

Evaluating the Obstacles to Implementing Construction Investment Projects in Iraq

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Abstract: The impact of investment management has greatly increased over the past two decades as a result of the growing level of competition that exists between construction organizations and the shifting expectations regarding the nature and level of craftsmanship required for building projects. Because of this, in recent years it has been clear that companies that work in the construction industry require a complete system for the administration of investments.

Since 2003, the building sector in Iraq has undergone a large amount of development, and the region's commercial linkages with the countries of other regions have undergone a substantial amount of advancement. Because Iraq was closed during this period, it needed a lot of investment for development projects.

The primary goals of this study are to analyze and assess the obstacles that stand in the way of the implementation of investment construction projects in Iraq.

Keywords: Investment Projects, Investment Management, Construction Projects, Assessment Projects, Construction Strategy, Construction Industry, Investment Strategy.

INTRODUCTION

The Private Construction Industry is the essential pillar that supports all of the other economic activities in human life. It is an unavoidable infrastructure that is essential to preserving life and making development. As a consequence of this, it is essential to make an effort to guarantee that the beginning stages of construction are based on scientific foundations.

According to He et al., (2021), sudden and unexpected changes in building technology, procedures, materials, or employees might produce a wide variety of reasons for the lack of success of those projects. The effect of such a circumstance results in a significant amount of delay, rendering the public in a precarious position where they are both hurting and unserved. When faced with such a situation, the standard reaction is to lessen, stifle, or otherwise get rid of the disputes, it is the responsibility of the project manager to rectify any anomalies that may arise throughout the course of the project and bring it back into compliance. According to Kaklauskas et al. (2021), the quality of the building is one of the primary variables that play a role in the quality of the operations that are provided to the general public. As a result, steps need to be taken to ensure that the quality of the buildings is preserved to the greatest extent possible. In building, engineering and the various other parties involved form a particular combination to meet a particular demand. The design of a process results in engineering activities that are performed to attain the aimed-for outputs.

According to Aleksanin et al., (2023), people who work in the construction industry have significant obligations, but in exchange they have the ability to build works that are to the

advantage of humankind. Considering it is the government's responsibility to organize the building industry, it is the government that establishes the criteria that describe the characteristics of public constructions (including schools, hospitals, highways, bridges, and agricultural systems; as well as water and electricity infrastructure).

1. IRAQI CONSTRUCTION PROJECTS INVOLVING PUBLIC-PRIVATE PARTNERSHIPS

In spite of this, the Iraqi government has made it easier for foreign investment businesses to get involved in the region as part of a plan to acquire international knowledge and foreign technological ability. As a direct consequence of this, a competitive environment for both domestic and foreign businesses has been established in the region. As a consequence of this, regional and national construction businesses have been motivated to make significant strides toward enhancing their overall performance within the sector.

The building industry in Iraq is struggling with a variety of difficult concerns and issues overall. According to a lack of money, which is expressed by surpassing the time limit for finishing of the assignments, construction projects are regarded to be one of the most prevalent and major challenges in the construction sector in Iraq. This is because the time required to finish for the projects takes longer than the allotted amount of time. Typically, both the amount of projects and their total value will be considerable. This objective cannot be reached provided the project is financed in the most effective way possible. Reconstruction, servicing, and functioning of projects in Iraq necessitate improved coordination among these concerns and the other concerns of Iraq (Erzaj et al.,2020).

Public-private partnerships have been embraced in developing nations as a means to address the financial constraints faced by governments in their efforts to enhance quality and improve service delivery. In the context of Iraq as a country that is still developing, the Iraqi government encountered a significant dearth of financial resources resulting from an economic downturn and security challenges. Consequently, the Iraqi government was compelled to discontinue approximately 4,000 ongoing projects that were being funded under its funding initiatives.

As a direct response to the worldwide economic downturn, the government gave its agencies permission to collaborate with private companies on the procurement of projects that had previously been scrapped. Around the globe, public-private partnerships are utilized because, in comparison to the public industry, the private industry is superior at facilitating creative thought, managing complicated technological endeavors, and reacting rapidly to shifts in the environment. The expertise that may be gleaned from the private sector will be of considerable assistance in modernizing and streamlining the conventional public contracting process (Khudhaire and Naji, 2021).

The construction industry in Iraq has encountered numerous challenges in recent years, primarily stemming from an increase in the amount of incomplete building projects. This issue can be attributed to a lack of adequate financing, and this has had a detrimental impact on the overall achievement of the construction industry. Additionally, Iraq has faced difficulties in effectively selecting financing approaches, particularly in relation to public-private partnership agreements. The inadequacy and insufficiency present in this particular domain give rise to an inappropriate selection of contracts. Therefore, the utmost significance is in the prudent selection of the public-private partnership approach, given the prevailing difficulties in the funding system in Iraq and the pivotal role of the right selection in ensuring the project's success (Yaseen and Naji, 2021).

