willing to use connections and pay thousands of dollars in bribes to land a public job that significantly pays less? What are the underlying root causes that lead public sector employment to be so enticing? There are, in fact, many reasons that gave public sector employment an upper hand over the private sector. These reasons include, but are not limited to, job security, pensions, and minimal job responsibilities.

Job Security

The public sector offers job security unrivaled by the private sector because once one is employed in the public sector, they are effectively employed for life. It is common knowledge that it is very rare for a public sector employee to be fired on their performance only. Reasons to fire an employee have to be something far greater than performance, and it would take a long bureaucratic procedure, which could be overturned due to corruption and connections or even swept under the carpet.

On the other hand, even though private sector employment might be more financially lucrative than public sector employment, it cannot compete with the job security that the public sector provides, for better or worse. Job security in the private sector depends on the organization and its internal management system. In many cases, though, the private sector employee can find themselves jobless at a moment's notice, mostly without a notice period. These circumstances can be attributed to the lack of employment laws and regulations, that even when they exist, they are barely enforced.

Many of these laws were created for a socialist country, which Iraq no longer is. There is some favoritism towards the employer in some cases. Furthermore, in terms of enforcement of the laws, it has no governmental support for private sector employees, whereas in other countries, the government will assign lawyers to handle private sector employees' grievances. In fact, many Iraqis are employed in the private sector without the basic security of a contract. However, this issue falls back on the lack of knowledge among employees about the necessity of a contract and other basic labor rights.

Pension Plans

One of the biggest public sector employment incentives is pension plans. These plans are not perfect, of course, yet they are a reality for many retirees and exciting prospects for many current employees. It is more of a safety net that the average Iraqi retiree can rely on for a decent life after retirement.

Pension plans within the private sector are virtually non-existent and, at best, are brittle. As aforementioned, in many cases, private sector employees do not have contracts, which in itself hinders any legal possibility of acquiring a pension because they will not be registered in the social security system. Occasionally an employee may see some taxation and social security deducted from their salary without any employment contract benefits in place; this might be an indicator that there might be some manipulation from the employer. According to the current labor laws, if the employee is registered in the social security system of the private sector, there must be a monthly deduction of 5% of their base salary.

The employer must also pay social security of 12% of that employee's monthly base salary. This accumulates to 17% of the base salary that the employee is entitled to receive if they have been out of work for a period that is no less than a year by the social security department upon the beneficiary's request. However, in reality, the percentage that is not paid in full, only amounts to 8% to 8.5% of the deducted 17%. Either the amount is paid in a one-time sum payment or on a monthly basis. This amount, in one sum or monthly basis, falls short of being financially viable for any individual, let alone an individual with a family and responsibilities.

Minimal Job Responsibilities

The public sector offers something that the private sector cannot afford, the minimal effort required for the job. Public sector employment enjoys a high level of procrastination, with a commonly held belief that is cited by papers discussing public sector employment in Iraq that the public sector employee averages 17 minutes of actual work per day. The number is likely to be exaggerated, yet, the fact it is a held and cited belief is an indicator of the insufficiency of public employment.

In addition to that, there are many paid public holidays and personal time off that the public sector employee enjoys. Also, public employment does not provide any job development for its employees. There are no skills and knowledge to be gained to enhance their performance, and the fact that the job is secured almost for life, there is no need to do so. This reason solely might be behind the most contributing factor to the estimated 17 minutes of productivity and the public perception of the inefficiency of the public sector in general.

The differentiating factor between the private sector and the public sector is that the private sector will require individuals to be productive, have and develop further skills, and lack, sometimes to a fault, holidays and time off. In the private sector, the employee's performance ends with the company's profits, and when an employee is not doing their job, the company loses money. Therefore, the more productive the employee is, the more they are able to gain new skills and advance themselves, and the more secure their job is. Also, the fact that the private sector has fewer public holidays and sometimes even longer working weekdays, not just the five weekdays, will, by default, make them more productive than those in the public sector.

Shared Grievances between the Public and Private Sectors' Employment

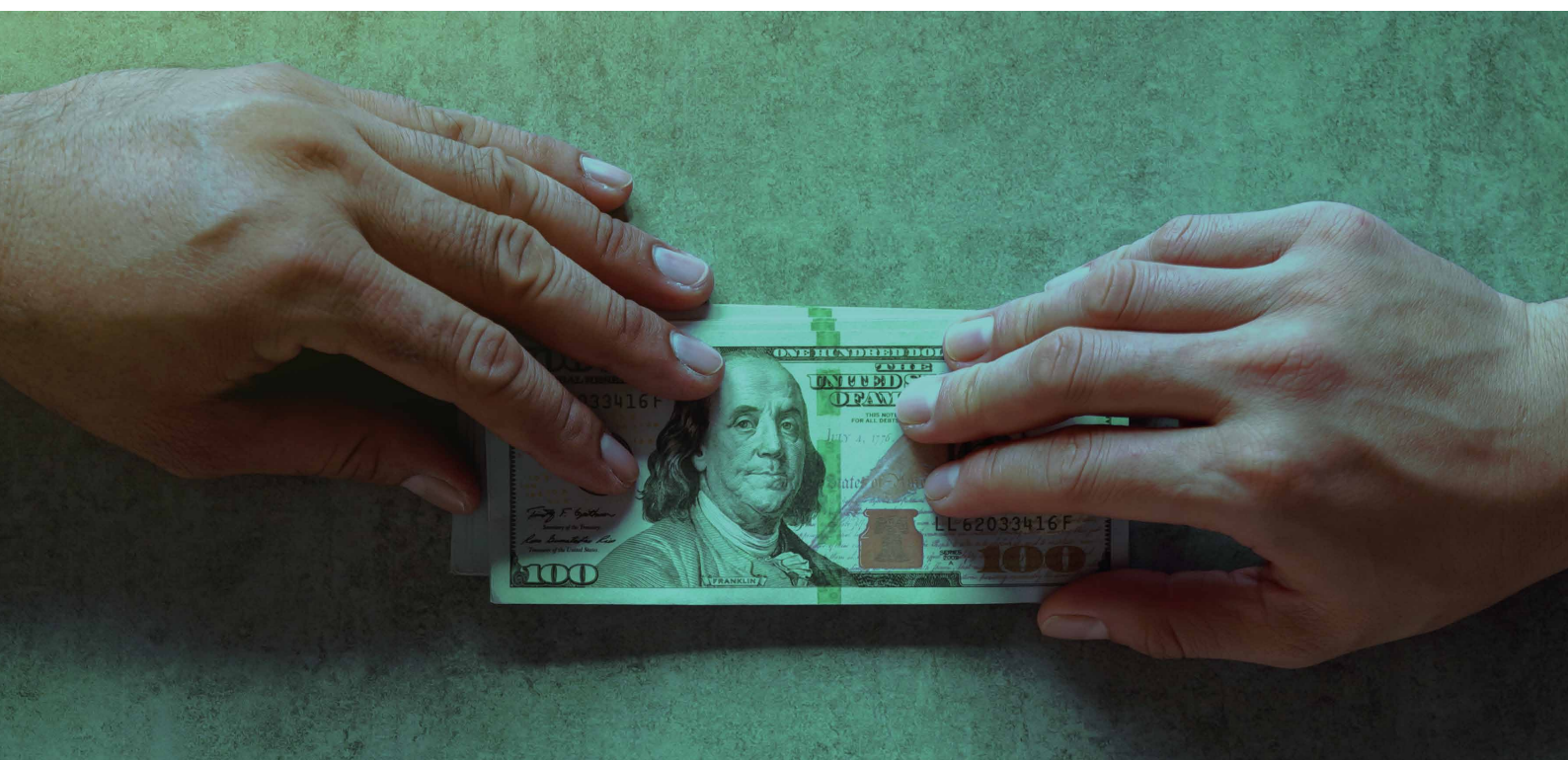
Despite the many differences between public and private sector employment, there are some points that the two share which need improvement. Some private sector entities are run through nepotism and bribery to secure employment. It disregards skills or knowledge because some businesses are family-run businesses that prefers to hire incompetent relatives rather than skilled employees. That is not much different from the public sector in which similar practices are undertaken. Both deny equal opportunities for job seekers.

What Needs to Be Done?

The issues we have discussed represent the main reasons why public employment seems to become a more attractive employment option for Iraqis. This is a genuinely problematic predicament as the rising demand for renewable, sustainable, clean, green energy worldwide is creating less demand for fossil fuels. Iraq relies on 95% of its revenue through the exportation of fossil fuels. The fact that the public sector wage budget comprises a sizable portion of the annual national budget cannot be sustainable for the economic growth of the country if anything happens to the oil prices.

Therefore, it is very vital to understand that one of the most important steps that Iraq can take to create a better economy is to push toward the private sector. The government needs to do what it takes to make the private sector a more attractive option. To achieve these results, the government needs to enforce the existing rules and regulations of the employment laws. As well as adding new employee favorable laws that would make working in the private sector feel more secure and sustainable. Empowering the private sector will yield results across the board, not just for its employees. The effects will ring wide and large across the whole economy and will assist with the reduction, and in ideal circumstances, the eradication of the issue of unemployment.

Addressing this issue is very urgent, it cannot be put on the back burner any longer. The Iraqi middle class cannot be sustained if a push towards the empowerment of the private sector and the private sector employee as well did not happen soon. Planning for solutions to this issue and actually implementing them is key to a healthy economy. An economy that is focused on the renovation and rehabilitation of industry and agriculture will lead to more job creation, resulting in a better internal cash flow and more internal financial stability. A healthy private sector that is held accountable to shareholders, the public, and its employees, is the key contributor to a healthy economy.



Transportation Sector in Iraq: Roads and Railways

A brief history of transportation in Iraq takes us back to the 1920s. Similar to many countries in the region, Iraq's means of transport were orthodox and basic, residents mainly depended on horse-drawn carriages and boats. For international travel and fishing, ships were deployed off the coast of Basra. The modernization of transportation was introduced to Iraq in the 1950s by adopting modern machinery. Paved roads began to emerge, and private automobiles and public transportation were becoming the new norm in urban areas. The Tigris and the Euphrates, Iraq's principal two rivers, were utilized by steamboats, a step that greatly enhanced commodity transport operations.

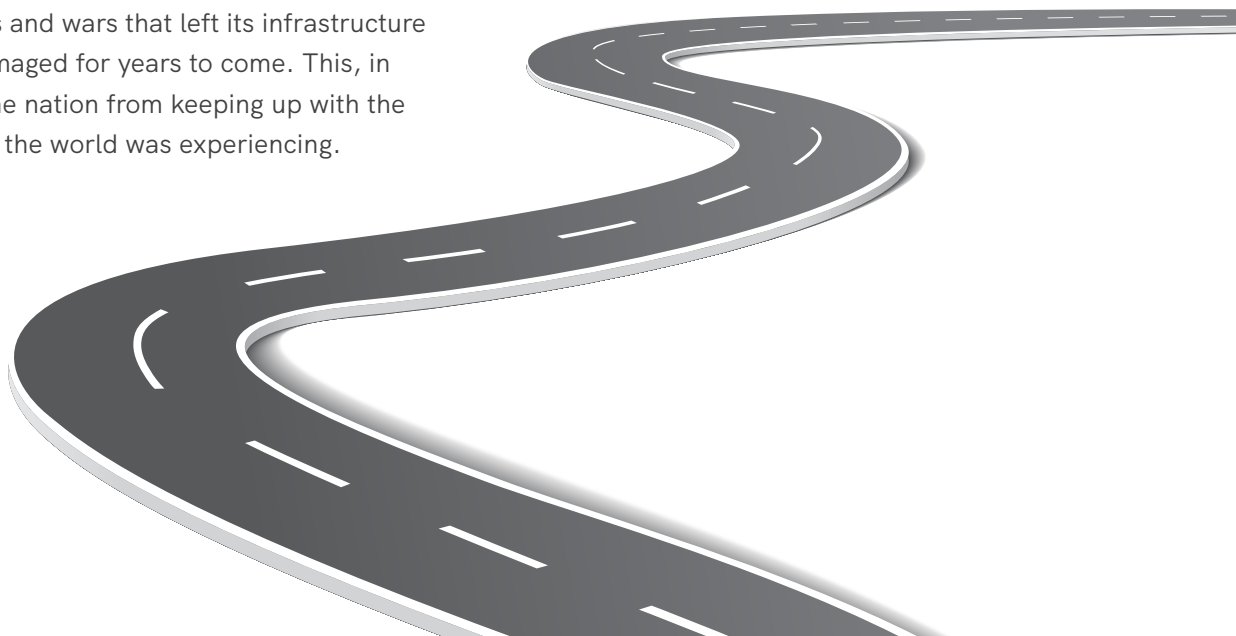
The major breakthrough in the transportation sector came in the 1970s, when a significant portion of Iraq's domestic development budget was allocated to boost aviation and maritime modes of transport, fostering regional networks to facilitate industrial expansion. Additionally, air jets and modern ships were deployed to connect Iraq globally, securing its position as an international economic trade hub. A decade later, Iraq is involved in a consecutive chain of conflicts and wars that left its infrastructure substantially damaged for years to come. This, in turn, hindered the nation from keeping up with the technical growth the world was experiencing.

Roads

Roads affect the entire economy, directly and indirectly influencing people's lives, which is why since 4000 BC, Sumerian constructed stone-paved streets in Ur. Modern-day Iraq has a generally relatively developed road network, with proper coverage of most cities and rural areas. However, the subsequent abuse, extensive damage, lack of maintenance, and successive over-reliance on the road network for transport, mainly due to the weak railway system, has added pressure on the outdated road network.

