Resilient infrastructure financing has always been a major global issue and associated with risk, particularly in the Asia-Pacific region which accounts for over 50% of global natural disasters.

Iran has been affected by a wide range of natural disasters such as earthquakes and complications associated with the climate change including prolonged drought as the country with a population of over 80 million is located in a semi-arid area.

However, the government of President Rouhani has adopted a number of measures to respond to such challenges. The government managed to replace a large portion of the oil revenue in its annual budget with tax, consisting 50% of the annual budget revenues. As a matter of fact, for the first time in 50 years, the government's share of the oil revenue is less than what it is earning from tax, including VAT, which has been made possible through measures such as widening the tax base, targeted tax exemption, prevention of tax evasions as well as innovations in the tax system.

Furthermore, the country's non-oil trade balance has turned positive for the first time in almost 50 years meaning that Iran's non-oil exports have exceeded its imports.

Another measure has been privatisation of the state-owned firms in line with the government's policy to reduce dependence on oil revenues and to further diversify the government's income sources.

This policy has also led to minimising of the government size and its interference in economic activities, a policy very much welcomed by both the private sector as well as the Iranian financial system including its capital market.

The diversification of the government's annual budget is an ongoing project, some measures of which we referred to above. To tackle the issue of infrastructural funding, I'd like to touch upon a couple of points:

Firstly, the government has made constant efforts to provide friendly business environment, in which the private sector can finance, invest and implement infrastructural projects.

Furthermore, Iran’s rating based on the World Bank doing business index has improved from 152 to 120.

Secondly, there are ongoing capacity building programs meant to promote PPP financing scheme for infrastructural projects in Iran.

In addition, the government has allocated a part of its annual budget for this scheme, which although is required is not sufficient for financing the infrastructural projects.

In fact, in accordance with the current laws and regulations, 30% of the oil revenue goes to the Iranian National Development Fund, 14.5% to investment projects in the oil industry and the rest to the government. It’s also important to note that the allocation percentage of the oil revenues to the National Investment Fund raises by 2%

In financing through funds a commercial bank sits between the fund and the investor which with help of the private sector attends to the technicalities of the financing.

In terms of prioritising projects, the responsible body is a national commission represented by relevant authorities specialising in resilient infrastructures headed by Planning and Budget Organisation.

In terms of risk mitigation, we need to note that the government plays an important part in mitigating the risks through supportive measures.