2. IMPORTANCE OF STRATEGIC MANAGEMENT IN THE DEVELOPMENT OF CONSTRUCTION INVESTMENT

Certain aspects of the Regional Development Strategy have been included in the broader development strategy and goal that the state has. In the meantime, the regional economic growth instruments of the Western nations are directed toward the decentralization of significant

industrial agglomerates as well as fostering the growth of economically depressed and economically weak regions (Lapidus et al.,2020).

A wide variety of issues pertaining to the investment construction process are addressed by a number of authors. However, almost no research has been done on the subject of the incorporation of construction investment projects within the development of regions, which is a significant issue. Even if the most profitable construction investment project is picked according to financial indications, the project that ends up being picked could not be an appropriate combination for other investment projects that are already being carried out or are in the process of being carried out (Lapidus et al.,2020).

The synergy impact is quite significant with regard to the overall substance of regional development. As a result, it is necessary to assess the multifaceted impact of the following requirements:

- Quantity of “Construction Investment Projects” (CIP),
- Current tendencies,
- Legal concerns,
- Constructional solution options, etc.

Investing in building, reconstruction, and continuing operation of infrastructure is the goal of CIP, which is a complicated of legal interactions, acts, and documents targeted at accomplishing this goal.

3. CONCEPTS IN INVESTMENT CONSTRUCTION PROJECT

The manufacturing industries were the birthplace of what is now commonly recognized in the development profession as investment construction projects (ICP) and is practiced in this field. The accomplishments that the manufacturing sector obtained as a result of its acceptance of the rapid principle and the advantages that were gained were the primary drivers behind the eventual implementation of the lean concept in the construction industry.

The primary objective of this Strategy is to refocus on subsequent investments in like a way that may help bring the stage of economic growth of states closer to the average of EU countries. It ought to be pointed out that in order to achieve these objectives coordinated initiatives of the state are significant (Zhai et al., 2021).

This is considering the accomplishment of the indicated objectives is influenced in addition by investment however additionally by other managerial, legal, and other evaluates implemented by the declare. It is essential to note that in order to accomplish these objectives coordinated initiatives of the state are essential.

Erzajj et al., (2020) observe that it is essential to guarantee an effective integration of actions and activities, which is done by logical distribution of duties among the organizations and employees. One of the main challenges for officials is to find methods how to effectively oversee these procedures while applying a regional development regulation, how to form an equitable and transparent framework for decision's planning, adoption, and monitoring of application.

It is feasible to make an estimate of the investment costs involved with the construction of major commercial or industrial facilities by basing one's calculations on the findings of one's preliminary study. After that, the entire cost of the project will be calculated based on the construction investment project contract. Turnkey construction provides additional benefits to the customer, while also allowing the organization to delegate risks and responsibilities to an experienced construction manager.

- When attempting to secure funding for construction by investors that are not affiliated with the project.

- When applying for preliminary permits to conduct surveys, designs, or construction projects.
- When the structure's planning and study, as well as its building or renovation, and commissioning, are complete, the facility will be ready for use.
- When the application for permissions and the registering of title documents for the location have been completed.

The strategic framework of the evolution of the construction industry recommends the long-term viability of investments, the highest possible energy productivity, and the long-term reliability of the materials and structures utilized; in addition, it provides a more precise explanation of the processes that encourage the use of novel technologies.

The development and implementation of a system that integrates cutting-edge technical developments or creative products into the processes of investment and construction will make it feasible to overcome the obstacles that currently stand in the way of putting investment to use in the building sector. Because of recent advancements in technology, it is now possible to find solutions to the problems that arise.

4. ASSESSMENT OF THE EFFECTIVENESS OF INVESTMENT CONSTRUCTION PROJECTS (ICP)

In order to successfully implement strategic projects, officials of government are required to select an acceptable investment management, relevant strategic projects, and supply the resources that are required. Which the state must comprehend besides the importance of choosing of appropriate strategies, additionally it needs assume responsibility for the application of selected development strategy, which means investing the limited financial assets of the country into a collection of suitable advantageous projects and programs.