There is a state run public transportation system serving the citizens, the actual terminal facilities are owned and managed by the MoT. Road transport in Iraq is managed by the Ministry of Transport through the **State Company for Travellers and Delegates Transportation** and the **State Company for Land Transport**.

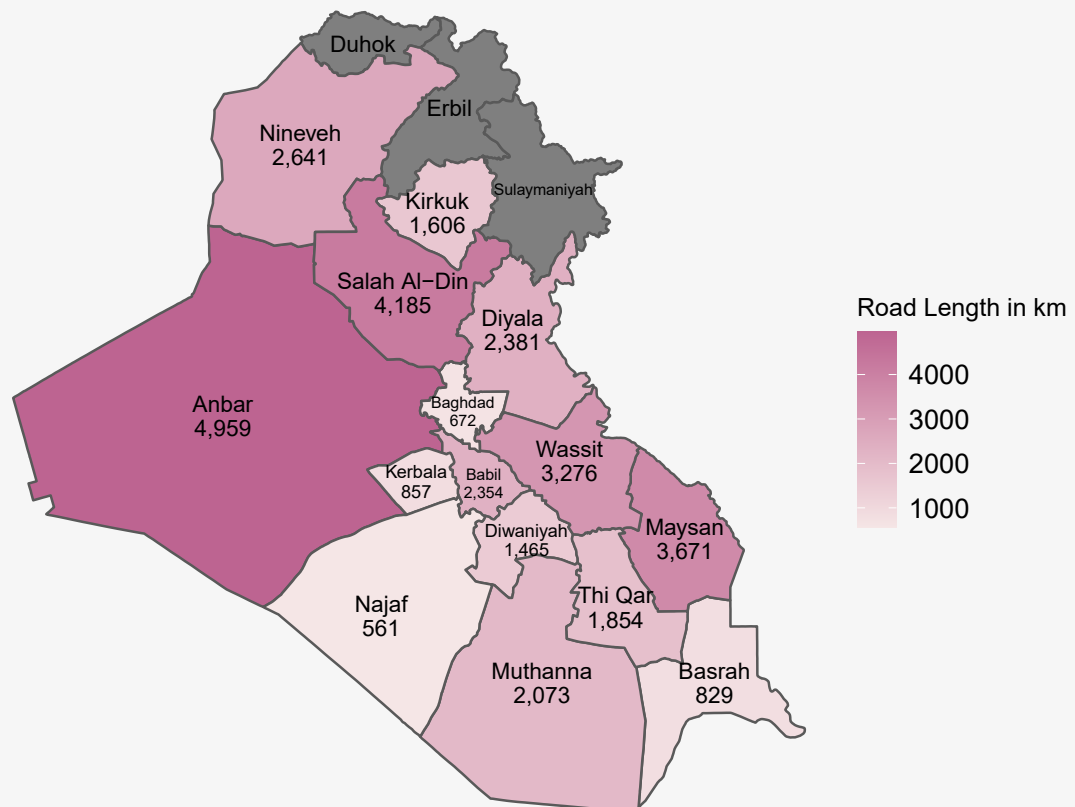
In 2015, there were 110,345 km of paved roads, more than double what existed in 2010 (41,716 km). Iraq has two main highway roads, the older one, Iraq Expressway 1 connects the Iraqi-Jordanian border to Basra, it is 1,200 km in length, and Iraq Expressway 2, which connects the Iraqi-Turkish borders to Baghdad where it is joined with Iraq Expressway 1.



Due to the lack of proper public transportation system, there is an incline in the number of cars with plate numbers in Iraq, an addition of almost one million cars between the years 2016 and 2020, from 6.1 million cars in 2016 to 7 million cars in 2020. From the total number of cars all over Iraq in the year 2020, 35% (2,479,898 cars) of them are located in Baghdad, which is only natural due to its 8.3 million inhabitants. Second and third to Baghdad come the KRI governorates, Erbil and Sulaymaniyah, with 772,022 and 569,252 cars, respectively.

Congestion is a grave problem for Iraqis, the many roadblocks (permanent and temporary) installed for security reasons, the over-reliance on private transportation, and the diversity in transportation vehicles due to the absence of strict regulations and their implementation are a few of the reasons. The graph shows the time it takes a person to travel from 2 locations in Baghdad when the roads are clear and during rush hours, the difference is around more than double the time.

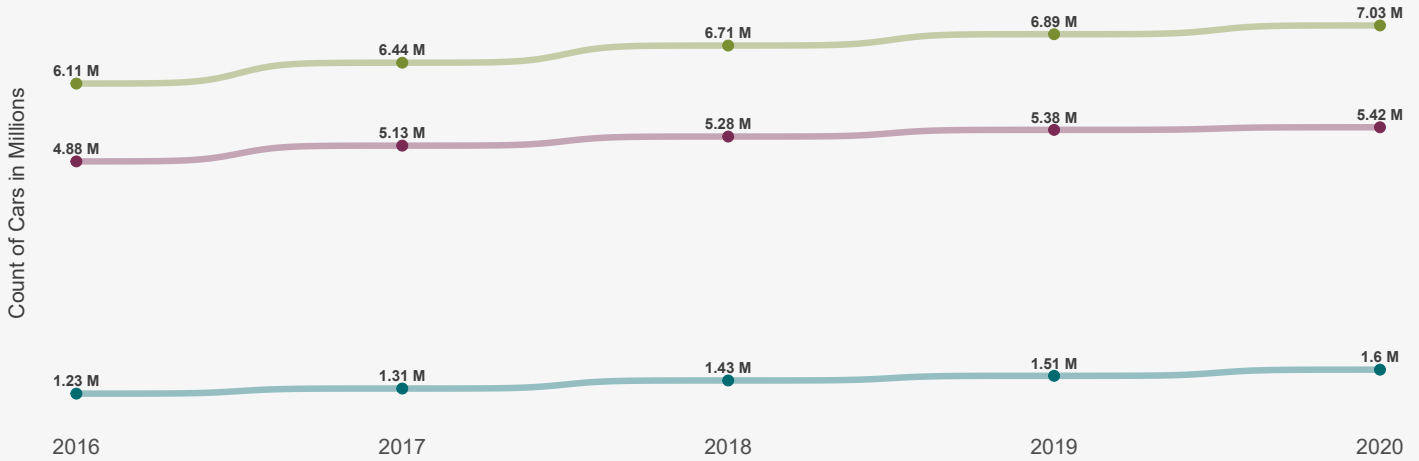
Total Roads Lengths across Iraqi Cities in 2020



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

Number of Private Cars with Plate Numbers over the Years

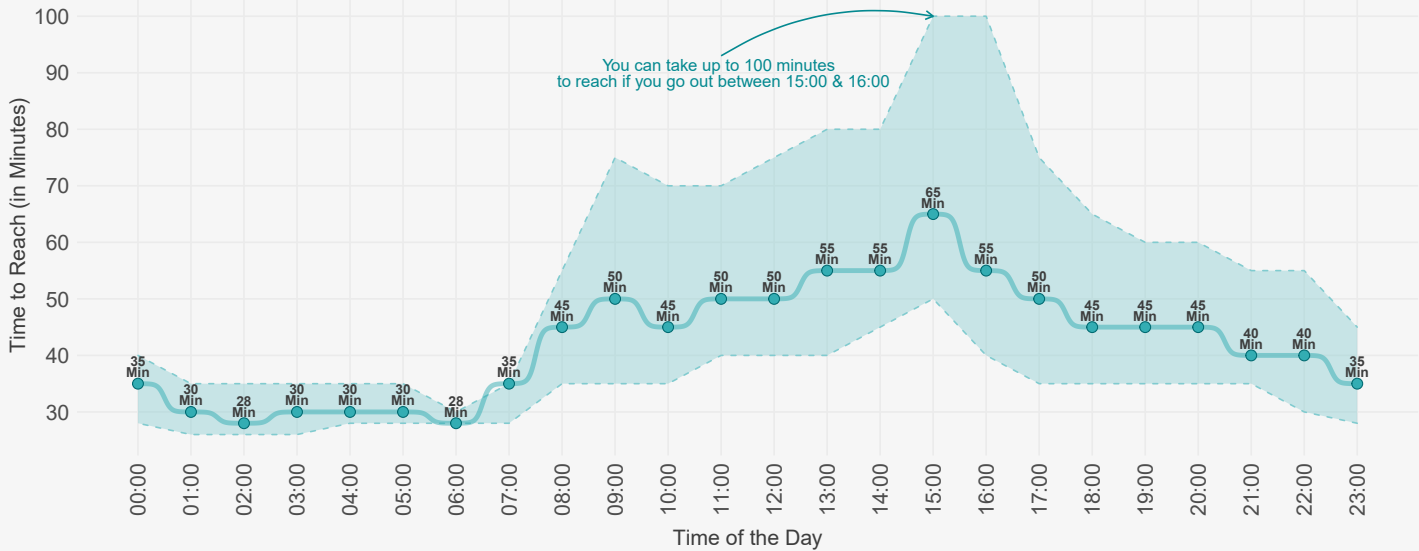
● Number of Cars in Iraq Except KRI ● Number of Cars in KRI ● Total Number of Cars



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

Estimated Time to Travel From Ziyouna to Khadra Neighbourhood (24.1 km) in Baghdad

Shaded Areas Are Upper and Lower Bounds for the Trip Duration.



Source: Google Maps, March 2022

Transportation has been a starting ground for many tremendously successful startups and businesses, services include, but are not limited to, taxi services, vehicle rentals, trucking, as well as special transportation of livestock, medical equipment, and machines. Iraqi roads have been hospitable to many transportation-related startups and companies, local and international, and they are as follows:

- Ride-Hailing Businesses could be argued as the most impactful disruptors in the urban transportation sector in the past decade, where a person could customize their ride order to a destination of their choosing, even picking from a variety of vehicle and ride options.
 - **Obr:** A company that is registered in the United Kingdom and approved by the National Investment Commission and the Iraqi Ministry of Transport. Currently operating in Najaf, Baghdad, Erbil, Babil, Karbala, and Fallujah.
 - **Taxi Al-Mumayaz:** Is a new service that was launched in October 2020, and works in collaboration with the Civil Aviation Authority. The project has specialist personnel and contemporary VIP automobiles to transport people to and from Baghdad International Airport.
 - **Careem:** Is a super app that operates in over 100 cities across 14 nations, overtaken by Uber in 2020. In Iraq, Careem launched its ride-hailing services in 2018, recently adding delivery to transport packages. It operates in Baghdad, Erbil, Najaf, and Basra, along with upgrading its services to provide deliveries in Baghdad, and cross-city rides.

- **Baly:** Launched in 2021 and supported by the German company Rocket Internet. Baly provides ride-hailing and meal delivery services. It aims to uphold the standards of affordability, convenience, and safety, giving the option of different types of ride services to choose from and different modes of payment.

- **Lady Go:** Is an Iraqi startup that was established in 2019, with the goal of imposing a cultural and social impact by empowering women through their venture. By adopting the model of women-only drivers, Lady Go offers ride-hailing services to women and children only, aiming to provide a comfortable transportation experience.



- Last-Mile Delivery services address the final step of shopping, where the package finally arrives at the buyer’s door. They are key to customer satisfaction and can be the most expensive and time-consuming step in the purchasing journey.

- **Talabatey:** Is the largest meal delivery service in Iraq, with more than 5 million downloads. The application was launched in 2016 as a food ordering app, and has since covered all of the Iraqi governorates and expanded to Syria and Sudan, with plans to expand to Kenya soon.

- **Al-Saree3 and AlZajel:** Is a food delivery company that was established in 2018. They currently have more than 1 million downloads in Baghdad only and successfully delivered more than 5 million items in the last few years. AlZajel was launched in 2019 as the first of its kind service to provide an on-demand delivery service within one hour to any area in Baghdad.

- **Lezzoo:** A last-mile delivery service with plans to expand to a super app, that was founded in Erbil and launched in 2017 and has since expanded to the rest of the Kurdistan region.

- **Toters:** Is an on-demand delivery tech platform established in 2017 in Lebanon and launched in Baghdad at the beginning of 2019, with Basra and Najaf recently entering their list of covered governorates.

- **Talabat:** A Kuwaiti startup company that was founded in 2004 that specializes in online food ordering. It operates in many MENA countries, and it entered Iraq through Erbil and has since expanded to Baghdad, which was added in January, 2022.

- **Hi-Express:** Founded in 2018, with a focus on the B2B segment, serving more than 170 vendors over the past year. Their application offers registration of businesses, order of delivery pickup, and tracking of package delivery status.

- **Sandoog:** They started their delivery service in April 2018 to address a gap in the Iraqi logistics market related to the broken delivery and logistics value chain, delivering half a million orders and handling over \$10M in cash for their merchants. They have offices in Baghdad, Erbil, and London.

Many other companies and startups not mentioned above are operating in Iraq, more details are available in the report.

There are many issues and planned projects to address them regarding road transportation. Some of the major issues involve road security, maintenance and development of the road network, shortage of the investment in the cargo transportation, lack of development and regulations, and outdated google maps service.

Many planned projects involve the restoration of the mailing system, the establishment of bridges for cargo transportation across the country, as well as the rehabilitation and construction of various highways.



Railways

In 1869, Iraq had a tramway in the Kadhimiya area, used for people and cargo transportation. By 1953, the Iraqi Republic Railways (IRR) was established and operations commenced directly under the supervision and authority of the Ministry of Transport. Currently, there is only one international interchange, and that is at the Syrian borders at Rabiya. The railways are used to transport goods from mines, ports, and industrial zones covering most of the country.

