

# Health | Investment Overview of Iraq

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### Key Stats and Figures

**Ministry of Health Budget:**

\$4B USD (2009)

**Hospitals:**

208 State Owned, 80 Private

**Clinics:**

Approximately 2000



*Photo credit: Tech. Sgt. William Greer, USAF*

## Sector Overview

During the 1970s and 80s, the Republic of Iraq was viewed as one of the leading nations in healthcare in the Middle East and North Africa. Sanctions were imposed on Iraq in the 1990s and remained in force through 2003. These sanctions led to deterioration in the healthcare system. In 2006, the World Health Organization's Iraq Regional Health Systems Observatory (IRHSO) issued a report stating that "health outcomes are now among the poorest in the region. Maternal and infant mortality and malnutrition are high; certain communicable diseases have re-emerged to join non-communicable conditions in a double burden of disease." The Government of Iraq (GoI) recognizes that it must reverse the steep decline in the quality of the nation's healthcare. Through investment in education, training and infrastructure, the GoI is committed to return Iraq to its place as the regional leader in the medical sector.

## The Role of Government in Health

The GoI has increased its budget allocation to the Ministry of Health (MoH) from approximately \$16M USD in 2002 to roughly \$4B USD in 2009, suggesting a fundamental shift in the GoI's priorities relative to healthcare. During his two years as Minister of Health, His Excellence Dr. Salih Al-Hasnawi has brought stability and direction to the ministry, instituting major reforms that hopefully will endure. The MoH has also declared a need for a greater number of skilled professionals, which highlight the demand for advanced education opportunities and access to medical resources.

The MoH is also making concerted efforts to encourage physicians who maintain private practices while also working for public practices to invest their time in government programs. The GoI and MoH have committed to a process of improving the healthcare throughout the country by increasing the salaries of health professionals.

Private practices comprise an estimated 80 hospitals, 33 of these situated in Baghdad, as well as tens of thousands of private clinics throughout the country. In addition to these, there are 208 state-owned hospitals that fall under the auspices of the MoH. Hospitals also exist exclusively for the care of military, police and senior Iraqi government officials.

## Opportunities for Investment in the Iraqi Health Sector

### National Level Opportunities

Firms looking to develop partnerships with the MoH and take advantage of business opportunities in Iraq will need to develop thoughtful strategies in order to penetrate this uniquely challenging but rewarding market. Local partnerships are particularly important when pursuing business opportunities with the MoH. In addition to standard business registration practices, medical and health-related goods also require registration in Iraq.

### Healthcare Sector Private Investment Policy

Iraq's health sector investment strategy is based on the following principles:

- Promote private sector involvement through opportunities to invest in healthcare facilities, and pharmaceutical and medical device manufacturing.
- Privatize state-owned healthcare facilities.
- Privatize state-owned pharmaceutical and medical device companies.
- Attracting modern healthcare consulting service providers to promote system and practice modernization.





Photo credit: Tina Hager

## Health Care Investment Opportunities

There are 208 state-owned, government-run hospitals, with 40 situated in Baghdad. The Basrah Children's Hospital, coming on line in late 2009, will have full surgical and oncology services available in early 2010. There are also approximately 2,000 Private Health Clinics (PHCs) scattered throughout Iraq. Generally, all primary care and preventive medicine is provided for free. PHCs provide a limited range of service. Power outages are frequent and can last for many hours. Diagnostic equipment is not generally available. The MoH is seeking investments including:

- Establishment of greenfield healthcare facilities including integrated medical cities & complexes, hospitals, medical laboratories, and primary healthcare clinics.
- Management and operation of privatized state-owned hospitals.
- Management of specialized health centers through direct contract.

- Providing general healthcare consulting services including advising on healthcare systems modernization.

## Pharmaceutical and Medical Device Industry Opportunities

Several opportunities exist for investors interested in Iraq's pharmaceutical and medical device industry. The MoH has outlined the following three areas of opportunity for investors:

- Establishment of greenfield pharmaceutical and medical device manufacturing facilities.
- Privatization of existing pharmaceutical and medical device manufacturing and distribution companies.
- Providing consulting services for updating The Public Company for Marketing Drugs and Medical Appliances Management's (KIMADIA) enterprise systems (includes systems for testing, registration, warehousing, distribution, and marketing).

## Other Investment Opportunities

- KIMADIA is Iraq's pharmaceutical and medical device supply and resupply system to MoH and other GoI facilities. Several suggestions for privatization or selling KIMADIA have arisen over the past two years but have met resistance. Pharmaceutical accountability and control lags behind modern standards. A nationwide logistical system for pharmaceuticals and medical equipment/supplies is urgently needed.
- The KIMADIA website, [www.kim-moh.net/index1.html](http://www.kim-moh.net/index1.html), provides detailed information for potential investors. MoH KIMADIA retains a domestic market share of 40% of Iraq's medical supplies and seeks an investor to manage and operate their plant. The goal is to rehabilitate and upgrade KIMADIA's plant with modern technology in return for a share in production.
- Emergency response and ambulance support is ill-defined and uncoordinated throughout Iraq. National standards of response are not always applied, and training, qualifications testing, and a certification process is necessary.

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