The authors suggest that, in order to facilitate the formulation of strategic development strategies at the municipality stage, construction investment projects should be segmented into the following categories:

- Municipalities
- Commercial/industrial zones
- Residential structures, and
- Infrastructure

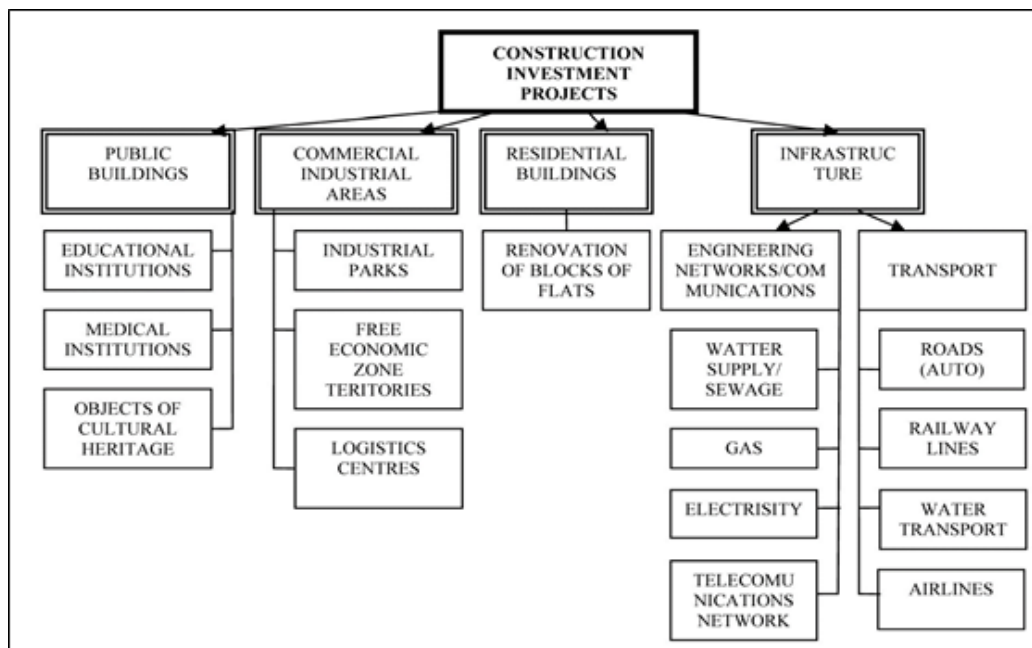


Figure 1: The Framework for Community Development Involving Construction Investment Projects

As seen in figure (1). When evaluating the many groups involved in a project, you should apply different criteria each time. Current net profit should be used as the primary criterion for evaluating any potential investment initiatives. It is vital that one concentrate on the following variables in order to evaluate this benefit: the benefit that is anticipated, the costs that are required to apply the project (for development, production, and building, and exploitation), and the probability that the project will be employed as anticipated (Han et al., 2020).

5. THE CHALLENGES THAT FACING INVESTMENT CONSTRUCTION PROJECTS (ICP)

The first step, which is also the most crucial, is to choose how the money will be raised. It is frequently the determining factor in whether or not the investment in construction will be profitable. The effectiveness of the overall investment project is characterized by the mode of funding. According to the quantity of capital invested in equity, the primary methods of financing a project could be allocated as follows: equity money, reserves for the purpose of company operations, offered financial money, renting, investment boarding, foreign investment, and outside investment (Banihashemi et al., 2022).

Investing in construction typically involves using borrowed financial resources, which can have a significant bearing on the overall effectiveness of the investment project being undertaken. As a result, it is essential to conduct an accurate analysis of the good and bad aspects associated with each potential source of funding for the development stage.

Nevertheless, there are a number of factors that make it challenging to provide an objective assessment of the net profit that was generated by building investment projects:

- It is not always easy to make an accurate assessment of the benefits that a project will provide to the society it is intended to serve. In some cases, the defining criteria of a benefit can be quite challenging to evaluate in practice.
- It can be challenging to evaluate and forecast the likelihood that a project will be successfully carried out because the outcome of decisions and circumstances can have a significant impact.
- It is not always easy to provide an accurate assessment of the entire costs associated with investment projects and potential development. In this scenario, the costs need to be evaluated based on the genuine requirement for investment along with additional costs; but, they should also take into account the different projects that may be abandoned.

6. OBSTACLES FACING CONSTRUCTION INDUSTRIES

A variety of challenges in today's construction industry are one of the primary forces pushing that industry toward the use of more advanced technologies. In addition to other obstacles, such as legal issues, governmental legislation, and environmental considerations, the construction sector has been presented with other challenges, such as time restrictions, worries surrounding the availability of personnel, and safety considerations.

The level of competition in this industry is extremely high, and as a consequence, the companies that operate within it are obliged to work incredibly hard in order to increase their levels of production in order to remain in business (Banihashemi et al., 2022).

The construction industry in Iraq, much like the construction industry in most other nations across the world, is quoting its projects using the traditional paper-based tendering system. This procedure has several flaws, including a lack of accountability and bureaucracy, among other issues. It was needed to investigate the feasibility of implementing an alternative more efficient methodology known as "E-Tendering" that addresses the shortcomings of the manual tendering system due to the significant volume of projects that are tendered every year (Al-Dalaeen, and Tarawneh, 2022).

