

Data Collection Survey on the Employment and Start-up Environment Surrounding Youth in Iraq

Final Report

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List of Abbreviation

Abbreviation	Official Name
AFD	Agence Française de Développement (The French Development Agency)
AI	Artificial Intelligence
AUIB	The American University of Iraq Baghdad
AUIS	American University of Iraq Sulaimani
BCC	Baghdad Chamber of Commerce
BDS	Business Development Services
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (The Federal Ministry for Economic Cooperation and Development, Germany)
CBI	Central Bank of Iraq
COVID-19	Coronavirus disease 2019
CP	Counter Part
CSO	Central Statistical Organization
DPL	Development Policy Loan
EoDBI	Ease Of Doing Business Index
EU	European Union
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation GmbH)
GoI	Government of Iraq
ICT	Information Communication Technology
IDP	Internally Displaced Person
IFC	International Finance Cooperation
ILO	International Labour Organization
IMF	International Monetary Fund
IoT	Internet of Things
IQD	Iraqi Dinar
ISIL	Islamic State in Iraq and the Levant
JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency
JPY	Japanese Yen
KOICA	Korean International Cooperation Agency
KRG	Kurdistan Regional Government
KRI	Iraqi Kurdistan
LFS	Labour Force Survey
MENA	Middle East and North Africa

MICS	Multiple Indicator Cluster Surveys
MOE	Ministry of Education
MOF	Ministry of Finance
MOHESR	Ministry of Hight Education and Scientific Research
MOLSA	Ministry of Labour and Social Affairs
MOP	Ministry of Planning
MOYS	Ministry of Youth and Sports
MSMEs	Micro, Small and Medium Enterprises
NDP	National Development Plan
NEP	National Employment Policy
NGO	Non-governmental Organization
PDS	Public Distribution System
PPP	Public Private Partnership
PRS	Poverty Reduction Strategy
SDGs	Sustainable Development Goals
SME	Small and Medium Enterprises
SNS	Social Networking Services
SOE	State-owned enterprise
SPS	State Pension System
SSS	Social Security System
TOR	Terms of Reference
ToT	Training of Trainer
TVET	Technical and Vocational Education and Training
UN	United Nations
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	The Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
USD	United States Dollar
VC	Venture Capital
WB	World Bank
WFP	World Food Programme
WTO	World Trade Organization

Chapter 1 Overview of the Survey

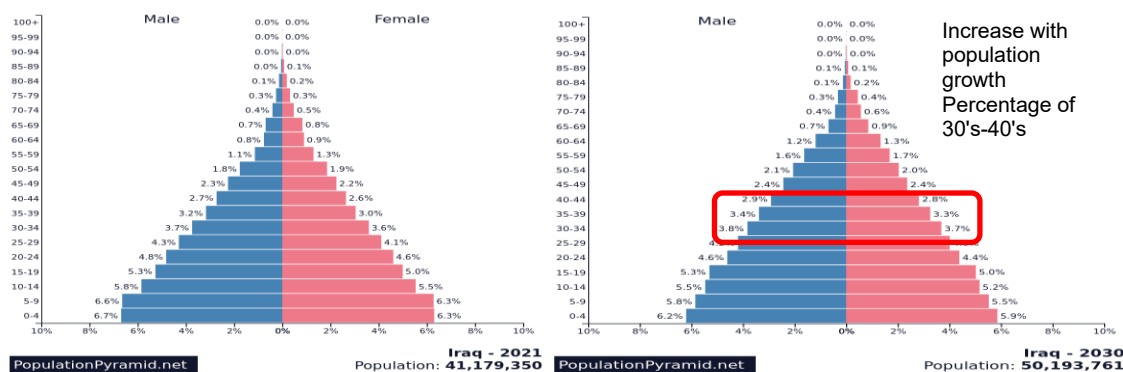
1.1 Survey Background and Overview

1.1.1 Understanding of Current Issues

(1) Understanding of Survey Background

Challenges in the Iraqi Labor Market

In the Republic of Iraq ("Iraq"), while the population continues to grow, high unemployment is a serious issue. In fact, the unemployment rate rose from 8.4% in 2010 to 12.8% in 2019, and further exacerbated by the impact of COVID-19. The high unemployment rate among young people, women, and internally displaced persons is particularly severe, with the unemployment rate among young people¹ reaching 36%. Iraq is one of the countries in the world with the largest proportion of young people, with 38% of the population under the age of 14 and 60% under the age of 25.² As shown in the population pyramid below, Iraq's current young population will enter their 30s and 40s in the next decade, and the labor force is expected to increase further, with an estimated 5-7 million people needing new jobs by 2030. Under these circumstances, national-level efforts to promote employment of young people are the pressing need.



Source: Population Pyramid.net.

Figure 1.1 Population Distribution in Iraq 2021 to 2030

Employment measures for young people are recognized as a high priority issue to be resolved at the national level, and in the National Development Plan (2018-2022) established in June 2018 under the leadership of the Iraqi Ministry of Planning³, the development goal is to create an environment that promotes the economic participation of young people which is listed as one of the top priorities.⁴ Also, in the Iraqi White Paper on the Economy (2020), in which the Iraqi government lays out a roadmap for economic reform, the creation of sustainable employment opportunities is placed as one of the pillars to reform the economic structure. Moving toward achieving this goal, it is necessary for young people to receive quality education and training that is consistent with labor market needs.⁵

On the other hand, there is no industry in Iraq that has developed to serve the country's abundant labor force. The oil industry, which still generates more than 90% of the government's revenue, is a difficult industry to employ additional labor force, accounting for only 1% of all jobs in the country.

¹ Young people in this work are basically men and women between the ages of 15 and 24, based on the ILO's definition of young workers.

² World Bank.(2020). Navigating the Perfect Storm (Redux). Navigating the Perfect Storm (Redux). p. 28.

³ تقرير كامل (mop.gov.iq).