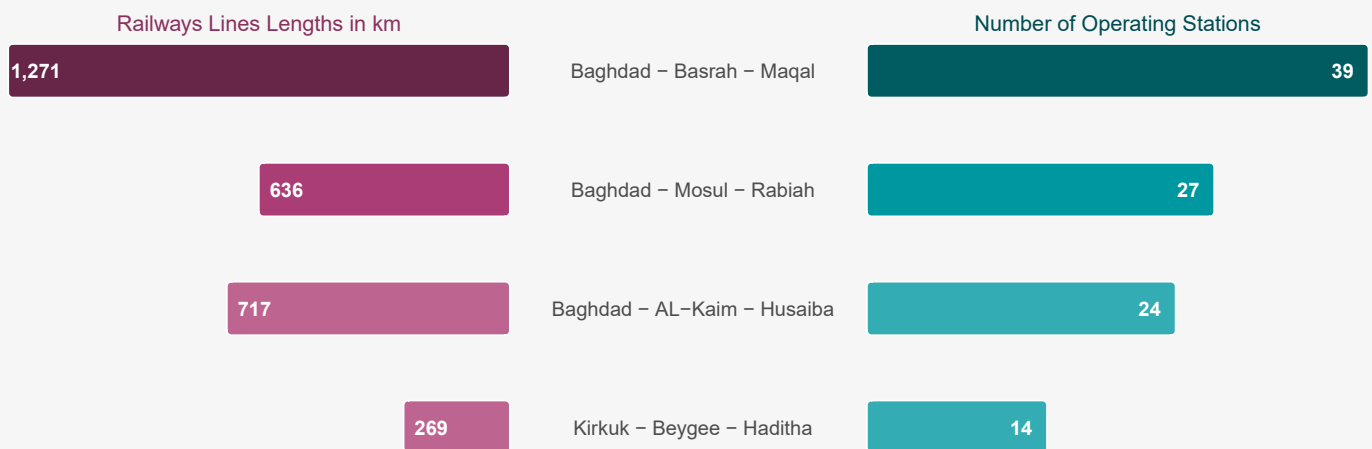
In the graph, we notice the four most important railway lines, three of which start from Baghdad, and connect to large cities like Basra and Mosul. The shortest one links Kirkuk-Beygee-Haditha, and is mostly used for produce and oil transportation.

The railways have seen an increased turnout by passengers in 2018, reaching more than half a million passengers, an improvement of around 21% from the year 2017. Cargo transportation has improved greatly during 2020, coinciding with the COVID-19 pandemic, totaling 1,293 thousand tons, that is 2.4 times the volume transported in 2019.

The increase of passenger and cargo numbers, surprisingly has not translated well in terms of revenues. As we can see in the graph, although the volume of cargo has increased incrementally in 2020, the revenues in 2020 are less than that of 2019. Regarding passenger transportation, the 21% increase in the number of paying passengers in 2018 has not increased the passenger transport revenue in the same year.

Many plans are laid out for the expansion of the Iraqi Republic Railways, including 3 railways at border points, the first connecting Iraq to Turkey, the second connecting Iraq to Iran via the Shalamcheh border, and the last connecting Iraq to Jordan via the Rutba-Trebil border. In the Iraqi investment plans of 2018 and 2020, many plans for railways expansion were noted, including the Baghdad loop line railway project, the Basra-Faw railway line, a MonoRail in Karbala governorate, and the Basra Metro, to name a few.

Railway Lines in 2020

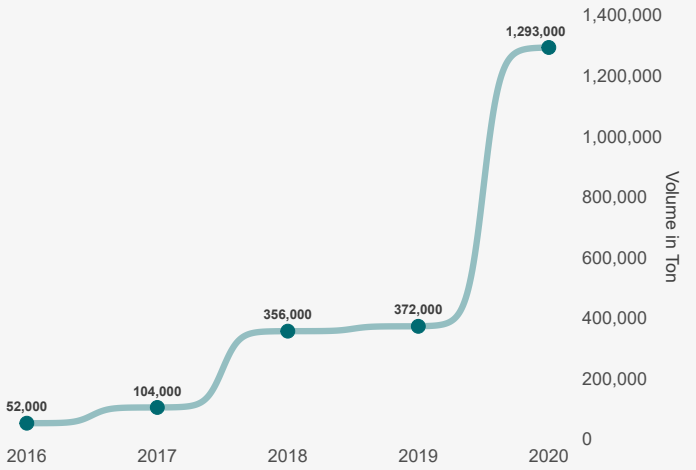


Number of Passengers in the Railways Activities over the Years

● Non-paying Passengers ● Paying Passengers



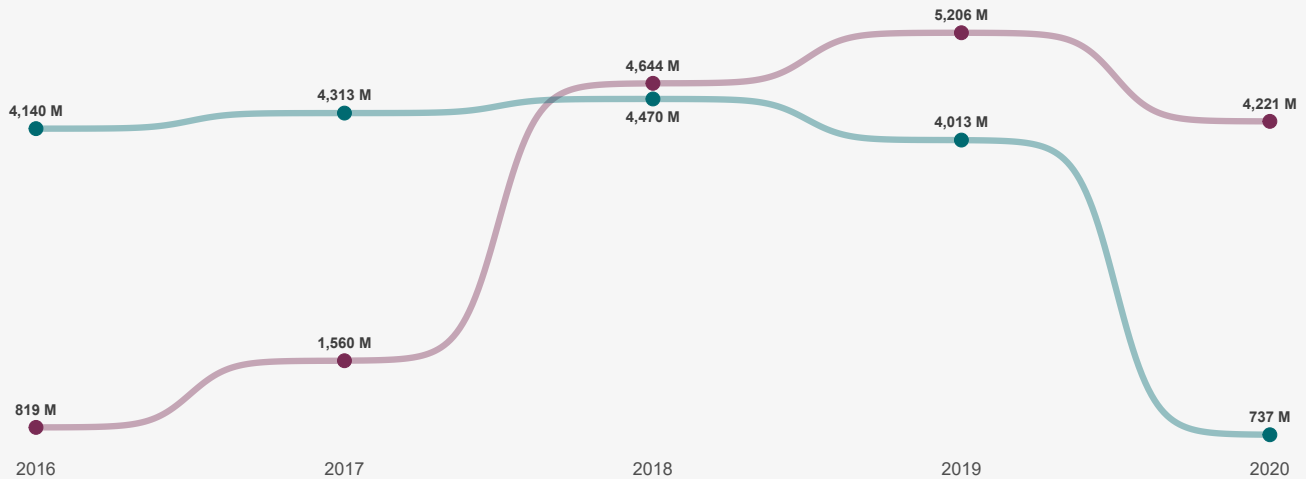
Volume of Goods Transported in the Railway Activities



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

Revenues from Passengers and Goods Transported via the Railways

● Goods Transport Revenues ● Passengers Transport Revenues



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.



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Transportation Sector in Iraq: Aviation and Maritime

Aviation

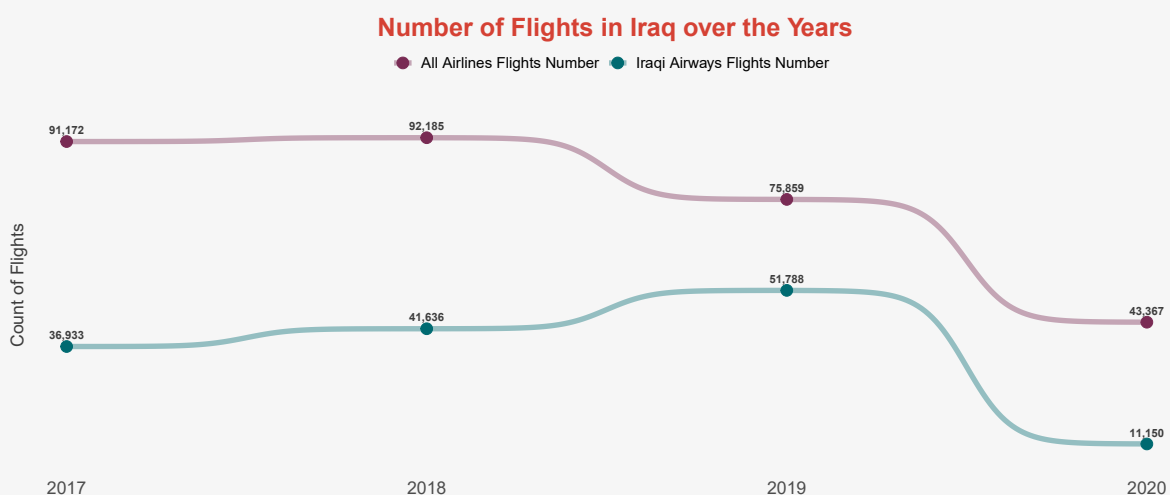
Air transport plays a vital role in economic growth and development, serving as a gateway to the international economy and providing crucial connectivity on a regional, national, and international level. It aids in generating trade, promoting tourism, and creating employment opportunities. Aviation provides the only high-speed global transportation system, making it key to international business.

Iraq took its initial steps towards aviation in 1933 with the establishment of Al-Muthana Civil Airport, and on January 29, 1946, Iraqi civil aviation made its first flight. Civil aviation in Iraq had enormous promise at its inception, but owing to the numerous obstacles and challenges it has experienced over the years, its role in the growth of economic and social elements has been minimized, despite the country's riches.

Until recently, the public sector was the primary body in charge of civil aviation; currently, an increasing number of privately-owned companies are entering the scene.

There are three government bodies responsible for civil aviation in Iraq. The Iraqi Civil Aviation Authority (ICAA), the General Company for Air Navigation and Services (GCANS), and Iraqi Airways. ICAA is the high authority in charge of controlling Iraqi airspace and issuing licenses for aviation staff, as well as authorization to land on and depart from Iraqi airports. GCANS harbors more than 270 air traffic control officers providing air combat command, approach command, and air traffic control tower services. Iraqi Airways is the country's national airline, based on the grounds of Baghdad International Airport in Baghdad, and it is the Middle East's second oldest airline, founded in 1945. Iraqi Airways provides both domestic and regional services.

According to the Central Organization of Statistics and Information Technology, the number of flights over the years prior to 2019 witnessed a steady flow, with flights operating under Iraqi Airways constituting 40.5% and 44.8% of the overall number of flights in 2017 and 2018, respectively. In 2019, however, the majority of flights were operated by Iraqi Airways, which took up 68.2% of the total number. In addition, authorities imposed travel restrictions on more than 13 nations in 2020, not to mention other countries that banned flights from Iraq due to the COVID-19 pandemic. This can be seen through the drastic drop in the number of flights within the same year.



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

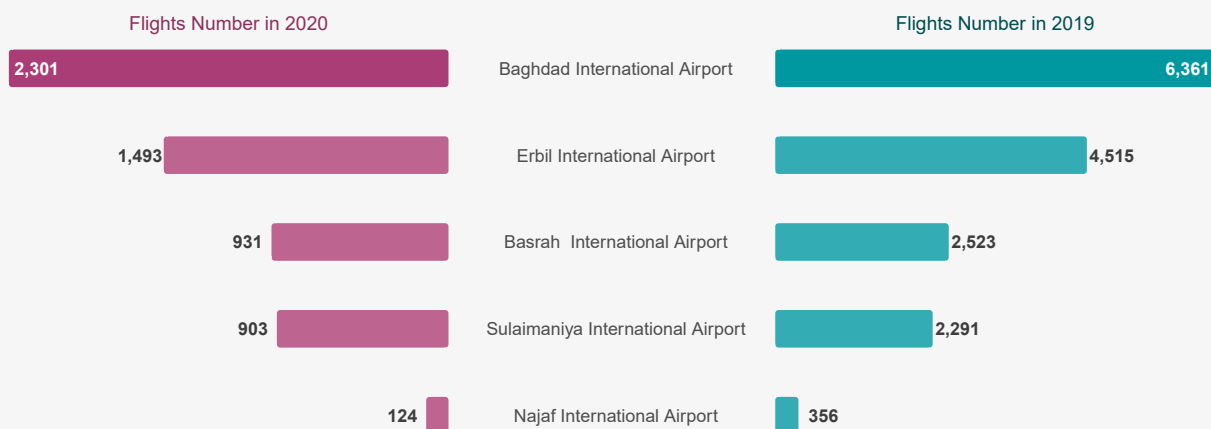
In terms of airports, Erbil International Airport is the main airport operating within the capital of the Kurdistan Region in Iraq, Erbil, and it takes the lead when it comes to the number of international flights within the years 2019 and 2020, with a total of 47,589 flights.

Baghdad International Airport is Iraq’s largest airport and serves the most airlines; nonetheless, it ranks second with 27,088 international flights in those two years. When it comes to domestic flights, Baghdad serves as a link for Iraq’s northern and southern provinces. This explains why Baghdad International Airport has the highest number of domestic flights out of all Iraqi airports. Although numerous new airlines, such as Fly Baghdad, Fly Erbil, and UR Airlines, are making

a name for themselves, Iraqi Airways remains the largest airline company in the country. However, compared to major airlines in neighboring countries, Iraqi Airlines ranks at the bottom of the list with 24 destinations in 14 countries. Turkish Airlines has the broadest destination reach within the Middle East, with 289 destinations in 122 countries. Qatar Airways is second, followed by Emirates.

