
IRAQ, KURDISTAN REGION IN LINE FOR WORLD BANK LOAN

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The World Bank is in talks to provide a subnational loan to Iraq's Basra and Kurdistan region to alleviate economic strife in the country. Tags: Iraq, Basra, Kurdistan, World Bank, economy

Debt-ridden Iraq and the Kurdistan region could be provided a loan by the World Bank.

The costly battle against Islamic State militants, plunging oil prices and influx of internally displaced people seeking refuge in Kurdistan have mired the country in economic strife.

Although too early to discuss the sum to be potentially handed over, Shanta Devarajan, chief economist of the World Bank's Middle East and North Africa Region, said Baghdad had given the go-ahead to discussions.

"The World Bank has been assisting Iraq in general and the Kurdistan Region, in particular, for a long time," Devarajan told Kurdistan24.

"We are starting discussions about the possibility of doing a subnational loan, one to the KRG and one to Basra. The central government has to guarantee the loan, but the actual policies associated with the loan and the reforms and the money go to subnational governates.

"The Baghdad government is comfortable with the principal of guaranteeing the loan as long as it goes to Basra and the KRG. We had the green light from Baghdad to continue discussions."

The World Bank recently conducted a major report into Kurdistan's economy and provided a road map for its restructure and growth.

It said the region's large natural resources, fertile agricultural land, a young and entrepreneurial population and a relatively stable location on major trade routes could help lift the economy out of

its crisis.

The oil-reliant central government in Iraq is battling an estimated budget deficit of more than \$30 billion, according to a July World Bank report.

"The economy is very sluggish at the moment," Devarajan said, adding that more attention needs to be paid to the private sector as a "big engine" of growth.

Any new loan approved for Iraq will likely take about a year to materialise, Devarajan added.

Kaynak/Source: