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Success Story: Istanbul Workshop Brings Consensus on Draft Secured Transactions Law

January, 2007

USAID economic advisors provide GOI with technical assistance for commercial legal framework

As part of efforts to facilitate economic reconstruction and policy reform in Iraq, the USAID-funded Economic Governance II project is working with the Government of Iraq (GOI) to implement a sound and transparent commercial legal framework that fosters the rule of law and promotes a burgeoning private sector.

A workshop held January 7-10, 2007, in Istanbul, Turkey, focused on educating key Iraqi stakeholders on the importance of a modern Secured Transactions Law and significantly assisted project advisors and their Iraqi counterparts in developing a final draft of such a law.

With commentary and critical input from participants, the workshop also served to build a sense of ownership and to develop consensus among major stakeholders on the nature of the draft law.

Attendees included members of the Iraqi Parliament, a representative from the Iraqi Shura Council and Professor Ronald Cuming, a Professor of Law at the University of Saskatchewan and a world-renowned expert in Secured Transactions Law.

Workshop participants initially expressed skepticism about the draft Secured Transactions Law, but by the end of the session, full support for the law's passage was given by all stakeholders.

In his evaluation of the workshop, one participant appreciated being "acknowledged

personally by the professor who drafted the law and discussing [the law] with other attendees."

Another Iraqi participant expressed appreciation for "the draft law and the new and constructive thoughts and principles included therein, which will help develop the commercial and economic situation and serve the interests of the medium and poor classes."

The draft legislation will now go before the Council of Representatives for debate and passage into law. Once enacted, the law will facilitate and encourage rapid expansion of financial services in the form of loans and other credit transactions, providing a much needed economic stimulus to the Iraqi economy.

A modern Secured Transactions Law will give greater flexibility and certainty to transactions, thereby encouraging banks to provide loans to small businesses and other borrowers. The result is expected to be a significant net increase in commercial activity at both the business and consumer levels.

The Economic Governance II project's Commercial Law sector provides technical assistance to the Ministry of Justice and Ministry of Planning in the areas of Company Law, Procurement Law, Secured Transactions and Leasing Laws, Housing Law, NGO Law and Bankruptcy Law.