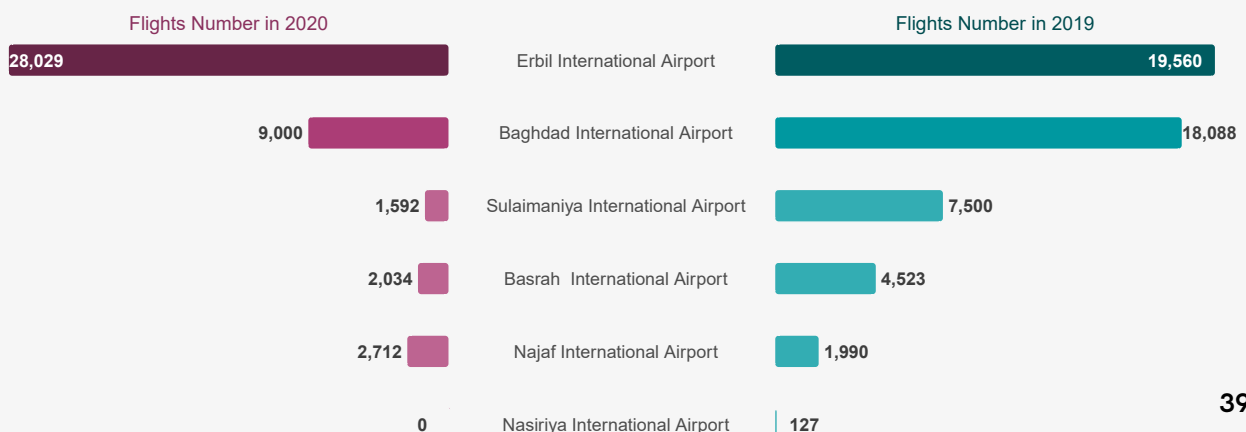
One of the main reasons for this is the Iraqi Airways’ limited and out-of-date fleet of 32 aircrafts and an average age of 10.1 years per plane, only 19 of which are operational. For comparison, Emirates Airlines has a total of 265 airplanes, 197 of which are active, and the rest are parked, with an average age of 8.4 years.

Number of Domestic Flights of the Iraqi Airways by Airport



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

Number of International Flights by Airport

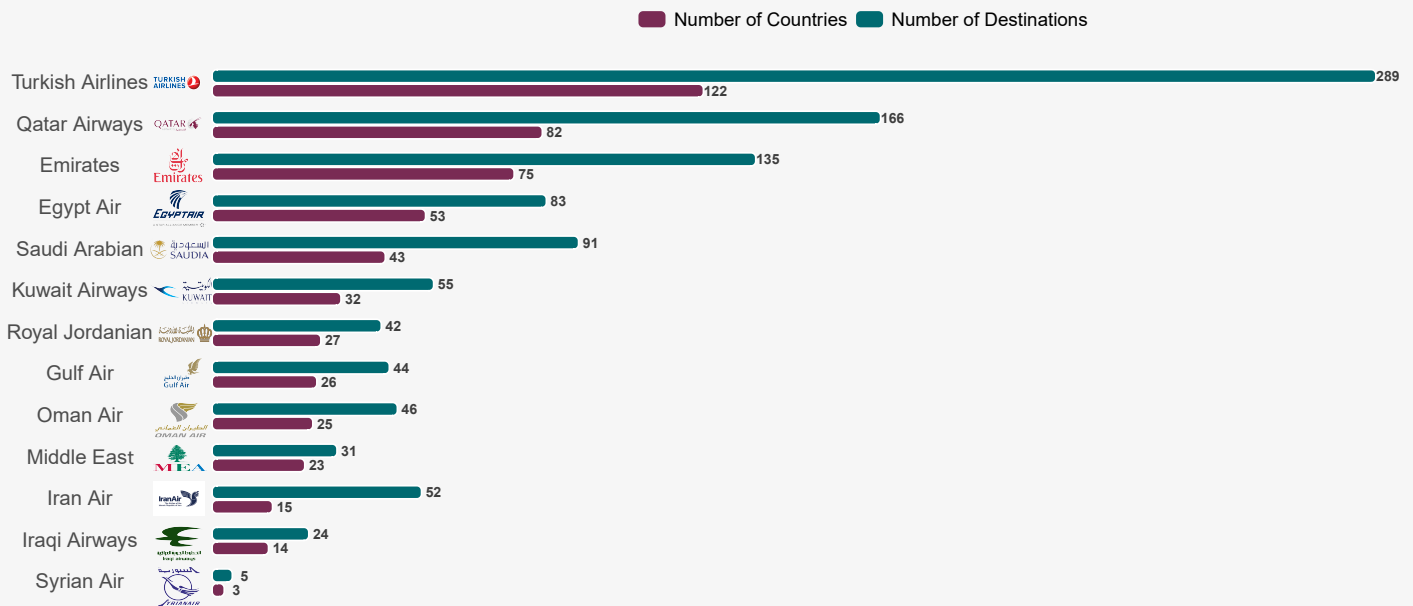


Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

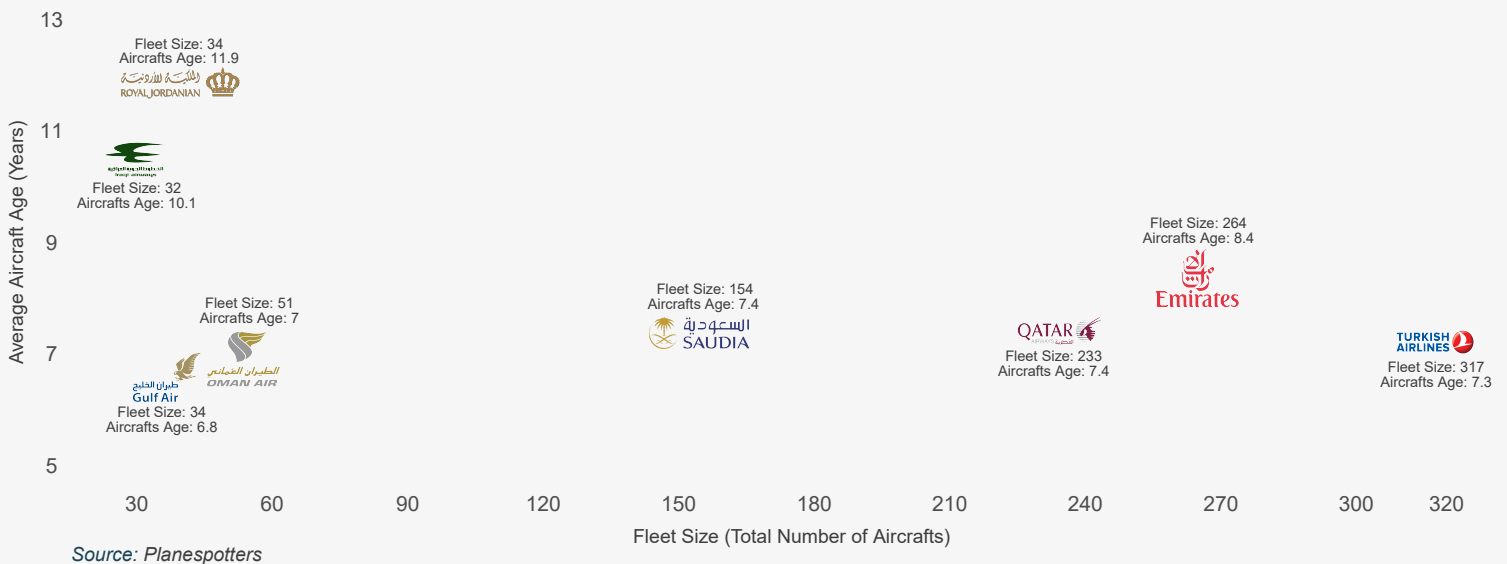
Saudia Airlines has 154 aircrafts, 138 of which are operational, with an average aircraft age of 7.4 years. Recent efforts to strengthen the position of Iraqi Airways have included the purchase of Boeing 737 MAX and Boeing 787 Dreamliner aircrafts, which are yet to be delivered, and the arrival of an Airbus A220-300 aircraft in January 2022, the first of 5 which were purchased in 2013.

Another major issue to touch on is the lack of efficient aviation academies in the country. Young Iraqis who aspire to enter the aviation sector, whether as pilots or aircraft maintenance engineers, or in other aviation professions, nearly always study abroad. With only one ICAA-accredited academy in Iraq, which has many fundamental deficiencies, Iraq is left with a need for aviation training institutes that can fill the void.

Number of Destinations & Countries Reach by Iraqi Airways and Neighboring Countries Major Airlines



Fleet Size & Average Age of Aircrafts in Iraqi Airways and Neighboring Countries Major Airlines



Recent Projects

There are several projects to construct more airports in the critical parts of the country, of which:

- **The Euphrates Central Airport Project:** Is centrally located between Babylon, Karbala, Najaf, and Al-Diwaniya. During the first, second, and third stages, the endeavor is designed to carry 6, 12, and 20 million people per year, respectively.
- **Mosul International Airport Rehabilitation Project:** According to the Iraqi national investment committee, the project is now ongoing to rehabilitate the airport, which will comprise runways and associated infrastructure, buildings, and a watchtower. The project would entail the development of 15,000 square kilometers of land.
- **Duhok International Airport Project:** The building of the Duhok International Airport began in September 2012 with a \$450 million investment budget. The project was forced to suspend due to the Islamic State's conflict and the ensuing financial crisis. According to official sources, only 10% of the project has been finished thus far.
- **Maysan Airport Project:** The project will be held on the grounds of Al-Bitterah Military Airport, which is owned by the Ministry of Finance. The venture is new, and the cost of which has not been specified.

ICT Businesses in Air Transport

Since internet booking has been unavailable to Iraqis for the longest time, they have relied on travel agencies and airline offices to book their tickets. However, as online payment options such as ZainCash, AsiaPay, and credit/debit cards have grown in popularity, so has online booking. Furthermore, many ICT apps have emerged to act as a medium between clients and online

booking, giving them the convenience of internet booking and removing the burden of going to a travel agent. Currently, Iraqi airline companies such as Fly Baghdad, Fly Erbil, and Iraqi Airways have implemented online booking through their websites. However, the online portal is still under maintenance for the latter.

Sindibad



It is an online travel agency. It allows customers to book and pay for flights directly through their website or application, utilizing online payment options like credit/debit cards or ZainCash, or in cash via an agent who collects the payment from the customer at their specified location free of charge.

Kawenter



Headquartered in Baghdad, Kawenter is a startup application that was founded in 2021, seeking to facilitate and simplify travel and visa procedures. The application allows its users to apply for e-visas, use its tools to streamline and simplify visa processes and learn about entrance criteria for over 180 countries.

Babylon Booking



A B2B flight booking service that merges over 700 airlines, including over 150 low-cost carriers, from many global distribution systems, suppliers, and third-party APIs. Moonline Travel and Trade owns the enterprise, which has operations in Iraq, Turkey, the United Arab Emirates, and Germany. It offers a user-friendly interface and seamless invoicing, the portal allows IATA and non-IATA travel firms to purchase and issue airplane tickets in only a few clicks. Additionally, it provides travel companies with pre-built solutions, tools, templates, detailed reports, data, and ongoing assistance.

SAFR



is a startup specializing in providing comprehensive travel services such as airline tickets, hotel bookings, and custom-designed packages for both private and public travel. Safr was founded in 2020 and is authorized by Iraq's Ministry of Culture and Tourism. It already has over 100 global partners situated in various tourist locations, including Lebanon, the United Arab Emirates, Turkey, Spain, Italy, the United Kingdom, Germany, France, the Netherlands, Switzerland, Sweden, China, and the Maldives. Furthermore, it facilitates issuing visas to the UAE, Jordan, Oman, Egypt, Turkey, Thailand, and India and entrance permits to Iraq for foreigners.

Recommendations and Conclusion:

Iraq has suffered from extended periods of instability and turmoil, from the numerous wars during the time of the previous regime to the Iraq war, the ISIS occupation, and the COVID-19 pandemic, not to mention the corruption within its governmental systems. All of which have heavily hindered the development and advancement of the aviation sector, and have set the aviation sector of the country far behind those of its neighboring countries.

However, this has left Iraq with a lot of room for development. As the country continues its efforts to expand the transportation sector, investors are

presented with numerous opportunities to utilize, where tackling any of the previously mentioned challenges is a potential investment venture. The undergoing projects of Duhok and Mosul international airports, for example, will require baggage handling, food catering, and security services once operational.

Furthermore, with the growing demand for pilots in Iraq, the government and investors should be encouraged to participate in localizing aviation training. This would have a significant positive impact on the sector as a whole.



Maritime

The maritime sector is an essential pillar of Iraq's economic infrastructure; it links the country's national systems to the global market, facilitates the flow of goods and commodities, and ensures the flourishing of port cities and the country as a whole. Iraq's maritime transport is limited to a coastline of approximately 48 km sitting between the borders of Iran to the east and Kuwait to the south, where Shatt Al-Arab canal is the only linkage that connects Iraq to the Persian Gulf.

All the ports of the country are located in the province of Basra under the management of the General Company for Ports of Iraq (GCPI). The ports consist of Basra and Khor Al-Amaya oil terminals, and four commercial ports; Al-Maqil, Khor Al-Zubayr, Abu Flous, and Umm Qasr, of which Umm Qasr is the main and only deep-water port in the country. The maritime shipping activities, however, are handled by the State Company for Maritime Transport (SCMT), which is located in Baghdad and has a branch in Basra. SCMT initiated its operations in 1952, as of 2020 it has 1264 employees, and owns a fleet of 7 ships.

