



USAID Iraq Economic Governance II Project



Presentation to the Minister of Communications

Government of Iraq

BearingPoint

November 2004

Outline

- **Objectives for the Meeting**
- **Background**
- **Potential Areas of Assistance**
- **Working Methods**
- **Next Steps**

Objectives for the Meeting

- **To introduce the Sector Team Leader**
- **To describe what the project has to offer**
- **To gain an understanding of the Ministry's priorities**
- **To agree a way of working together**

We would appreciate the Ministry's guidance at this crucial early stage of the project

Background - Economic Governance II

USAID has selected BearingPoint to implement a major 3 year program to support to the Government of Iraq in its economic reform efforts

BearingPoint brings to bear considerable depth of expertise & relevant experience for this project :

- Established in Iraq for over 1 year implementing USAID's ***Economic Recovery, Reform & Sustained Growth*** program; in that project we demonstrated our ability to deliver results
- Substantive track record of success in a range of emerging and transition markets world-wide

The overall objective for the telecommunications sector is:

A commercially viable sector with improved regulation

Background – Previous Achievements

Sector Organisation:

Telecoms Master Plan: technical development plan for the telecoms sector (demand, vision statements, infrastructure)

Restructuring ITPC: draft unbundling and restructuring plan, strategy for unbundling accounts, corporatization proposals

ICT Advisory Board: provided description of policy advisory board

Background – Previous Achievements

Operations:

Financial: reviewed financial information

Performance Indicators: prepared draft performance indicators for ITPC

Improving Operations: assessed operations, infrastructure and organization, developed requirements for a new billing/customer care system

Investment Programme: developed network build out strategy, identified \$900m in capex projects

Background – Previous Achievements

Legislative and Regulatory:

Primary legislation: drafted Policy Statement and Telecommunications Law

Secondary legislation: draft regulations on licensing, interconnection, competition policy, statutes and procedural rules for the ICMC

Regulator: prepared an organization structure and job descriptions for ICMC, developed a training program for ICMC staff, financed ICMC attendance at a conference in the UK

Background - Outstanding Issues

Sector Organisation:

- ITPC remains 100% State-owned, vertically integrated with monopoly fixed line & data services
- ITPC includes post as well as telecoms

Operations:

- Need to invest in ITPC's network
- Need to transform ITPC into a commercial entity & prepare for sector liberalisation

Legislative & Regulatory Framework:

- Existing mobile licences expire in December
- Independent regulator not yet fully established
- Need comprehensive package of secondary legislation (regulations)
- Need to encourage private sector participation

Potential Areas of Assistance - Summary

Organisation of the telecoms sector

- Unbundle and commercialise ITPC
- Restructure ITPC (separate wholesale & retail)

ITPC Operations

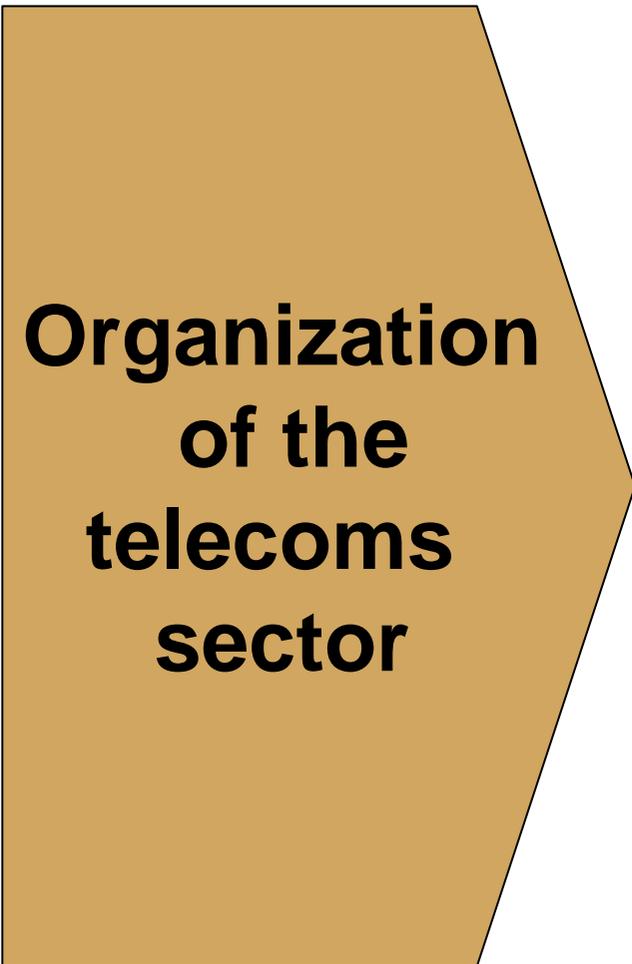
- Work with the GoI to implement recommendations of the Master Plan
- Reform accounts, financial management, billing & collection & internal controls