⁴ World Bank.(2018). Jobs in Iraq: a primer on job creation in the short-term. p. 1.

⁵ Republic of Iraq.(2020). White Paper. p. 63.

In addition, Iraq has long had measures in place to employ people as civil servants. According to an analysis of the World Bank National Level Household Survey (Figure 1.2), the country has one of the highest percentages of employment in the public sector, including government agencies, of any country in Middle East and North Africa, with public sector employment accounting for about 37%⁶ of the total in 2007 and about 35% today. Between 2004 and 2020, the public sector employment has nearly tripled. Public sector employment growth has led to a nearly fourfold increase in public employee salaries and pensions between 2004 and 2020 that are 47% of government spending (in 2019) and 18.2% of GDP (in 2018).

Civil service salaries and pensions are a serious challenge to government finances,

while most of the private sector is in the informal sector and about 67% of Iraqi workers are unable to join the social security system.⁷ Since employment in the informal sector is a stepping-stone in the career development of most young people, informal employment with precarious working conditions is one of the most serious challenges for young people, second only to the high unemployment rate. Therefore, there is a need to develop industries in the private sector that can provide formal employment. In addition, due to the conflict and economic sanctions, there is a shortage of human resources with the latest technology, and the lack of modern equipment and components is another factor hindering the development of human resources.



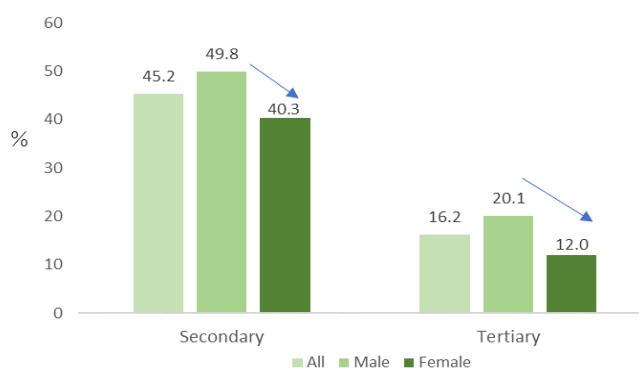
Source: Diego Angel-Urdinola and Kimie Tanabe, (2013). The World Bank Policy Working Paper: "Micro-Determinants of Informal Employment in The Middle East and North Africa. Region".

Figure 1.2 Government and Other Public Institutions as a Share of Total Employment (%)

Challenges of Human Resource Development in Iraq

As mentioned above, employment in the public sector has not promoted the development of industries outside the public sector, but a major reason for the lack of creation of industries in the private sector that can provide employment is that state-owned enterprises with low productivity are given preferential treatment in various fields. The financial sector, in particular, is an oligopoly of state-owned enterprises⁸, which invests mainly in state-owned enterprises and provide only a small percentage of loans to private enterprises. Inadequate access to finance and other aspects of the business environment have hindered the development of industry in the private sector. In addition, the high unemployment rate is not only due to the demand side factors, but also to the supply side issue such as workers' skill level. Many young adults⁹ lack the practical skills needed for their occupations, making it difficult for them to find employment opportunities.

The Iraqi education system spans 12 years, including six years of compulsory primary education beginning at age six, three years of secondary school education, and three years of high school education (divided into general secondary school education in



Source: JICA Research Team using data from UNESCO Institute of Statistics.

Figure 1.3 Iraqi Secondary and Higher Education Enrollment Rates

⁶ Diego Angel-Urdinola and Kimie Tanabe, (2013). The World Bank Policy Working Paper: "Micro-Determinants of Informal Employment in The Middle East and North Africa. Region".

⁷ Diego Angel-Urdinola and Kimie Tanabe, (2013). The World Bank Policy Working Paper: "Micro-Determinants of Informal Employment in The Middle East and North Africa. Region".

⁸ Japan International Cooperation Agency, UNICO International, and Japan Economic Research Institute. (2013). Report on Information Gathering and Verification in the Iraqi Business Environment (Summary). Summary Report. p. 4-38.

⁹ People who are in their late teenage years or early twenties.

science and literature and vocational secondary school education in industry, agriculture, and commerce). Upon graduation from high school and having obtained the minimum academic qualifications, students enter four-year universities or technical colleges. Decades of conflict and reduced support from development donors to Iraq have destroyed the education system that was once considered to be exemplary for other countries in the Middle North and North Africa, severely undermining access to quality education for young Iraqis. Currently, nearly 3.2 million Iraqi children of school age are having difficulty attending school, particularly in governorates affected by the conflict such as Salaheddin and Diyala, where more than 90% of school-age children are left out of the education system and approximately 33% of young people between the ages of 15 and 29 are illiterate or semi-literate. Gender disparity is also a serious problem, with a low percentage of girls in both primary and secondary education. Access to higher education is even more limited, with a higher education enrollment rate of about 16% in 2005, compared to about 20% for boys and about 12% for girls, with a large gender gap¹⁰ and only 7 % completing.¹¹

In addition, Iraq's national budget has had limited allocations to the education sector over the past few years, with 5.7% of the government budget in 2015/2016, well below the average of 12% for Middle Eastern countries and the lowest rank in the region.^{12 13} The Iraqi government has found it extremely difficult financially to provide quality educational services to all citizens due to years of conflict.

Challenges in Matching Employment and Human Resources

In order to strengthen the linkage between students and companies in the labor market, it is essential for universities and Technical and Vocational Education and Training (TVET) institutions to have job matching platforms as job placement agencies. However, there is no such system for young people in Iraq, and the job matching mechanism is not fully functional. Furthermore, entry-level employees hired as new graduates do not possess sufficient skills required by companies, and companies are not recognized as having sufficient in-house training programs. In the following section, present issues regarding job matching are organized into three categories that this Survey addresses: (1) job placement systems at educational institutions, (2) the development of platforms, and (3) skill mismatches.