This was done in order to meet the demands of the increasing number of projects that are submitted each year. This current study investigates whether or not the construction industry in Iraq is prepared to use electronic tendering for public bids, and it offers suggestions for how to increase the sector's level of participation in e-auctions.

The purpose of this study is to present a model of the obstacles, challenges, and worries that Iraqi tenderers have in regard to accepting and embracing e-tendering. This is performed by conducting a comprehensive examination of the relevant literature in conjunction with in-depth analysis and identification by subject matter specialists.

6.1. Obstacles Regarding Expense

Hasan and Rasheed, (2019) made the observation that study into the effectiveness of projects with regard to the expenses involved has been going on since the 1960s. On one end of this spectrum you will find the theoretical research work, which is dependent on the prior knowledge of the researcher, and on the other end you will find the methodical research activity. In addition, Hasan and Rasheed, (2019) claimed that much previous study has been undertaken on the performance of projects in relation to cost and time considerations.

The complexity of the project, the qualities of the client, and the characteristics of the contractor all have a strong correlation with the cost performance connected to the project budget. Because this correlation has an effect on the performance of the project, the number of project stakeholders may sometimes need to be reduced. The building project was confronted with some of the most complex issues when it attempted to reduce the scope of its work by eliminating some operations in order to keep its budget in check. This ultimately resulted in the creation of a conflict of interest between the many parties involved in the project.

6.2. Obstacles Regarding Time

Huang et al., (2021) made the observation that research conducted in a variety of nations over the course of the previous three decades appears to have made important contributions to the body of information relating to time performance in construction industry. During the building phase, a variety of unforeseen problems and deviations from the initial design surface, which causes issues with the project's ability to be completed within the allotted budget and time frame.

In local developing works, the three most important factors causing complications and challenges of time efficiency are disadvantaged site management, unanticipated ground situations, and a slow speed of making choices involving all project teams. Additionally, project difficulty, the customer type, experience of team, and interacting are highly associated with the time efficiency.

Hasan and Rasheed, (2019) offered various technological and management techniques with the goal of increasing the speed of building and, as a result, improving the construction time efficiency.

6.3. Obstacles Regarding Quality

Infrastructure management's three most important goals—time, money, and quality—are inextricably intertwined and cannot exist in isolation from one another. Because of the functional significance it has, trade-offs among project length, overall expenses, and level of quality are frequently addressed in project management. This is due to the fact that it is one of the most essential concerns in the successful completion of a project and has always been taken into perspective by project managers (Huang et al., 2021).

Many people believe that increasing productivity, lowering production costs, and satisfying customers can all be accomplished most effectively by focusing on quality improvement. Any attempt that is made in good faith to better the quality of a product or service must take into consideration the expenses that are connected with doing so. In today's business climate, it is not enough to simply fulfill the expectations of the customer; the fulfillment must also be

accomplished at the cheapest price possible. This is only achievable if the costs required to attain quality are reduced, and the only way to reduce these costs is to first identify and then quantify them (Kaklauskas et al., 2021).

It is argued that quality is a vague concept that is interpreted in a variety of ways by various individuals. It is also referred to as "accomplishing pre-defined requirements" and can be defined as efforts aimed at bettering the company and the services it provides. It is also commonly considered that the features of a product or organization that bear are what constitute its quality (Hasan and Rasheed, 2019).

It is commonly held that the quality of something is a factor that goes into decision selecting and that increasing attention to that element can help us make more economically sound choices. To put it another way, trying to save money by sacrificing quality is not an economically sound strategy. Quality is not an abstracted, instrumental, extravagant, or unneeded paradigm and inventive strategy to the management process ensuring the development of exceptional products and offerings, providing quality the serious consideration it deserves is discovered to be the primary determinant in the success of businesses. In order to achieve this level of effectiveness, the quality process must be enhanced indefinitely; nevertheless, quality is a procedure, not a destination (Kaklauskas et al., 2021).

7. CONCLUSION

Investors are aware of the fact that the regulatory environment and tariffs, in specifically, will change over the course of time. It is possible to implement changes in an approach that is visible, predictable, and prompt so that investors may have an understanding of the new risk offering. The conclusion of this thesis demonstrates that, from the perspective of those who participated in the questionnaire, the construction industry avoids Iraqi investment construction sector for three main causes:

- The construction contracting and tendering procedure prioritizes saving money and reducing the amount of time it takes over maximizing the performance of the structure.
- The provision of financial incentives by governments is not sufficient to propel investment construction industry.
- The design and construction of buildings are not held to a higher standard because regulations do not require this.

It may be helpful to design regulations in such a way that they place time limits not only on those who are governed but also on those who regulate. It is necessary to have a large amount of involvement from the private sector in order to provide assets related to infrastructure that demand a lot of capital.

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