Legislative & Regulatory Framework

- Tender for mobile licences
- Build regulatory capacity at the ICMC
- Design and establish “world class” regulatory framework
- Facilitate & encourage private sector participation, pave the way for sector liberalisation

Effort is needed to maintain the momentum of recent progress

Potential Areas of Assistance – Organization



Organization of the telecoms sector

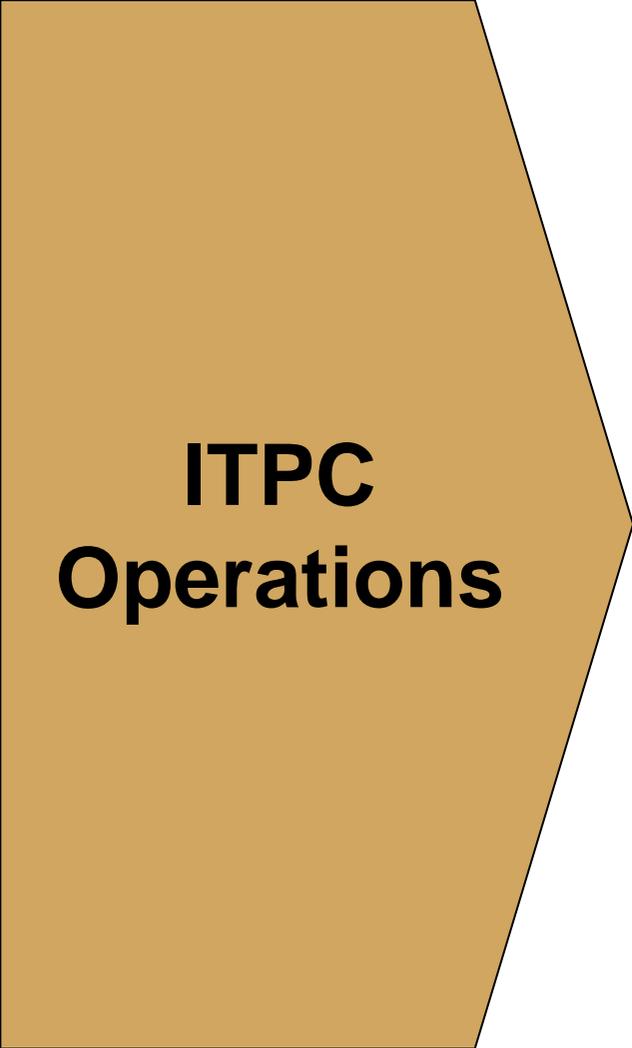
Restructuring MoC

Separation of Posts and Telecoms

Unbundling ITPC:

- **Accounting separation**
- **Unbundling by service (eg fixed vs. mobile, wholesale vs. retail, voice vs. data)**

Potential Areas of Assistance – Operations



ITPC Operations

Finalize Telecommunications Master Plan

Policy advice and guidance, including:

- **Corporate governance**
- **Management**
- **Finance (eg. management and cost accounting, budgeting, MIS)**

Training MoC and ITPC senior management in modern business practices such as:

- **Regulation**
- **Procurement**
- **IAS Accounts**
- **IT**
- **Teamwork**
- **Strategy & planning**
- **Project management**

Potential Areas of Assistance – Regulation

Legislative And Regulatory Framework

Assist MoC in retendering mobile licences

Continue development of regulatory framework:

- **Refine policy**
- **Enact primary legislation**
- **Finalise secondary legislation**
- **Licensing/permits**

Establish the telecoms regulatory body:

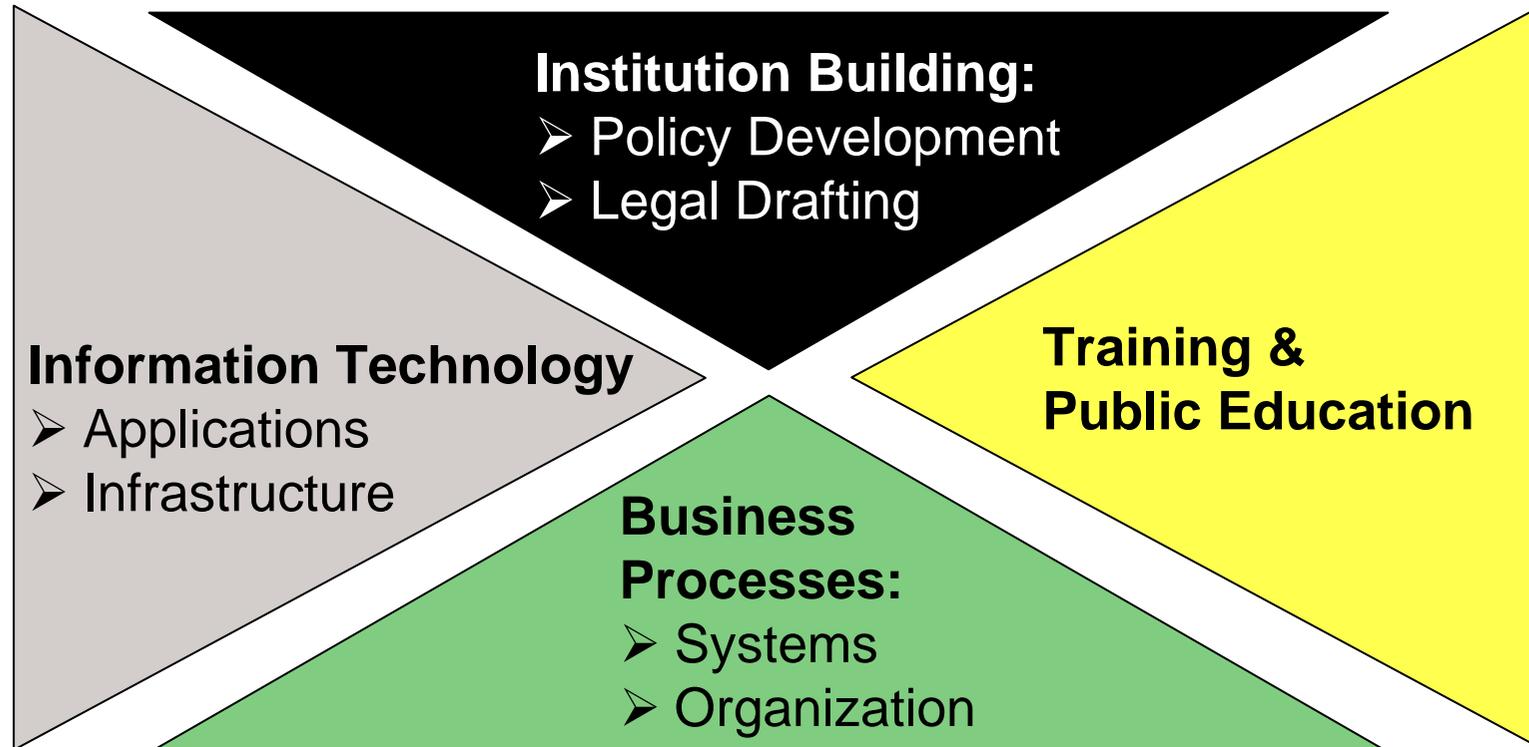
- **Separation of media and telecoms**
- **Management, organization & resources**
- **Identify and organize staff training**

Potential Areas of Assistance

What are the MoC's priorities?

Working Methods - The BearingPoint Approach

We offer comprehensive assistance, *working with the Government* to develop and effect institutional reforms. These cross-cutting activities form the building blocks of our approach in each sector.



We emphasise:

- ✓ Developing practical, sustainable solutions
- ✓ Providing hands on implementation assistance

Working Methods – Administrative Issues

- **Overall Steering Committee?**
- **Reporting lines and key contacts**
- **Off-site work (Jordan)**

Next Steps

We would suggest the following :