(1) The job placement system at educational institutions would increase job opportunities if internships were offered, as companies would have a better understanding of students' abilities in advance, such opportunities are few and far between. On the other hand, a survey shows that 68% of Iraqi companies are willing to offer short-term internships. In the same survey, students also identified the positions shown in Table 1.1 as entry-level job opportunities.¹⁴ Identifying supply and demand between universities and companies and matching employment and human resources through internships as a job placement system would increase employment. However, at present, companies rely on introductions by influential people to recruit human resources. 95% of young people recognize that the majority of employment relies on such personal connections¹⁵, and it is indeed a challenge to provide employment opportunities to young people in a fair manner.

Table 1.1 Occupations Most Likely to Have Entry Level Job Opening

1	Sales workers (retail)
2	Business & administration
3	ICT
4	Building & construction
5	Clerical/tellers
6	Health professionals
7	Electrical & electronics workers
8	Personal service worker
9	Drivers
Other promising fields	Food processing, machine operator, machine worker

Source: Iraq ELITES Rapid Labor Market Assessment (RLMA) Report, World Learning (2021).

¹⁰ UNICEF Education in Iraq. <https://www.unicef.org/iraq/what-we-do/education>.

¹¹ World Bank.(2017). Systematic Country Diagnostic. p. 45. <http://documents1.worldbank.org/curated/en/54281148727729890/pdf/IRAQ-SCD-FINAL-cleared-02132017.pdf>.

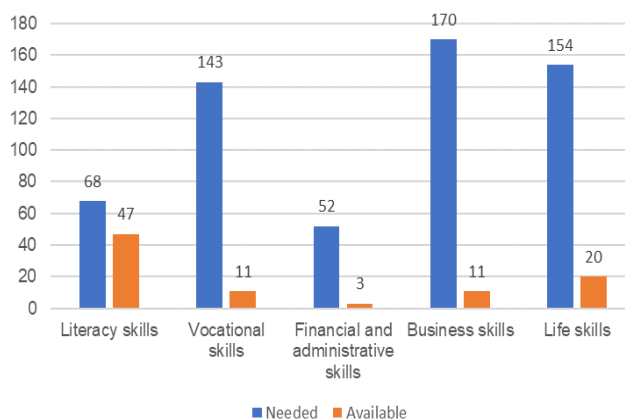
¹² UNICEF.(2014)Cost and Benefit of Education in Iraq.

¹³ World Bank. World Development Indicators.

¹⁴ Iraq ELITES Rapid Labor Market Assessment (RLMA) Report, World Learning (2021)

¹⁵ Japan International Cooperation Agency, UNICO International, and Japan Economic Research Institute. (2013). Report on Information Gathering and Verification in the Iraqi Business Environment (Summary). Summary Report. p. 5-3.

(2) The development of useful platforms will contribute to linkage of supply and demand in the labor market and play a role in facilitating the matching process. Regarding job placement, it has been noted that there is a lack of useful online job matching platforms as private companies are unable to find qualified students, and students are unable to find information on private companies. The lack of information about the private sector contributes to a situation where there is a bias toward seeking employment in the stable public sector. In Iraq, employment in the public sector is popular due to its stability, whereas few companies drive the Iraqi economy, and most private companies are in the unstable informal sector, with no social security and low average salaries, so students are currently unwilling to seek employment in the private sector.



Source: LABOR MARKET AND LIVELIHOODS COMPETENCY ASSESSMENT-IRAQ, DRC(2020).

Figure 1.4 Gap Between Already Existing Skills and Missing Skills Needed to Enter the Labor Market

(3) While the young working population is expanding, it has been pointed out that training programs for young people are not sufficient and skill levels do not match the demand of employers. Skill mismatch between supply and demand is also an issue. To help young people find a decent job, it is essential for universities and TVET institutions to provide students with practical trainings directly linking the needs of the demand in labor market. The International Labor Organization (hereinafter referred to as ILO) has indicated the role of the private sector and job creation as a direction of cooperation for Iraq.¹⁶ Figure 1.4 shows the gap between the already existing skills needed to enter the labor market and the skills that are lacking. While it should be noted that this is not exclusively for university students, it does indicate that not enough training is being provided.

Challenges in the Entrepreneurial Environment

In addition to the underdeveloped employment system for existing companies, as mentioned above, the country's immature financial sector makes it difficult for young people themselves to obtain loans and start their own businesses. In addition, delays in the issuance of various permits and licenses, excessive paperwork, inadequate intellectual property protection systems, and opaque laws and regulations have been pointed out as challenges to starting a business, and the country ranks 154th out of 190 countries in the "Starting a Business" index of the World Bank's "Doing Business" report. In terms of the practical aspects of start-ups, (1) bureaucratic and lengthy procedures, (2) infrastructure including the financial sector and legal system, and (3) access to capital have been cited as pressing issues.¹⁷

Recent trends include incubators and accelerators that promote entrepreneurship, such as The Station, a support organization that opened in 2018, reflecting the severe employment environment.¹⁸ The challenge of an unstable business ecosystem requires not only technical assistance, but also immediate long-term financial support from international organizations and aid agencies.

JICA conducted the "Data Collection Survey on Business Environment in the Republic of Iraq" from 2012 to 2013 to conduct a comprehensive analysis of the Iraqi business environment, starting with the legal system, and to identify issues related to employment, particularly employment of young people.

¹⁶ Decent Work Country Programme Iraq Recovery and Reform

¹⁷ <http://www.auis.edu.krd/aeic/blog/parallel-iraq-%E2%80%93-thriving-entrepreneurial-culture-has-taken-root>

¹⁸ The main startup-related institutions are listed below. Major donors and major companies such as telecommunication companies are partnering with these institutions to promote startups, including The Station (<https://the-station.iq/> with major companies, GIZ, UNDP, etc. as partners), KAPITA (<https://www.kapita.iq/>) (Orange Corner, a Dutch support program), Erbil-based 51 Labs (<https://fiveonelabs.org/>), and a number of other organizations are working with donor agencies and universities. Many of these organizations provide IT training for young people and other activities to raise the bar for the growth of IT startups and their promotion of employment.