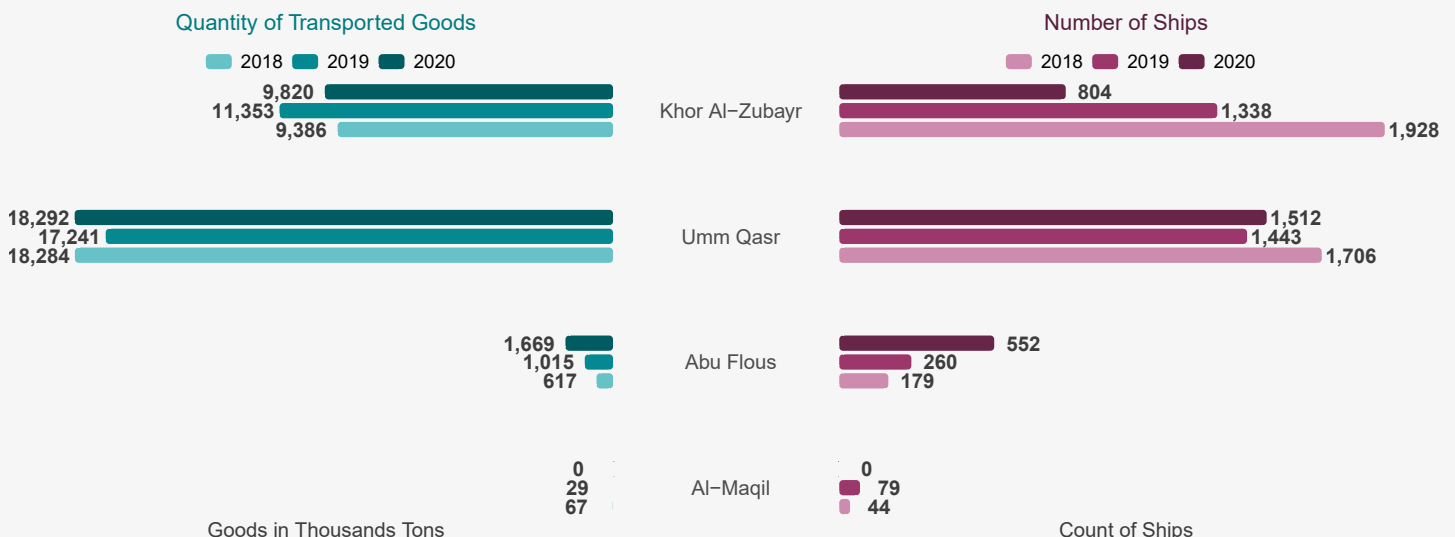
Umm Qasr is Iraq's biggest and sole deep-water port. Thus, it is only natural that it would carry the majority of maritime transport activities in the country.

Umm Qasr port has kept a persistent record in maintaining Iraqi maritime transport with an average of 18 million tons of transported goods in recent years.

The second-largest port is Khor Al-Zubayr, which transported 9.8 million tons of goods in 2020, a 13.5% decrease from the previous year. Nevertheless, it is worth noting that despite the complications brought forth by the pandemic, the anti-corruption measures implemented by the Iraqi government were able to bridge the gap and keep maritime transport floating.

There is a direct relationship between the amount of cargo imported or exported and the number of operating maritime vessels. Generally, an increase in imports and exports translates to an increase in the number of ships transporting the goods. Hence, the 12.2% increase in arriving ships in 2020 from its previous year is attributed to the rise of the imports of the country. The number of departing ships in the corresponding year exhibited a 37% decline compared to 2019 due to the decrease in exports in light of the collapse of international markets and the restrictions imposed by the COVID-19 pandemic.

Number of Ships Used in Carrying Goods & Volume of Imported and Exported Goods



According to the Central Organization of Statistic and Information Technology, SCMT demonstrated a slight 4.2% decrease in revenues in 2019 from its previous year, attributable to the closure of Umm Qasr port for a period of time.

However, the 184 billion IQD revenues accumulated in 2020 is the largest amount of profit the State Company has amassed in years.

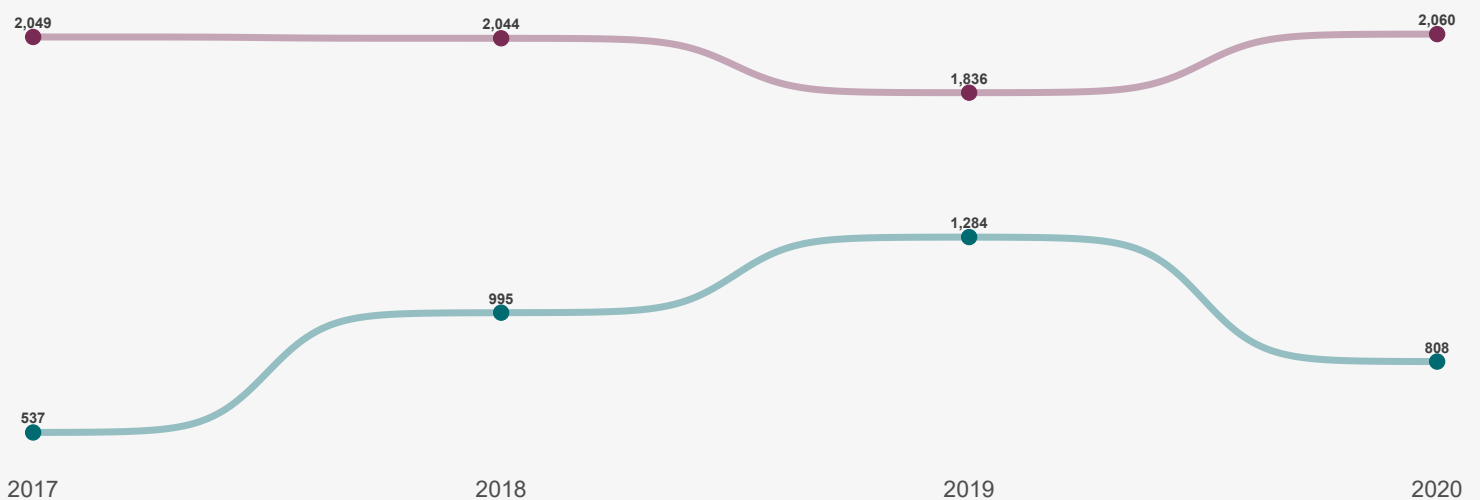
Additionally, total wages and benefits paid to the employees in the corresponding year witnessed around a 10% increase from 2019 owing to the dispensation of pensioners' benefits and increasing incentives. On the other hand, GCPI exhibited a surge in revenues in 2019 and a subsequent decline in 2020, mainly due to the increase and decrease in Khor Al-Zubayr port's oil cargo; this was in agreement with the British Petroleum company. A total of 179.8 billion IQD in wages and benefits

were paid to the employees of the General Company in 2020, an approximate 10% decrease from the 199.4 billion IQD paid in the year 2019 in correlation with the retirement of employees. When it comes to the usage of river taxis as a local means of transportation in Iraq, it is mainly limited to the cities of Najaf and Basra. In 2020, approximately 3000 passengers used river taxis. Given the proper attention and resources, this number could be greatly enhanced if river taxis grow more available and accessible.

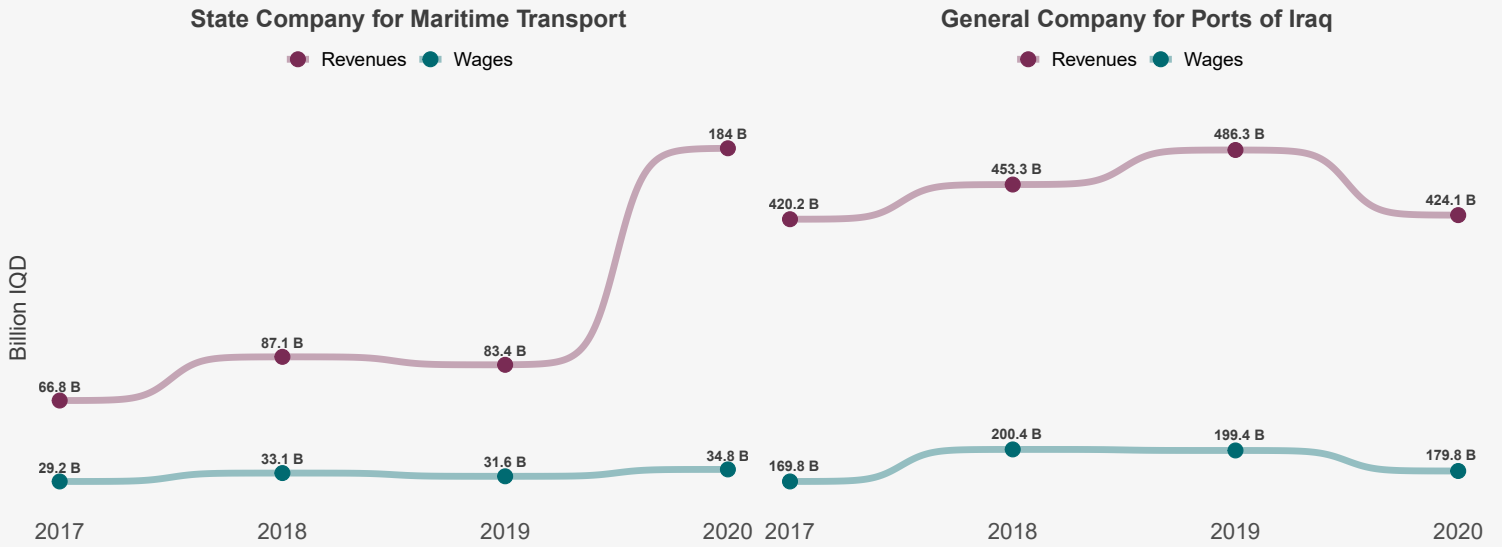
In Baghdad, where traffic congestion is at troubling levels due to its residents' heavy reliance on private cars, taxis, and mini-buses; river taxis utilization can present the public with a quicker and cheaper alternative to cross the Tigris river, which cuts the capital into its two halves of Al-Karkh and Al-Rusafa shores.

Number of Ships Used for Goods Transportation in the Iraqi Ports

● Arrived Ships ● Departed Ships

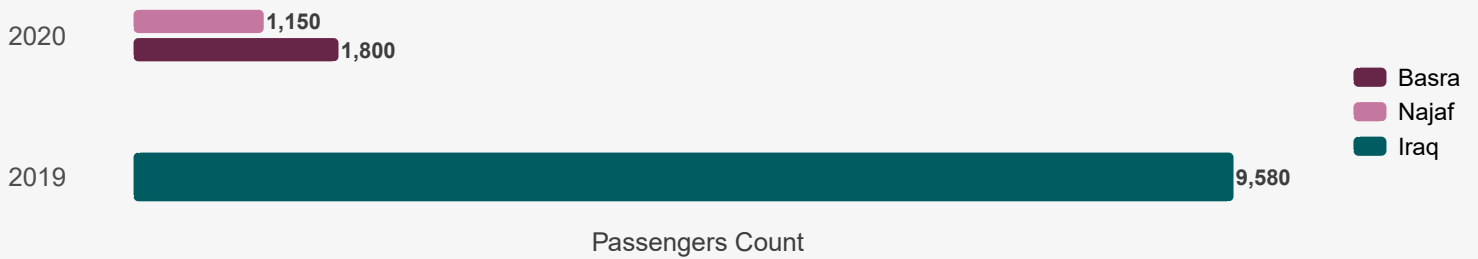


Revenue & Wages in Billion IQD across the Years



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

Number of Passengers of the River Taxi in Najaf & Basra



Source: Central Organization of Statistics & Information Technology (COSIT), Iraqi Ministry of Planning.

Major Issues

- **Oil Dependence**

Issues in the maritime sector arise with Iraq being one of the most oil-dependent countries in the world. The former Iraqi Minister of Finance, Mr. Ali Allawi, warns that Iraq's persistent reliance on oil as its main source of revenue could lead to an economic crisis within 5-10 years if not averted by diversifying the country's exports, especially when there is a global incline towards renewable energy.

- **Corruption and the Lack of Security**

It is also not surprising when the matter of corruption is brought forth in the transport sector. The General Company for Ports of Iraq operating under poor security measures, political interests and corruption interfere with the healthy functioning of the sector. This comes in the form of counterfeiting information of cargo arriving at the ports, forgery of official papers and documents, bribes to avoid customs and quality controls, as well as hiring employees based on political and tribal affiliations instead of qualifications and merit. All this ensues distrust in the management of maritime transport and deters investors from venturing into Iraq's economy.

- **Insufficient Funds**

Another challenge that faces the sector is the limited financial budget allocated for maritime machinery and equipment such as ships, tankers, cranes, and excavators. This has left Iraq at the rear end of the maritime transport race when putting neighboring countries' competition onto the scene. For instance, the aging fleet of 7 ships owned by Iraq's State Company seems unambitious compared to Qatar's 74 state-of-the-art vessels owned by Nakilat maritime company.

- **Failure to Conform with International Regulations**

Furthermore, it is essential to touch on the fact that Iraq is not on the White List of the International Maritime Organization, a list of countries that comply with the Standards of Training, Certification, and Watchkeeping of Seafarers. Hence, additional sanctions are imposed on the already burdened maritime sector.



Recent Projects to Develop the Maritime Scene

Despite how challenging the situation might seem, the maritime sector is experiencing major developments to stimulate the industry and provide opportunities for investors to delve into. The opportunities that are worth mentioning are the following:

- **Al-Faw Grand Port**

The Iraqi Ministry of Transport laid the foundation stone for the 6 billion USD Al-Faw Grand Port project in April 2010. The 2000 meters long berth and 39 thousand meters of core container terminal project would lie on the Gulf near the city of Basra. Expected revenues of the port are estimated to rise from 2.72 billion USD in 2022 to 6.9 billion USD in 2040. Al-Faw is deemed Iraq's actual start for an economic renaissance and the largest port project in the Middle East with an annual absorptive capacity of 114 million tonnes at its final stage.

