
IRAQ TO GET 10 BILLION POUND LOAN FOR BRITISH CONTRACTS

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Britain agreed on Sunday to arrange 10 billion pounds (\$12.3 billion) in loans to finance infrastructure projects in Iraq over a 10 year period, a program that would only benefit British companies, an Iraqi minister said in Baghdad.

The two countries signed a memorandum of understanding in the Iraqi capital that serves as a framework to provide up to 10 billion pounds in funds to specific projects during this period, including water, sewage, electricity, healthcare and transport.

"This loan is exclusively allocated to British companies," Iraqi Acting Finance Minister Abdul Razzak al-Essa told a news conference at the signing ceremony. Interest rates will be set when the contracts are agreed, the minister said.

Britain is a main partner in the U.S.-led coalition helping Iraq defeat Islamic State, the hardline Sunni group that overran about a third of the country in 2014.

"For the United Kingdom this is a further evidence of the bilateral support that we are giving and continue to give to Iraq, to help Iraq move forward to recover from the ravages of Daesh (Islamic State)," British ambassador Frank Baker said.

Fourteen years after the U.S.-led invasion that toppled Saddam Hussein, the country still suffers from poor electricity and water supplies and a shortage of schools and hospitals, while existing facilities are neglected.

The oil-exporting country is also plagued by corruption that eats away at its crude sales income. Government finances have been further weakened after 2014 when oil prices collapsed.

The fall in oil prices coincided with the launch of Islamic State's offensive across Iraq which set off a new wave of sectarian violence, displacing more than three million people.

U.S.-backed Iraqi forces pushed the militants back and are besieging them now in their last major urban stronghold, on the western side of the city of Mosul, in northern Iraq.