1.2 Purpose of the Survey

This Survey was conducted to gather data and information on the labor market and entrepreneurial environment surrounding young Iraqis, the educational level of young Iraqis, and job placement agencies. In addition, a survey will be conducted on the intentions of university and graduate students, particularly those in Baghdad, regarding employment and entrepreneurship. Based on the information collected, the objective is to analyze the issues that contribute to the high unemployment rate among young people and to consider the direction of future cooperation in Iraq.

This Survey will be conducted with the following four objectives in mind: to collect and confirm basic information on the employment environment for young people and the entrepreneurial environment in order to examine cooperation needs and the direction of improvement, with a view to private investment in the sector and support from other donor trends.

1. To identify the content of **employment and entrepreneurship promotion** policies in Iraq, as well as the actual implementation status and issues.
2. Basic information on **(1) labor market, (2) entrepreneurial environment, (3) human resources, and (4) matching of employment and human resources in Iraq** will be collected to understand the actual situation. With regard to the intention of young people to find employment and start their own businesses, which is included in (3), and the actual situation of employment agencies, which is included in (4), an interview survey will be conducted mainly in the city of Baghdad.
3. To review the **programs implemented by other donors to improve youth unemployment in Iraq** and neighboring countries, and summarize the objectives, approaches, results, and lessons learned.
4. Based on the collected through the above three, the Survey Team will analyze the issues that **have become bottlenecks for the high unemployment rate** from the perspectives of the **labor market, human resource development, and matching of employers and human resources** by comprehensively organizing the information on the actual employment and entrepreneurial environments surrounding the youth in Iraq. In addition, the Survey Team will examine **cooperation needs and the direction of improvement**, with a view to private investment and support from other donors.

1.3 Organizations Targeted in this Survey

The two ministries that administer Iraq's education are Ministry of Education (hereinafter referred to as MOE) and Ministry of Higher Education, Scientific Research (hereinafter referred to as MOHESR); MOHESR is responsible for higher education and research institutes, while MOE is primarily responsible for primary and secondary education and related areas. The Ministry of Labor and Social Affairs (MOLSA) is responsible for labor and employment policy making; all legal actions necessary for labor relations, labor force and community management; workforce retention and employment development assistance; and the establishment of a comprehensive social welfare and social security system. The Ministry of Youth and Sports (hereinafter referred to as MOYS) is responsible for identifying issues relevant to the Iraqi youth, formulating policies and conducting sports promotion activities.

Table 1.2 List of Institutions Involved in the Survey

Ministries	Relevant Department of State Bureau
Ministry of Planning	Planning Division Statistics and Informatics Division Implementation Monitoring & Evaluation Division
Ministry of Education	Education Monitoring Division Higher Education Monitoring Division Career Education & Counseling Division Information Communication & Technology Division
Ministry of Higher Education and Scientific Research	International and Arab Organizations Department

Data Collection Survey on the Employment and Start-up Environment Surrounding Youth in Iraq

Final Report

Chapter 1: Overview the Surveys

Ministry of Labor and Social Affairs	Planning Department Private Employment Department Incubators Department Labor Market Division
Ministry of Youth and Sports	*** **
Baghdad City	Baghdad City Chamber of Commerce

1.4 Target Regions of this Survey

This information collection survey covered all of Iraq (Baghdad City and other major cities), but the "collection of information on the intentions of young people regarding employment" were also conducted targeting universities in Baghdad City and other major cities.

1.5 Survey Implementation

Based on the tasks indicated in the previous section, the study was implemented as follows.

Table 1.3 Work Process

Works	2022									
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
Writing and Submitting Reports										
1. Inception Report										
2. Interim Report										
3. Draft Final Report										
4. Final Report										
5. Executive Summary of the Final Report										
Information Gathering on the Employment and Start-up Environment Surrounding Youth										
(1) Content review and issue analysis of policies related to employment in Iraq										
(2) Understanding the labor market in Iraq										
(3) Understanding the entrepreneurial environment in Iraq										
(4) Understanding the actual situation of employment agencies and systems in Iraq										
(5) Understanding the Actual Educational Level of Young People in Iraq										
(6) Gathering information on the intentions of young people in Iraq regarding employment and entrepreneurship										
(7) Gathering information on developments related to other donors' programs to improve youth unemployment in Iraq										
Analysis of Contributing Factors and Drafting of Possible Cooperation Program										
(8) Analyzing the factors contributing to the high unemployment rate in Iraq										
(9) Proposing specific recommendations for future JICA cooperation to improve youth unemployment										
(10) Drafting reports and explaining and discussing of the information gathered and the contents of the reports with local counterparts.										
Deliverables										

Legend: Works in Japan Works in Iraq (online) IC/R: Inception Report, IT/R: Interim Report, DF/R: Draft Final Report, F/R: Final Report

In addition, this work has performed in accordance with the TOR and in accordance with the workflow shown in the figure below.