- **Construction of 13 Multipurpose Berths for Each of Umm Qasr and Khor Al-Zubayr Ports**

Five hundred million USD were allocated for each port in plans to reduce the pressure on existing berths by increasing the capacity for loading and unloading goods. The expected additional annual capacities for the project are 3.75 million tons for Umm Qasr port and 4.25 million tons for Khor Al-Zubayr port. The project is also expected to cover all necessities of the new berths, such as equipment, services, roads, and railways.

Recommendations and Conclusion:

Years of neglect have left the Iraqi maritime sector with a multitude of issues. Still, with the upcoming reforms in the Iraqi government and the increasing awareness of the general public and their demands for change, a new era of development and growth in Iraq's ecosystems is expected in the foreseeable future.

Some of the key recommendations that could enhance the maritime transport sector in Iraq include:

- Implementation of up-to-date technologies in the operational systems of the ports to raise the efficiency and improve port facilities collectively, which will expedite processing times for cargos and administrative routines.
- Upgrading the maritime fleet to keep pace with competing neighboring countries.
- Aim to further minimize the maritime sector's corruption by integrating committed strategies and security protocols. Additionally, quality control measures should be of utmost importance to ensure the proper condition of goods entering the market.
- Devise clear plans to attract investors into the Iraqi maritime scene.
- Compliance to the international regulatory requirements and standards of conduct to lift sanctions and restrictions imposed on the sector.
- Diversify the types of exports to reduce Iraq's dependence on oil as its main source of revenue.



Interview

Hussein Albayati

General Manager, Careem Iraq

Hussein Albayati is the General Manager of Careem Iraq. The everyday Super App for the greater Middle East region that operates in 10 different countries and 80 different cities. Hussein's career in management spans a period of 14 years in the telecommunication and digital services industry; most recently, he was the General Manager of OpenSooq in Iraq.

Mr. Albayati told us about his career journey, how Careem played a role in the digital transformation of Iraq and the challenges of the transportation sector. He also talked about the importance of values and culture for organizations and how the Careem Alumni are inspiring others and creating organizations built on those Careem values. In addition, he emphasized Careem's commitment to sustainability to mitigate the impact of climate change.

We would love to know a brief about your long career.

I started my career after graduating from the University of Baghdad in electronic and communication engineering. I first joined Huawei technologies and then moved to Kalimat Telecom, which was one of the biggest operators in Iraq. I stayed with Kalimat for almost a decade, started as an engineer then left as the General Manager after it was acquired by another organization. Afterward, I started working for Awal Telecom, a sister company of Zain. Then I became the Country Manager for OpenSooq, the biggest online marketplace in the Middle East and North Africa region, which I led for two years. Last year, I joined Careem as the General Manager in Iraq.

You moved from the telecom industry to the classified marketplace and are now in ride-hailing? How was this transition?

Companies that operate within the domain of digital services have a lot in common. They employ very similar approaches and models. These businesses rely on managing supply and demand and maximizing growth. The business model often digitalizes a traditional service that has existed for a long time to make it more efficient. For example, for Careem, taxis have always been there, but we transformed this service digitally to make it much more efficient for customers and to expand the economic value of the taxi industry.

Hence, transitioning to Careem has not been very challenging. However, Careem has a more complex model and huge daily operations that require us to be all hands on deck. We are in constant touch with customers and captains alike minute by minute. We need to provide both the captains and customers with a seamless experience.

How is Careem transforming the lives of people for both captains and customers?

Before Careem, there was much less trust between people and taxi drivers. For example, families were often not allowing their daughters or even wives to get a taxi. Also, it was inefficient for customers because they had to walk for a long distance to reach the main street, where the taxis were available.

After Careem, things changed drastically. Taxi drivers became captains and earned the respect they deserved, which changed society's perception of taxi drivers. We trained the captains on how to behave with customers, how to provide customer care and to make sure that customers are always satisfied. They embraced it and were thrilled by it as they have seen it working for them because when you offer a good service, you create loyal customers. Careem also provided more working opportunities and increased demand. As taxi drivers, they had to drive around with empty cars until they found someone who was looking for a taxi, and it was very difficult during different weather conditions; rain, sandstorms, and heat waves, and this was also cost and time inefficient.

As they transitioned to captains, they started getting more customers as the customer could just order from the convenience of their own homes. Also, we trained them on how to use the digital services, which no one believed possible to implement in Iraq, but it worked. We changed this concept, and we pushed the community towards digitalization. On top of that, we are also providing flexible working hours to our captains, which yields better quality of service to customers. Moreover, we are providing bonuses during peak hours to make sure our Captains are well compensated. In addition, we offer a comprehensive insurance policy to ensure that our Captains and Customers are looked after in the unlikely event that they experience an in-ride accident.

Both customers and captains are covered under our life & injury policy whenever they are on a Careem ride. The policy covers accidental death, disability due to an accident, ambulance services, and medical expenses incurred as a result of an incident.

On the demand side, the customers, we are providing them with convenience and efficiency, everyday life made simple.

Careem has also reduced the gender inequalities in society, we have strived to make the ride-hailing industry as safe as possible, and we were able to earn the trust of our customers and their families. Because of Careem, many women can freely go out, go to universities, work, or run errands, knowing they will be safe. They can also share the ride information with their family so they would not worry about them.

We also have an exceptional customer care unit that is very responsive and makes sure our customers are having a good experience and resolves complaints. We conduct periodic surveys to improve our services. Customers always state that Careem's values of safety and convenience are what matter most to them. I am very proud to be a part of a company that is changing the life of people for the better.

Operating in Iraq could be challenging, and many unexpected events may arise. How does this translate in the transportation sector?

Operating in the Iraqi market has taught us to adapt quickly and be resilient. The instability and turmoil have harmed many businesses across all sectors. Nevertheless, I believe Iraq has been more stable than before.

However, the biggest challenge we are facing now is the infrastructure. The infrastructure lacks proper investment and digitalization. Digitalization is almost non-existent. Although Careem has played a huge role in mitigating some of the challenges, we introduced digitalization in Iraq and made the customer's behavior adapt, and opened the door for many other services to emerge.

Furthermore, we have a huge shortage in terms of public transportation. Unfortunately, transportation was not allocated the adequate resources to develop though transportation is very important for the economy. According to S&P Global, an additional 1% of real GDP spent on infrastructure could boost the economy by a factor of about 1.2. Thus, the investment in infrastructure is related directly to the growth in the GDP. According to the Ministry of Planning, in 2019 alone, we lost 2,636 lives because of accidents due to the lack of good infrastructure in Iraq. That is a huge challenge that is costing us lives.

Careem operates in many different cities in Iraq. Does each city come with its own specific challenges?

Yes, indeed. When you look at the different cities, you look at different kinds of challenges and opportunities alike. For example, Baghdad is the most populated city in Iraq, with a population estimated at more than 8 million; this is comparable to the entire population of Jordan, so the potential is huge in Baghdad itself. Iraq has a population of around 44 million, which is comparable to larger markets like Saudi Arabia, but you can see that foreign investment is reluctant to enter Iraq, although we have a huge potential here.

In addition, the operations are gravely impacted by the city's stability; for example, operations in Erbil are very smooth and seamless, and the growth is exponential compared to other cities despite its small population. While in other cities, we frequently experience instabilities and settlements that impede our growth.

How was it like this summer with the frequent dust storms? Did this impact your operations?

Dust storms reduce both the demand and supply as both customers and captains are less likely to go out. Nevertheless, summer is our high season. Most people want not only a safe trip but a convenient one as well, in a clean and air-conditioned car. They want to feel comfortable during their trip, specifically in Baghdad, which is very hot and has frequent traffic jams that may let you end up in a car for an hour or so. If the ride is not comfortable, people will no longer be willing to take a taxi. We offer a good value proposition by providing the best service to customers. This is reflected in our current marketing campaign; "Careem is challenging the heat of summer."

Have other companies working in this sector or similar domains ever thought to come together to find solutions for some of the challenges and issues you are facing?

We have friends and partners in this industry and in the private sector as a whole. We work together with many partners like Miswag, Toters, Alsaree3, and others. We meet sometimes and discuss the challenges and how we can channel our efforts to resolve them. However, until now, there is not any official association for businesses operating within digital services. I think that would be a step in the right direction, that we can lobby together and demonstrate for authorities what are our needs and challenges and what can be done to mitigate them.

Many figures in the ecosystem credit the beginning of the digital transformation to Careem and its app. What are the current services you are offering that are supporting digital transformation? Are there any new services on the menu for Careem in Iraq?

Careem was the first company that introduced digital transformation in the transportation industry, which put us in the position of a role model for all other companies that wanted to start 'Careemizing' their services. We have also opened the door for foreign investments in Iraq. Any foreign company that intends to invest in Iraq begins by studying the case of Careem and its success story. Careem has invested about \$25 million since 2018.

Our ultimate goal is to be the Super App, which we offer in some of our markets like Dubai and Saudi Arabia and it combines all aspects of a consumer's world from transport, deliveries, and payments on a single app, which aims to simplify the lives of people.

Currently, we provide ride-hailing and last-mile delivery services in Iraq and have simplified the lives of more than 1 million people so far through our services. We are still waiting for the right time to expand our services and launch the Super App in Iraq. However, we wish for the online payment systems to be more integrated to allow for the expansion of services.

What is the success recipe for Careem as an organization with a lot of positive influence in the ecosystem?

I think Careem was able to have this influence in the ecosystem because of our strong values and company culture. We have three main values in Careem, first, shoot to the moon and beyond. Two, be of service, and three, be an owner. We try to embed these values in everything we do.

Whatever initiative we take, we ask first, are we shooting to the moon with that initiative, we need to think big and not settle for ordinary achievements. Then we ask, are we serving our people? Are we simplifying the lives of people to be of service? We also always encourage people to take it to the finish line by being an owner. We call our colleagues in Careem "Tigers," so every Tiger in Careem must feel that they are an owner of everything inside Careem.

I think these values are the ones that made Careem what it is today. You can see in the ecosystem when a company starts to work in Iraq and they are hiring and looking for very talented people, they come directly to Careem. One of the important things we have done for the community is that Careem raised the level of competency in Iraq's labor force.

Most of our Tigers started working in Careem as juniors right after graduation. They learned everything here, the values, the culture, the skills, and the analytical thinking and mindset. Those who moved on to join other companies kept living by these values and started inspiring others and injecting the same values into their new organizations. This has created what is called Careem Alumni, which is a group of people who left Careem and started building organizations that are similar to Careem. It became an alumni community, that kept these values and inspired others in different organizations and created material change in the ecosystem.

We already have an Iraqi version of the Careem Alumni. For example, Mohammed Al-Hakeem, former General Manager of Careem Iraq and Jordan started Fedshi, a social e-commerce platform. Marwan Ahmed, who is the Vice President of Commercial and People at Miswag. And Ahmed Baqer, who is now the country manager of NorthLadder in Iraq. Careem Alumni members are employing the values that they learned at Careem at other organizations and changing the entire ecosystem for the better. We are very proud to be an organization that practices what it preaches and has made this incredible transformation in the organizations in the private sector.

What is Careem's recipe for attracting talents in the industry?

The most important thing in Careem is people, and that is why we have these values, and we created policies that reflect them. We provide our employees with the best compensation, Careem's compensation is above the average for the market. We also have a policy of unlimited annual leave and remote working. We do not have any fingerprints for checking in and out of work. We depend on the accountability of our Tigers. We provide them with the best medical insurance and social insurance. Alongside all of that, we offer them continuous education opportunities, whether on the job or online training. For example, we provide our colleagues with free access to LinkedIn Learning and Springers. We also have many other benefits, including covering the gym subscription. We also have a team who is dedicated to making sure that the culture in Careem is healthy. We have a fun room in our office for our colleagues to play table soccer, chess, and PlayStation and bond with the team. We care about the culture because I believe that culture eats strategy for breakfast. Even if you have the best strategy in the world and spend millions of dollars on that strategy, but there is not the right culture to execute it, you would not succeed. This is how we attract the best talents in the industry; we provide them with the right environment to grow and flourish.

Careem has always been a major part of the ecosystem. What are the latest initiatives you have been involved with in terms of corporate social responsibility?

We have various partnerships with NGOs, we also have donation programs that we run through our application. On the entrepreneurial side. We have been part of many initiatives. For example, we are part of the "Intilaq" project by GIZ, where we provided support and training for the applicants and also discounts for our services.

The program aims to allow young entrepreneurs to formulate their ideas and transform them into actual businesses.

We believe that companies like Careem, and others, can also help a lot in providing fresh graduates with the right set of skills. We have a partnership with Baghdad Business School (BBS) to provide their students with safe transportation at discounted rates, especially for women to continue their education. In addition, we are providing them with training in several aspects like leadership, sales, and marketing. We will also give them the chance to enroll in an internship program, so that they can get a glimpse of how Careem works and an overview of each department. I believe this will encourage them to pursue learning and improving their skills to be a part of successful organizations.

Has Careem taken any steps to operate more sustainably and environmentally friendly?

It is unfortunate to see that Iraq has been greatly affected by climate change. We all can see the drought and desertification, the decrease in the level of our rivers and drought of marshes and the frequent dust storms. In Careem, we always encourage any environmental initiatives and we are the first to adopt them. We recently partnered with the Ministry of Oil in Iraq to transfer the fleet of Careem from using regular petrol fuel to using liquefied petroleum gas (LPG) systems, which will reduce CO2 emissions. The LPG can reduce CO2 emissions by up to 20% and produces around 50% fewer Nitrogen Oxides than petrol. Moreover, we are currently discussing with the Station to partner with them in their efforts to help with forestation in an initiative to plant trees in Iraq.

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Careem was able to have this influence in the ecosystem because of our strong values and company culture. We have three main values in Careem, first, shoot to the moon and beyond. Two, be of service, and three, be an owner. We try to embed these values in everything we do.

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Is Careem going to expand to public transportation in Iraq like it did in other countries such as Egypt?

We have a huge shortage of public transportation in Iraq. However, things are different from country to country, especially the laws and regulations. We are currently working with the Private Board of Transportation, which is an entity that belongs to the Ministry of Transportation. What we are trying to do is to explore more opportunities and if we can expand our services to this domain.



Since 2020, 130 startups and 53 micro businesses have graduated from KAPITA's incubation, acceleration, and support programs.

We look forward to continuing our mission in supporting the Iraqi entrepreneurial scene and private sector.

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Interview

Bassam Al-Ateia Founder and CEO, Alsaree3 Holding

Bassam Al-Ateia is the Founder and CEO of Alsaree3 Holding. The Group includes Alsaree3, a food delivery platform, and Al-Zajel, a last-mile delivery service. He is also an experienced businessman and the managing partner of Al-Ateia Group. The Group operates in multiple countries, including Germany, the UAE, and Iraq. It involves various companies that offer different services, such as construction, trading, and industrial services.

Mr. Al-Ateia, tells us the story of starting Alsaree3 and discusses the market challenges of this sector, the role of competition in the digital transformation and growth of the market, and the necessity of adequate regulations. He also stresses the responsibility of private sector companies to develop Iraqi human resources and gives us a glimpse into the future plans for Alsaree3.

First, we would love to know more about you.

My name is Bassam Al-Ateia. I am the founder and CEO of Alsaree3 Holding. I come from an engineering background. I did my master's degree in civil engineering and then obtained an MBA from London Business School. Before Alsaree3, I co-founded and co-managed Al-Atia Group. The Group consists of five companies; a construction service company in Germany, a trading company in the UAE, and three companies in Iraq. One is a large construction company, the other is an oil and gas service company in Basra, and an industrial company producing corrugated pipe. We are the only company in Iraq producing this kind of technology.

How did you make the jump into the entrepreneurship scene?

After finishing my MBA in 2018, I returned to live in Baghdad. At that time, I was struggling to order food. I had to call the restaurant, look for their menu, and provide directions to my place. And the delivery guy had to call several times to be able to reach the correct address.

At that time, there were only two food delivery aggregators in Baghdad, and none of them had their own fleet of drivers, so the restaurants were delivering the food, thus, perpetuating the same problem.

A city like Baghdad needed a better service than that. The market need and my passion for business made me establish Alsaree3. We eventually became Iraq's first food delivery company with its own fleet. We started to develop our technology while considering the Baghdad market, the checkpoints and security, the restaurant types, and customer behavior.

Restaurants in Iraq are not like elsewhere, where they are mainly chains, but rather sole establishments, which makes the adaptation process to the system harder. We launched our app in August 2018, and we have been progressing ever since. We were a team of three people sitting in the Baghdad office, and we have grown to have 120 employees and 750 drivers.

How was this process of establishing a dedicated team driving this company's growth?

When we established Alsaree3, we wanted at least 80% of our employees to have the chance to start their careers with us. We were looking for fresh, hard-working, and dedicated talents. We are tremendously proud of creating employment opportunities for the youth segment. In addition, I came from a business background, and I was a civil engineer doing business in construction services and similar fields. When I jumped into the entrepreneurial scene and the last-mile delivery field, I needed to surround myself with the expertise that would lead this company forward. After a long process, I found our Chief Technical Officer (CTO), Riddhi Ojha, in Dubai, who started to develop the app within our requirements. Then I returned to Baghdad and found our Chief Operation Officer (COO), Ahmed Subhi, who has been a big support for us ever since. He had his own small food delivery app in Baghdad, which Alsaree3 eventually acquired to avoid conflict of interest and to be able to have Ahmed and some of his staff join Alsaree3. This gave us leverage to start with several restaurants and have some experience with how the app needs to be developed to serve the Iraqi market.

How was the growth and expansion process for Alsaree3?

The growth process was slower than what I initially expected. We had to move through unusual situations and challenges as we grew. When we started Alsaree3, I was managing several other businesses and could only be part-time CEO. But then some players entered the market backed by many investors and a lot of funding, so we needed to move faster to maintain our market share. Our good operation and direct management were our advantages. So we kept expanding until September 2019, when the protests started, and the internet was cut off. It was difficult for many businesses that rely on the internet connection to function, and unfortunately, we were forced to release some of our drivers. After that period passed, it was not as easy as pushing a button to return to normal. We needed time to recover. Then the COVID-19 pandemic hit in March 2020. Similar businesses elsewhere around the world flourished during the pandemic. However, in Iraq, irrational decisions were made to shut down all the restaurants and impose curfews. Consequently, the food delivery businesses suffered. We recovered since that and have kept growing steadily with good operations and unit economics with a customer-centric approach.

What are the other main obstacles to operating in this sector?

Running a business is a challenge in itself. It is a continuous problem-solving process. However, Iraq is difficult in terms of operations, especially for delivery businesses. For example, more than 2 million motorbikes have entered Iraq since 2018, and now one can see them everywhere. Yet, when we started operating, that was not the case. Finding motorbike drivers who wanted to take customers' orders and deliver them was challenging.

Moreover, restaurants were not prepared to use food delivery applications and deal with a third party; they were used to delivering the orders with their own drivers, and it took them a while to adapt.

Another challenge was with the regulations; motorbikes registration in Iraq is complicated and expensive; sometimes, it might cost more than the motorbike itself. In addition, our economy is cash-based, and similar businesses in the region rely on debit/credit card transactions. While we had to develop our operations to be able to deal with and manage cash-based transactions. Besides, the internet coverage in some of the areas is very weak; our drivers sometimes need to have two or three different internet providers to be able to receive an order. Nevertheless, as an Iraqi company, we were able to operate despite all those persistent challenges.

How do the regulations impact the operations and logistics of the business?

Having adequate regulations that match the requirements of modern business models is essential to ensure seamless operations. There is limited coordination between the different authorities and regulating entities which generates unnecessary confusion. We often run into problems with the checkpoints; there are no clear rules about how to operate our motorbikes. This means that if we have an official letter to operate from a specific authority, we still might encounter a checkpoint that belongs to another authority that will reject that letter. The absence of standard rules creates an additional challenge that we need to tackle on daily basis.

In addition, it is healthy for the market to be overseen by a regulator, but the regulator should not be a competitor. I believe that article 25 of the constitution restricts regulators from operating as competitors. Because if that happens, then the regulator, supported by public funding, can easily monopolize the market. The main mission of the state is to support the private sector and help it grow to build a strong economy. Alsaree3, for example, employed around 750 drivers and 120 employees from the initiative of a few people who established the company. Imagine if the government encourages and supports these kinds of companies and allows them to operate in a free market; this would drastically reduce unemployment and foster the growth of our economy.

We witnessed frequent sandstorms this season; how did this impact your business?

During the sandstorms, orders increase as many people do not want to go outside. Our responsibility is to manage our drivers to let them work in shorter shifts as not to compromise their safety. We go into an emergency mode; in our driver management department and operations department, we are constantly communicating with each of our drivers to guarantee their safety. On the other hand, we cannot cease our operations because the demand is high and the customer is counting on us. Weather is a huge factor that affects this sector. Operating in July and August is also very difficult because of the hot weather. Therefore, we need to decrease the working hours for the drivers to protect them. Also, on rainy days, we reduce the driving distance and the perimeter of operations.

Have Alsaree3 and similar companies operating in last-mile delivery and food delivery ever thought to come together and lobby and mitigate the challenges of this market?

It is indeed vital. We have good contact with many of our competitors. We do believe that the market needs an association for these types of businesses so we can lobby to influence regulations. Channeling our efforts would resolve many shared concerns. For example, sometimes, when a driver steals one company's motorbike and moves on to another company, if we had this association, we could block this driver and prevent that from happening. This could also benefit our drivers, in case they have a problem at work or their salaries have not been paid, or they have not been well compensated, they could go to the association to address these issues. The market needs this, and I would like to appeal to all our competitors and stakeholders through Business LANDSCAPE to sit down and discuss how to operate and lobby together on a managerial level.

The Iraqi market was very different when you started in 2018, but now it has developed and started attracting regional and international players. How do you evaluate the state of competition, and what makes you stand out?

Competition is good in general if one is playing fairly. When we started in 2018, there were only two companies in this market, and we acquired one of them. The competition was local and limited, and the market was relatively in its early stages. However, it has exponentially grown, making many big players enter the market.

I believe that food delivery is one of, if not the most, competitive market at the moment. We are not afraid of competition. It makes us do better and always aims to develop our operations and services to maintain our customers' satisfaction. Our advantage is that we are an Iraqi company that started early enough to go through the development of the market, with all its highs and lows, and was able to overcome its challenges. This process allowed us to be strong and resilient today to acquire a significant share of the market and adapt to the volatile market changes.

What are the incentives for the drivers to join Alsaree3 instead of other competitors?

In Alsaree3, we have our drivers academy and our employment system that has been developed through the years. Around 40 drivers visit Alsaree3's headquarters daily; we interview about 20 of them who meet our criteria. Then we train 10 of them, and Alsaree3 will employ the best four. Moreover, as a local company, our direct management strives to understand the needs and requirements of our drivers, and we aim to provide them with the best working conditions. We maintain daily communications with our drivers. Payment is not our only contact point with them. For example, as management, we know the names of most of our first drivers, some of whom have been around since we started for over three years. Although there were some obstacles when competitors first entered the market, some attracted and poached our drivers directly. We have never done that as we trust our ability to train new drivers and find the right talents to integrate into our operations. The number of drivers in Baghdad is increasing rapidly. Hence, I think within one year or two from now, the matter of drivers will not be an obstacle to growth as it used to be a year ago. Yet, this brings us back to the idea of an association. If an association exists, poaching other companies' employees could be managed and regulated to ensure fair competition.

What is the responsibility of the private sector companies to develop the Iraqi labor force?

I believe there are three factors for any employee to stay in a company. First, they feel like they belong in the company and play a role in its growth. Second, they should have the opportunity to develop and learn. Third, to be well compensated. In that particular order. We have provided training courses for our employees as we want to invest in them. This is essential for the performance of employees and, consequently, the company.

For example, we offered an English training course with the American University of Baghdad. This happened when I was invited to the opening ceremony of the University, and I met the dean and proposed that to him. After Alsaree3, other big companies started to do the same. These courses have made a positive impact on our employees, and they were very happy to learn something new. We will take any similar chances to develop the skills of our staff. In the future, we will try to cooperate with other stakeholders to offer our employees management or marketing courses.

How was Alsaree3's journey to raising investment?

We have raised more than \$6 million (including my initial investments), as some investment rounds were not publicly announced. In the beginning, I was the sole founder and investor in Alsaree3; I invested in Alsaree3 what I made from my other businesses. During the pandemic in 2020, we had to close our doors for around 44 days, I was in Germany then, and I got an unexpected call from Mohammed Khudairi, an Angel tech investor in Iraq. He told me that he had been following Alsaree3 for the past few months and was interested in investing in it. After three weeks, we signed a shareholder agreement and share purchase agreement.

At that time, I had not started raising investments as I thought we were still in an early stage, but it worked out for the best. That was our first seed round of six figures.

This round was critical for the business, it was not only about the amount of investment we received, but we transitioned to another phase of the business where we had to go through essential discussions about the board, shareholders agreement, and how the business will move forward. Running a business alone is much different as you can make all the decisions alone and spend your own money.

But once investors are involved, the decision-making process gets more regulated, and you have to plan how you would spend that money carefully. Therefore, it was very important to build the right structure and right governance for Alsaree3. We are happy that we went through that. Afterward, we were able to attract more investors, which allowed us to grow more and more.

I think attracting investments is not the real challenge. The real challenge lies in the partial or complete exit. This is very arduous for tech startups in the Iraqi market. We aspire to witness the startup scene shift from raising investment to having a successful exit story.

Does Alsaree3 ever think about making an exit?

This depends on the offer and the company that plans to acquire a part of Alsaree3. I will never accept a giant acquiring Alsaree3 just to shut it down, like what happened in other markets. But we are open to discussions if they would add more value to Alsaree3. Eventually, it is business, and as a CEO, I will do the best for all stakeholders. A lot of our employees are shareholders, as well. Nevertheless, the market is still not mature enough, not in terms of companies and market players, but in terms of the market itself, the regulations, and the instability.

Does Alsaree3 ever think about making an exit?

We want to grow further. We have already added several other businesses in Alsaree3, we are a food delivery and a last-mile delivery platform, and we also launched quick commerce six months ago. At the moment, we have five stores in Baghdad that deliver all the grocery essentials to our customers. In the future, we aim to increase the number of those stores to ensure that every customer gets their groceries within 15 to 20 minutes.

We are also planning to start a cloud kitchen business. We think it is the next step for any food delivery service. This requires implementing updated regulations, which we are working on with the authorities.

Currently, our food delivery is operating in Baghdad and Basra, and we are working to be operational in all cities in Iraq with over 1 million population. At the same time, our last-mile delivery platform Zajel is already operating within all cities.

The market has enormous potential; you need to invest in the right place at the right time to seize those opportunities.

Is the market in Iraq big enough to plan for those expansions? Or is it perhaps possible to expand even beyond the borders of Iraq?

Well, of course, it is possible. But we think the Iraqi market is still not saturated. Only 20% of all food orders are made online and shared by all the players in the market. Whereas the other 80% of food orders are offline and made through direct phone calls. We think there is still a large pie to share. That's one of the reasons why we were glad to have competitors in the market because they help promote the transformation of customer behavior. In the next couple of years we are planning to focus our efforts on the Iraqi market before we ever expand beyond its borders.

