

Investment Opportunity

Najaf Medical City



Market context

Iraq's medical sector has suffered from neglect in the last 30 years, and the main facilities are degraded. The Iraqi people need more hospitals, clinics and more medical equipment and supplies. According to a 2006 report by the World Health Organisation's Iraq Regional Health Systems Observatory (IRHSO), "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 is actively attracting medical expertise and private sector input into the health sector in an attempt to address these problems. There is already a vigorous private healthcare sector ready to be developed by further injections of private finance.

The IRHSO's report described Iraq's private health sector as "powerful," noting that "it has the capacity to supplement the weakness of the public sector especially in curative services." It added that the Ministry of Health had rethought its policy on the model of service provision that Iraq is aiming for. As a consequence, "the private sector may be asked to perform a larger role in health care."

The IRHSO reported "anecdotal evidence" suggesting that "around 50 per cent of health care services are provided by the private sector." There are a large number of private clinics all over the country. There are an estimated 65-70 private hospitals of which more than 40 are located in Baghdad. By comparison, there are 172 state-owned hospitals, of which approximately one-quarter are located in the capital. The observatory said the private sector

mainly provided curative care for the population via "outpatient consultations at small clinics and indoor facilities at large hospitals," which are mostly located in large urban centres.

The report said that most private hospitals are organised as either individual or group practices. They are primarily owned and managed by medical specialists and entrepreneurs, and are entirely privately-funded. The private sector mainly provides surgical, obstetrics and gynaecological beds, operative and labour theatres, and support services such as medical laboratories and X-ray units. Healthcare professionals working in the public sector are permitted to run private sector practices after working hours, but cannot use public facilities for this.

The opportunity

The National Investment Commission (NIC) is inviting international investors to express interest in a project to develop the Najaf Medical City at Al-Haidariya. The project is being managed by the Najaf Provincial Investment Commission with Ministry of Health input.

The project breaks down into three parts:

- To design and create a master-plan for the medical city.
- To construct a large-scale regional medical centre including clinics with specialised facilities, and capacity of about 3,000 beds.
- To operate and manage the facilities.

Further opportunities:

- The provision of medical equipment and supplies.
- The construction of training and development facilities, staff accommodation and residential areas.
- NIC estimates that initial investments in the project will need to be about £140 million, although this could increase as further stages to the development are added.

The main market for this development will initially be focused on Iraq, but it is expected that other potentially lucrative market segments could come into play including middle class medical tourism, as well

as public medicine. The millions of tourists and pilgrims who are forecast to visit Najaf's holy shrines from across the region every year and the developing airport facilities at Najaf mean that this medical city could service broader regional need.

Many Shia Muslims from all over Iraq and the wider region aspire to find their final resting place in proximity to the tomb of Imam Ali, son-in-law of the Prophet Mohammed at Najaf's immense graveyard – the Valley of Peace. There is therefore potential demand for nursing care facilities for sick and elderly patients on their final pilgrimages.

Investment background

Regulation

- The Ministry of Health licenses and monitors private hospitals and clinics. Clinics and pharmacies are also subject to oversight by the medical syndicates.

Qualified work force

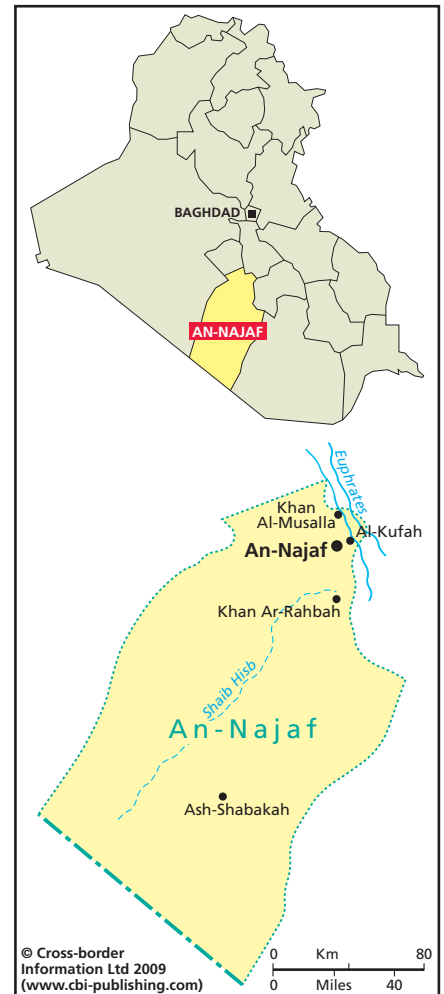
- The need for additional training facilities is evident as many key special skills have been degraded. However, Najaf is large enough to have medical faculty. In addition, the diaspora includes many Iraqi medical specialists who could be attracted back to the country.

Similar projects

- In late March 2009, Najaf's health directorate announced it had signed a contract with a company to build a modern 490-bed hospital in Najaf province, with investment of £70 million.
- Earlier in March, Najaf's governor signed a MoU to construct a specialised hospital that will treat cancer and thalassemia (inherited blood disorder), and provide dialysis.
- In December 2008, the Ministry of Health awarded contracts worth some £348 million to German and Australian firms for the construction of five hospitals throughout the country. The contract also includes the

construction of a cancer treatment centre in Najaf. These projects are part of a project to build 10 large hospitals in the country by end 2011.

- In Q3 08 the Najaf governor opened a 'roving' hospital worth £1.39 million built by a South Korean company.
- Thanks to the past sanctions and a lack of government resources, the private sector has expanded with great rapidity. But the cost of private medical services is also very high. The IRHSO says millions of people are "financially unprotected from health catastrophes."



Contacts: For general information about investment opportunities in Iraq or the investment process, please visit the Iraqi National Investment Commission website at www.investpromo.gov.iq or email at info@investpromo.gov.iq.

For information about specific sectors and opportunities, or to arrange a visit, please contact the National Investment Commission through one of the contacts below.

Telephone (English): + 964 7901 970 107

Email (English): m-hussein@investpromo.gov.iq

Telephone (Arabic): + 964 7704 435 146

Email (Arabic): a.alwan@investpromo.gov.iq