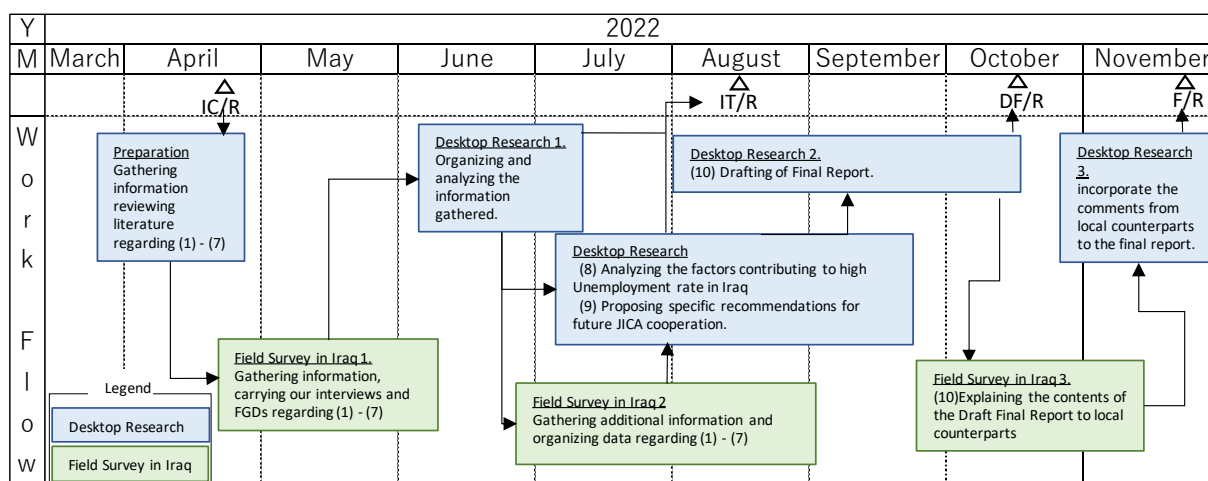


Figure 1.5 Workflow of the Survey

1.6 Preparation and Submission of Reports

In this survey, reports and other documents shown in the table below have been submitted as the survey progresses.

Table 1.4 List of Deliverables

Deliverables	Submission Date
1. Inception Report	Early April, 2022
2. Interim Report	August, 2022
3. Draft Final Report	October 14th, 2022
4. Final Report	November 30th, 2022
5. Executive Summary of the Final Report	

Chapter 2 Basic Information on the Republic of Iraq

Table 2.1 Basic Information on the Country of Iraq

General	Country	Republic of Iraq
	Capital	Baghdad
	Major Cities	Baghdad, Basra, Erbil, Mosul
	Geography · Area	438,317 km ² (1.2 times that of Japan)
	Climate	Desert climate over almost the entire land, steppe climate in the mountainous areas of the north and northeast. Average temperature is 5 °C in winter, and 43 °C during summer.
	Population	41,190,658 in 2020 estimates by CSO
	Ethnicity	Arab (about 80%), Kurds (about 20%), others (Turkmen and Assyrians).
	Religion	95 percent of the population is Muslim(Shiites about 55-60% and Sunnis 35-40 %). Christian (5%).
	Language	Arabic and Kurdish
	Education	6 years of mandatory primary education, 3 years of intermediate school, 3 years of secondary education(divided into general secondary of scientific and literary and secondary vocational industrial, agricultural or commercial), 4 years of universities or technical institutes.
	Currency	Iraqi Dinar (IQD)
	Major Products	Oil
	Politics	Trade
Japanese residents		n.a. (as of April 19, 2022)
Political System		Federal parliamentary representative democratic republic
Head of State		President Barham Salih
Legislation		Parliament 329 members
Head of Administration		Prime Minister: Mustafa Al Kazemi Head of Parliament: Mohamad AlHalbousy
Political Parties		Sadrism Movement, Islamic Dawa Party, Progress Party, Kurdistan Democratic Party, Patriotic Union of Kurdistan
Member of International Organization	Arab Fund for Economic and Social Development, Arab League, Arab Monetary Fund, Council of Arab Economic Unity, Economic and Social Commission for Western Asia, International Atomic Energy Agency, IMF, International Maritime Organization, International Telecommunication Union, Organization of Petroleum Exporting Countries, Organization of Arab Petroleum Exporting Countries, Organization of Islamic Cooperation, UN, WHO, World Bank, MENAFATF	

Sources: JICA Research Team using data from JETRO, Ministry of Foreign Affairs, Iraq Central Statistical Organization (CSO), OEC, worldpopulationreview.com, World Bank.

2.1 General Overview

The Republic of Iraq was the site of the world's first urban civilization established by the Sumerians around 6000 B.C., and was the land of a flourishing ancient Mesopotamian civilization. The Abbasids (750-1258) established Baghdad as their capital (766), and Islamic culture flourished. After the Ottoman Empire and other non-Arab rule, the country came under British mandate in 1920; in 1932, it became an independent kingdom with Faisal as its first king; the 1958 revolution made Iraq a republic, and in 1968, a Ba'athist regime headed by General Baqir was formed, and in 1979 Saddam Hussein became president. In March 2003, the U.S. and other countries began to use force against Iraq, Baghdad fell in April, and Hussein's regime collapsed. In 2005, a new Iraqi constitution was approved, establishing a federal governmental system.

The western part of Iraq, which became a prosperous land in ancient times, is located in the Syrian Desert and borders the Syrian Arab Republic ("Syria") and the Hashemite Kingdom of Jordan ("Jordan"). It borders the Republic of Turkey (hereinafter referred to as Turkey) to the north, forming the Arabian Gulf at its eastern end, and the State of Kuwait (hereinafter referred to as Kuwait) and the Kingdom of Saudi Arabia (hereinafter referred to as Saudi Arabia) to the south, and is included in the Nafd desert.

Iraq covers an area of approximately 43.83 million square kilometers (the size of about 1.2 times of Japan), and has a population of approximately 41 million as of 2021, with increasing urbanization in recent years, with 70.89% of the total population concentrated in urban and urban areas by 2020.¹⁹ The population of Baghdad, the capital city, is approximately 8.78 million. The main ethnic groups are Arabs (about 60% Shiite and 20% Sunni), and about 20% are Kurds (mostly Sunni), Turkmen, Assyrians, etc.²⁰ The official languages are Arabic and Kurdish.