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Interview

Joanne Marques

Senior Advisor, Runway Strategies

Joanne Marques is a Senior Advisor at Runway Strategies, a global strategic advisory firm that helps startups navigate the world of public policy. Mrs. Marques has previously held roles in the public sector, international organizations, and the private sector across multiple industries and geographies. She is also a Founding Member of Playbook, a digital networking and learning platform that brings women together to support their career development goals. Mrs. Marques is also a Board Member of the Iraq Fund for Higher Education and a part of the Iraqi Angel Investors Network (IAIN).

In this interview, Mrs. Marques discusses the essential role of public policies in supporting digital transformation and shaping ecosystems and industries for the future. Furthermore, she shares the reasons she joined IAIN, her admiration of Iraqi entrepreneurs, the crucial role of education in preparing individuals for the private sector of today and tomorrow, and her views on gender inequalities and how to overcome them.

We would love to learn more about you and your career.

I was born in the United States to Iraqi Chaldean immigrants who had the courage to come to a new country with nothing in their pockets to build a new life. They did not have the benefits of wealth or education. They did not even speak the language. But what they did have was an incredible strength of character, a willingness to work hard, a deep sense of community, and an abundance of hope. And despite the challenges that they, like most immigrants, faced getting settled in a new country, they made sure to instill in us the value of hard work and education. They were determined to give us opportunities that they did not have. I learned so many valuable lessons from them - not the least of which was how to turn adversity into resilience.

I was not only influenced by my own experiences growing up as the child of immigrants but I also had the benefit of being exposed to a community of immigrants from all over the world. They embraced their various backgrounds and cultures, yet they were still Americans. It made me appreciate the benefits of diversity very early in life. This appreciation for diversity is one of the things that continued to draw me to Iraq. Iraq is certainly one of the most diverse countries in the Middle East region - religiously, linguistically, and ethnically. The more I learned about it, the more fascinated I became with Iraq. This diversity is one of Iraq's greatest gifts. When this diversity is embraced, it can be a source of incredible strength.

When I started college, I was not quite sure what I wanted to do professionally. But one of the benefits of the higher education system in the US is that you are given the space and time to explore your interests before having to decide on a major. I was fascinated by the dynamism and challenges of the Middle East, and I also had a very personal connection to the region. While at the University of Michigan, I decided to pursue a Bachelor of Arts degree in both Political Science and Near Eastern

Studies, combining my interest in the region with my interest in policy development. After graduation, I went to law school at Case Western Reserve University School of Law but quickly realized that I did not want to be a lawyer in the typical sense. It was the policy aspects of lawmaking and all the advocacy work required to develop sound public policy that I enjoyed the most. It shows that you can always change. You may go down a path and realize that it is not necessarily the path for you for the long term. Nevertheless, each and every path you take supports your broader journey.

After graduating from law school - I wanted to get practical experience working in government. So when the opportunity to join the public sector came my way, I was keen to get started. For me, working directly in the public sector was an opportunity to serve, learn and make a tangible contribution. I spent six years working in the public sector, including experiences in both the legislative and executive branch of the US Government and International Organizations. Understanding how the public sector works internally is key to successful advocacy work.

The variety of roles that I held allowed me to see things both from a US perspective and an international perspective. Nevertheless, I felt that it was equally important to also have private sector experience early in my career. So I moved to the Middle East in 2009 for my first corporate private sector experience and I spent over a decade living and working in the region with vastly different companies. One of the great things about working in the public policy space is that it is a skill that is transferable across industries, so if you are willing to move into a different industry, those opportunities will always exist. It is never dull. You have an opportunity to learn about and work in multiple sectors if you want to do so.

How was the transition from working in the public sector to the private sector?

My first corporate experience was with Honeywell International. It was an incredible opportunity to help them set up operations in Iraq, but it was certainly very different from the work I was doing in the public sector. When you make such a transition, it is important that you move into a role that you are very excited about. It was a fast-moving environment. I learned so much about the work involved in entering a new market - particularly one as challenging and fascinating as Iraq. When I look back on my experiences in the private sector thus far, I have realized that some of the roles that I enjoyed the most were the ones where I felt like I was part of building something. For example, my time at Honeywell working on the setup of the Iraq business felt very similar to my time at Uber. This may seem surprising given that these are two very different companies - one is a very established multinational industrial corporation, and the other was a tech startup.

Nevertheless, the experiences were very similar. Uber still had a startup feel in the region during my time there. Everyone was energized, impact-driven, and very focused. We were in constant building mode - launching new products and launching in new markets. And at Honeywell, we were setting up operations and building a business in Iraq from scratch, setting up local infrastructure, and hiring a team. Each and every member of the team was fully committed and mission-oriented. It was an intense environment, but we could quickly see the positive impact of the work we were doing and that kept us going despite the challenges. It is essential to keep an open mind about the roles that come your way. Be open to challenging opportunities that take you out of your comfort zone. Those are often the ones that will be the most meaningful, both professionally and personally.

You have worked previously with Uber in the MENA region in the policy realm; how can policy address the challenges in the transportation sector in the case of Iraq to ensure we have better infrastructure and regulations for ride-hailing and last-mile delivery companies to operate?

Transportation is fundamentally about the movement of goods and people from one place to another. The role of government is central to ensuring that those people and goods can move in an affordable, reliable, efficient, and safe manner. The transportation sector as a whole is a major contributor to the economic growth and development of a country. It is not only a source of job creation, but the availability of multimodal transportation facilitates access to work opportunities across all sectors of the economy. So in Iraq, it is important to approach the sector from a number of angles.

First, transportation needs should be prioritized. In a country with so many needs, there will be multiple competing priorities, but transportation underpins the rest of the economy. Hence, it needs to be high on the list of government priorities. Second, investment in mass public transportation is key, but it is equally as important to have a regulatory framework in place that supports a robust, multimodal, and competitive private sector that further supports the country's transport needs. Such a framework needs to consider the sector holistically.

The services provided by ride-hailing and last-mile delivery companies are complementary to an effective and safe public sector transportation network. And finally, the public and private sector need to engage directly and transparently with each other. The more consultative and transparent the policy-making process is, the better the result.

Are there any particular policies with the stakeholders in mind that you worked on in MENA that Iraq can adopt to help facilitate the adaptation of digital technologies?

There is certainly no shortage of government stakeholders who are doing things right in the region. But the most successful policymakers in the region are the ones who understand the importance of having an independent, dynamic and flourishing private sector. They understand the benefits of engaging in open dialogue with the private sector; they take the time to solicit comments and feedback from the private sector when it comes to future regulations and they work collaboratively with the private sector to change policies where needed.

This does not always come naturally, especially to government stakeholders in countries that have historically had a very centrally controlled economy. In Iraq, in particular, it is critical that the government takes a hard look at existing legislation because there is no doubt that the business climate needs to be improved significantly. But by providing the needed regulatory landscape and investments in infrastructure, digital services have the potential to radically transform Iraq's economy for the better.

How does joining Runway Strategies connect the two fronts of entrepreneurship and policy-making? And how can policies empower entrepreneurship and push for innovation and technological transformation?

At Runway Strategies, we provide innovative and entrepreneurial companies with policy advice and support. Each of our clients is at a different stage of their startup journey. Hence, we tailor our offering to fit their policy needs. Moreover, our client's policy needs will also depend on the particular industry. We work with them to unlock regulatory bottlenecks, support their advocacy efforts, and enable their market entry needs.

Policymakers have a crucial role to play in protecting consumers, leveling the playing field, and ensuring a competitive marketplace, and in growing and nurturing local startup ecosystems.

They have the ability to enact policies that can stifle innovation or help it flourish. Policymakers can create an enabling environment for startups to grow in a number of ways. Some of those ways include allowing for regulatory sandboxes, supporting incubators and accelerators, providing tax and other incentives, and removing regulatory barriers. The importance of a two-way dialogue between policymakers and entrepreneurs cannot be underestimated. Policymakers should engage with entrepreneurs directly to hear their pain points so they can address them. And likewise, it is also crucial that entrepreneurs work to address policymakers' concerns.

Moreover, when policymakers remove regulatory roadblocks and develop regulatory policies that support a thriving ecosystem, this will encourage more entrepreneurs to start businesses and give local and international investors confidence to increase their investments in the local startup community.

Do you think the Iraqi entrepreneurial scene is ready to have policy dialogues?

I think what is happening in the Iraqi entrepreneurial scene is extraordinary. These are entrepreneurs who are battle tested. They are living and working in one of the most challenging environments in the world yet they are still managing to build businesses. The spirit of Iraqi entrepreneurs is alive and well, but their journey should not have to be as difficult as it is. The pressure that entrepreneurs and founders endure when starting a business anywhere in the world is immense but these are multiplied when operating in a business environment like Iraq that urgently needs reform. This is where policy dialogue with government stakeholders is crucial. In some ways, Iraqi entrepreneurs are better

positioned to advocate for change than, say - global firms who are not yet present locally in the Iraqi market. They understand the local market needs and pain points better than anyone else. They can be a major force for policy change because they are homegrown, hiring locally, and are already investing in and growing the local economy. Moreover, collective advocacy is just as important as individual advocacy and, in some cases - even more so. Whether this takes place through community or industry associations, it has a tremendous multiplier effect. If they can come together as a collective, their voices will be amplified.

Could you tell us why you have joined the Iraqi Angel Investors Network? If you have attended any pitches? And how do you view the Iraqi entrepreneurial scene?

I spoke earlier about how growing up, I learned about the power of resilience. Iraqis have experienced no shortage of adversity over the last four decades and that adversity has translated into incredible resilience. Such resilience is an essential character trait of any successful founder. And to ultimately succeed as a founder, you have to be able to weather the storms. I joined the Iraqi Angel Investors Network because I believe that people who face adversity make better business leaders and I think entrepreneurship is key to Iraq's economic growth and stability. And yes - I have attended some of the pitches and I must say they have been impressive. Some of them could have been given anywhere in the world. It is clear that the work being done by the various accelerators and incubators in Iraq is yielding results.

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I have realized that some of the roles that I enjoyed the most were the ones where I felt like I was part of building something.

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Can you tell us more about your involvement with Playbook, what they are trying to do and how they are helping reduce the gender inequalities in the ecosystem?

The Co-founders of PLAYBOOK identified a genuine need in the region for a digital learning platform specifically focused on women's career development, and they have built an extraordinary platform to address those needs. I was impressed by the work that they were doing, so I decided to join. PLAYBOOK has created a forum that gives women the opportunity to network, learn from and support each other. It is both a networking platform and a learning platform with incredible Masterclasses available to members. And it is this combination that makes it so special.

I think it is beneficial to have a diverse support network. It can be tremendously helpful to engage with women with whom you identify socially and culturally - women who have faced some of the same barriers that you have faced. But it is also wonderful to be exposed to women who have come from a completely different background. PLAYBOOK has this essential offering: it helps women find a support network that is personally meaningful to them wherever they are based. Women can find inspiration in other women leaders and their individual journeys through the PLAYBOOK digital platform from the comfort of their homes.

What do you think are the root causes of gender inequality in the ecosystem, and how can we overcome them?

There are obviously many causes of gender inequality, but a lack of access to education is certainly one of the root causes. It is one of the reasons why I am so eager to support educational and training initiatives. Ultimately, I believe every country has its own journey. Some countries are further ahead in addressing inequalities, and others are just starting to. In the startup space specifically, in many countries, there is no shortage of women entrepreneurs. But sadly, these women entrepreneurs are only getting a tiny share of the available investment capital. So, in short - we have come a long way, but there is so much more work to be done. And in Iraq specifically, despite the hurdles - there is much to be optimistic about. I have had the privilege of getting to know an impressive number of Iraqi women leaders having a major positive impact in Iraq. They have exhibited so much utter strength and resilience. It is truly inspiring.

There is no doubt that both the public sector and the private sector have a role to play. But each of us has a role to play as individuals. It is vital to speak up when we see unfairness or inappropriate behavior, regardless of gender, even if it comes at a personal cost. I had the benefit very early on in my career of having incredible mentors both during my time in the public sector and private sector. They invested in my development, gave me the space to grow, and reminded me to trust my instincts. They were incredible examples of what leadership is all about. It is about investing in your team and their growth, giving them the freedom to do their work, and ultimately treating them with respect. Such mentorship is instrumental to the development of one's career trajectory. Each of us must pay that forward and provide that same opportunity for mentorship and support to others.

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The most successful policymakers in the region are the ones who understand the importance of having an independent, dynamic and flourishing private sector.

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We know that you are a strong advocate for education. Was it the reason you joined the Iraq Fund for Higher Education as a board member? Can you tell us more about that and what they are trying to do?

Education is not always about getting a degree. Education can come from real life practical experience, it can come in the form of skills training, or perhaps it may come from living and working in multiple countries. But one thing is for sure - in a rapidly changing world, learning needs to be a constant part of our lives. And this is what made me want to be part of the Iraq Fund for Higher Education (IFHE). It is a remarkable organization filling a significant gap in the Iraqi education system by providing Iraqis with the skills they need to navigate their career path successfully now and in the future. One of their flagship programs is the Baghdad Business School. Much like everywhere else, the existing educational system in Iraq is not yet prepared to educate and train individuals for the future of work. And ultimately, education should be more than just theoretical - practical skills are absolutely critical. IFHE is providing Iraqis with an opportunity to gain those crucial practical skills, thereby preparing generations of Iraqis for the future of work. It is a privilege to be part of an organization that is having such a meaningful impact.

BUSINESS LANDSCAPE

Business LANDSCAPE is a quarterly published magazine that sheds light on the Iraqi private sector, its challenges, developments, and investments, and on the entrepreneurial scene. It serves as a platform for the Iraqi business ecosystem.