Although Iraq is classified as an upper-middle income country according to the World Bank country classification, the combination of crises, including the oil price shock, the COVID-19 pandemic, and the recent instability that led protests, has hit Iraq hard, causing political instability, growing social unrest, and a deepening gap between the state and its citizens. Its institutional capacity and socio-economic outcomes are therefore, similar in some respects to those of low-income fragile states. The country's education system used to be one of the best in the region, but is now near the bottom. The labor force participation rate is low at about 45%, and it is extremely low among women (11%).²¹

Iraq has paid a heavy economic and social price as a result of the recent conflict: the national poverty rate in 2018 was about 7 percentage points higher than before the conflict.²² Due to the loss of productivity and competitiveness in the non-oil economy, the growth rate of non-oil gross domestic product (GDP) has been declining. The country is facing a various crises associated with climate change and other factors that are also increasingly affecting the country's human capital accumulation. Under these circumstances, Iraq is in a difficult position to realize its high growth potential.

2.2 Population Movements

Figure 2.1 shows the population trend and projected population in Iraq 2022-2032. Iraq's total population in 2020 is projected to be about 41 million, increasing each year to reach more than 51 million by 2032 according to the Central Statistical Organization.²³

Iraq is expected to be one of the world's leading consumption and labor markets, as the majority of the country's population is of a young age group, with a high population growth rate and approximately 51% of the total population being under 20 years old. In addition, urbanization is progressing and the population tends to concentrate not only in the capital Baghdad but also in regional cities. To cope with the population growth, there is a high need for public services in the fields of education and health, and the accompanying infrastructure development.

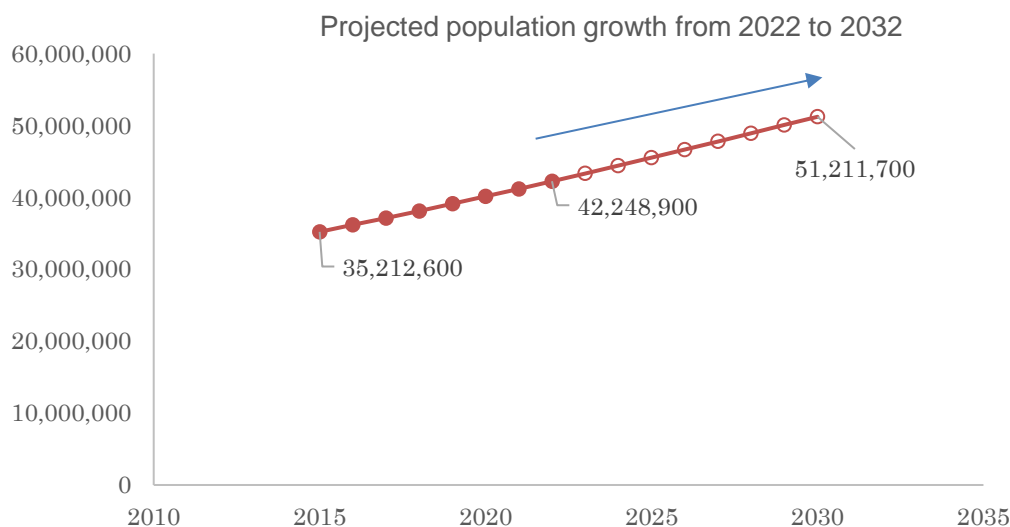
¹⁹ Iraq: Urbanization from 2010 to 2020. <https://www.statista.com/statistics/326837/urbanization-in-iraq/#:~:text=Urbanization%20in%20Iraq%2020&text=In%202020%2C%2070.89%20percent%20of,in%20urban%20areas%20and%20cities.nization%202010-2020> | Statista

²⁰ Ministry of Foreign Affairs. <https://www.mofa.gov.jp/mofaj/area/iraq/data.html>

²¹ World Development Indicator, World Bank 2022.

²² Iraq Economic Monitor 2021, the World Bank.

²³ National Bureau of Statistics: http://cosit.gov.iq/ar/?option=com_content&view=article&layout=edit&id=174&jsn_setmobile=no



Source: Iraq Central Statistical Organization Population Projections.²⁴

Figure 2.1 Projected Population Growth in Iraq for the Period 2022-2032

As the population grew, the number of households and families also increased, as shown in Table 2.2, with the number of families per household increasing from an average of 6.3 in urban areas and 7.8 in rural areas in the 2009 population estimates to an average of 8.5 in urban areas and 7.5 in rural areas in the 2016 population statistics.²⁵

Table 2.2 Population Growth and Average Number of Persons Per Household²⁶

	2009			2016		
	city	region	total amount	city	region	total amount
Total population	21,844,413	9,820,053	31,664,466	25,262,782	10,906,341	36,169,123
Average number of people per household	6.3	7.8	6.7	7.5	8.5	7.8

Source: JICA Research Team using data from Iraq Central Statistical Organization /Global Data lab Global Data.

Population estimates for Iraq by governorates, location, and gender in 2021 are shown in Table 2.3.

Table 2.3 Iraqi Population Estimates by Governorate, Location, and Gender in 2021

2021 Iraqi population estimates by governorate, location, and gender									
governorate	urban			rural			total		
	male	female	total	male	female	total	male	female	total
Baghdad	3,889,652	3,792,484	7,682,136	565,658	532,628	1,098,286	4,455,310	4,325,112	8,780,422
Nineveh	1,251,327	1,192,534	2,443,861	807,323	778,822	1,586,145	2,058,650	1,971,356	4,030,006
Basrah	1,284,035	1,268,090	2,552,125	294,623	295,701	590,324	1,578,658	1,563,791	3,142,449
Sulaymaniyah	988,411	991,065	1,979,476	180,260	176,455	356,715	1,168,671	1,167,520	2,336,191
Dhi-Qar	728,409	724,565	1,452,974	407,809	402,912	810,721	1,136,218	1,127,477	2,263,695
Babil	541,805	535,259	1,077,064	585,548	568,524	1,154,072	1,127,353	1,103,783	2,231,136

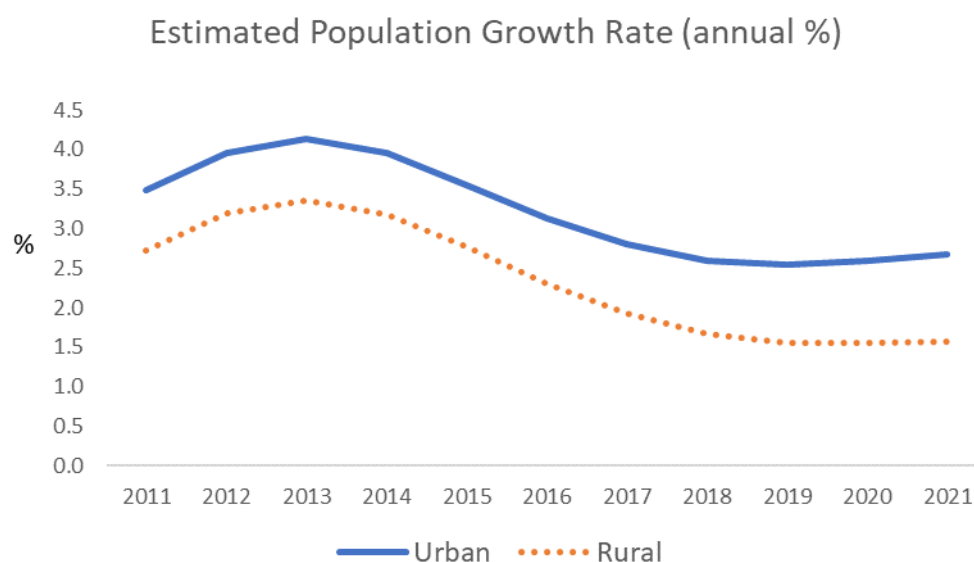
²⁴ http://cosit.gov.iq/ar/?option=com_content&view=article&layout=edit&id=174&jsn_setmobile=no

²⁵ Iraq National Bureau of Statistics/Global Data lab Global Data lab data .

²⁶ Iraqi household and population estimates are from Iraq CSO 2015 - 2018, (2018); Iraqi population estimates for 2016 are from Iraq CSO 2015 - 2018, (2018); Iraqi household estimates for 2016 are from Average household size, Global Data lab.

Erbil	843,573	824,708	1,668,281	168,125	167,557	335,682	1,011,698	992,265	2,003,963
Anbar	492,725	464,668	957,393	490,661	466,111	956,772	983,386	930,779	1,914,165
Diyala	437,140	433,186	870,326	456,435	442,159	898,594	893,575	875,345	1,768,920
Kirkuk	641,118	634,996	1,276,114	227,945	222,350	450,295	869,063	857,346	1,726,409
Salaheddin	391,667	385,533	777,200	478,950	467,396	946,346	870,617	852,929	1,723,546
Najaf	566,366	569,135	1,135,501	230,807	223,653	454,460	797,173	792,788	1,589,961
Wasit.	452,743	443,793	896,536	299,274	293,821	593,095	752,017	737,614	1,489,631
Dahuk	517,657	516,458	1,034,115	182,103	180,262	362,365	699,760	696,720	1,396,480
Al Qadisiyah	402,325	396,756	799,081	300,719	295,085	595,804	703,044	691,841	1,394,885
Karbala	443,438	436,967	880,405	220,808	215,537	436,345	664,246	652,504	1,316,750
Maysan	444,288	443,672	887,960	154,608	159,607	314,215	598,896	603,279	1,202,175
Muthanna	207,406	201,247	408,653	234,738	236,483	471,221	442,144	437,730	879,874
Total	14,524,085	14,255,116	28,779,201	6,286,394	6,125,063	12,411,457	20,810,479	20,380,179	41,190,658

Source: Iraq Central Statistical Organization Population Estimates 2021.



Source: JICA Research Team using data from World Development Indicator Database.

Figure 2.2 Estimated Population Growth Rate in 2011-2021

As presented in Figure 2.2, Iraq's population growth rate increased between 2011 and 2013, with urban areas estimated to have increased from 3.5% per year in 2011 to 4.1% in 2013, and rural areas from 2.7% to 3.4%. The growth rate over the past decade has always been higher in urban areas, with an estimated population growth rate of 2.7% in urban areas versus 1.6% in rural areas in 2021.²⁷

Trends in Iraq's key demographic indicators for 2015-2020 are shown in Table 2.4. During the six-year period 2015-2020, both fertility and reproduction rates, and infant and under-five mortality rates showed a decreasing trend. On the other hand, life expectancy tends to increase every year. According to data from the Central Bureau of Statistics, life expectancy at birth for women increased from 74.9 years in 2015 to 76.1 years in 2020. Male life expectancy is slightly shorter than that of females, but has also increased from 71 to 72 years.²⁸

²⁷ The world Development Indicator, the World Bank, 2022.

²⁸ Iraq Key Demographic Indicators 2021, Iraq National Central Bureau of Statistics.

Table 2.4 Iraq Key Demographic and Related Indicators 2015-2020

Demographic Indicators						
	2015	2016	2017	2018	2019	2020
total fertility rate (1 birth per woman of childbearing age)	4.08	4.02	3.96	3.9	3.86	3.82
gross reproduction rate (For every woman of childbearing age, one female child is born)	2.01	1.98	1.96	1.93	1.91	1.89
net reproduction rate (One surviving female child is born for each woman of childbearing age).	1.95	1.93	1.91	1.88	1.86	1.85
Average age at birth (years)	29.1	29.1	29.1	29	28.9	28.7
Life expectancy at birth / male (years)	71	71.3	71.4	71.7	71.9	72.1
Life expectancy at birth/female (years)	74.9	75.2	75.4	75.6	75.8	76.1
Life expectancy at birth (years)	73	73.2	37.4	37.6	73.8	74.1
Infant mortality rate (deaths per 1,000 live births)	31	30.6	30.2	29.8	29.4	29
Under-five mortality rate (deaths per 1,000 live births)	38	37.5	37	36.5	36	35.5

Source: Iraq Key Demographic Indicators 2021, Iraq Central Statistical Organization.

2.3 Socio-Economic Overview

2.3.1 Economy

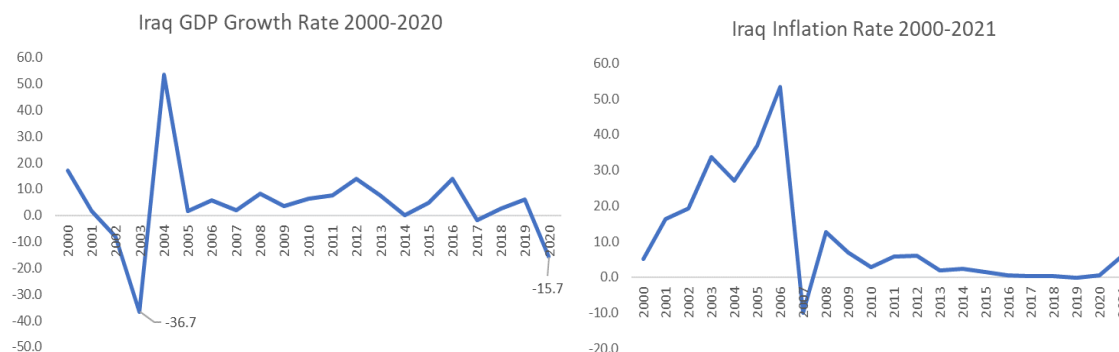
The volatility of oil prices and the adverse effects of COVID-19 have deepened Iraq's economic and social vulnerability. Since Iraq's economy is heavily dependent on oil exports²⁹, the government has been unable to stimulate Iraq's economy due to a lack of fiscal space. As a result, Iraq experienced a major economic contraction after 2003, with GDP declining sharply in 2003 and subsequently again in 2020. The impact of the OPEC oil production cut agreement and COVID-19 on the non-oil producing sector also resulted in a 10.4% GDP contraction. Pandemic-related policy measures such as border closures and travel restrictions were estimated to shrink non-oil GDP by 9% in 2020.³⁰ Non-oil industries such as the construction sub-sector, religious tourism sector, and service sectors: retail, transportation, and accommodation services were the most affected, with GDP growth of -36.7% in 2003.³¹ The economy then began to recover with a steady growth averaging 7% per year from 2007 to 2012; however, it again suffered negative growth of 15.7% due to COVID-19 in 2020 (Figure 2.2 below). As a result, GDP per capita in 2020 fell by 15%, a much larger contraction than other countries in the Middle East and North Africa (hereinafter referred to as MENA) region.³²

²⁹ The CIA World Factbook 2020 observes that the oil sector dominated the economy and provided around 85 % of government revenue and 80 % of foreign exchange earnings.

³⁰ Iraq Economic Monitor 2021, the World Bank.
Iraq COSIT, 2020.

³¹ World Development Indicator, World Bank 2022.

³² Ibid. Iraq Economic Monitor 2021, World Bank.



Source: JICA Research Team using data from the World Development Indicator, World Bank 2022.

Figure 2.3 Iraqi Gross Domestic Product Growth Rate and Price Appreciation Rate

The inflation rate, as measured by the consumer price index, that reflects the annual rate of change in the cost of acquiring goods and services for the average Iraqi consumer fluctuated between 2000 and 2021. Inflation remained below 2.2% from 2013 to 2020, but in 2021 it had jumped up to 6%.³³ Iraq has been dragged down by the dual shocks of oil and COVID-19, and the weakening of aggregate demand has been manifested in the form of declining domestic consumption and consumer confidence. The contraction of economic activity in the non-oil sector led to employment disruption, increased unemployment, and lowered household incomes. These effects were more pronounced among informal workers without social security coverage, the self-employed, and unpaid workers, who are estimated to be 67%, 24%, and 2.6% of total employment in 2007, respectively.³⁴

In 2019, as the country's reliance on domestic funds is increasing, public debt has been on the rise. The Bertelsmann Stiftung Transformation Index (BTI)³⁵ notes that the private sector is weak in Iraq and that "the economy is largely public or semi-public" and that from February 1, 2017 to January 31, 2019, Iraq's economy ranked 168th out of 190 countries, indicating that it is one of the weakest in the world. It cited corruption and political instability, as well as "visa requirements, lack of electricity supply, customs regulations, 'unreliable dispute resolution mechanisms,' and lack of access to finance" as contributing factors. It also noted that "private limited liability companies (LLCs) constitute the main institutions for investment in Iraq, and branches of foreign companies also contribute significantly to the private sector," pointing to its weaknesses.³⁶ In the World Bank's "Doing Business", Iraq ranks 172 out of 190.³⁷

2.3.2 Employment and Social Security

As noted above, the public sector continues to account for a large share of overall employment in Iraq. The public sector is the largest employer in Iraq, accounting for 37% of total employment in 2007³⁸, increasing to 40% in 2012.³⁹ As mentioned earlier, in 2021, it is 35% of the total employment. The public sector employs primarily in the areas of education, health, public works, defense, and security forces. The Ministry of Education provided the most jobs to over 6.5 million employees. The same trend was observed in the Kurdish Region of Iraq (hereinafter referred to as KRI). In 2016, the public sector, excluding one governorate in the KRI, was estimated to account for about 1.8 million jobs. In 2018, the public sector in the KRI provided 682,021 jobs, and public sector wages are estimated to have accounted for 40 % of the government budget in 2017.⁴⁰

³³ World Development Indicator, World Bank 2022.

³⁴ Diego Angel-Urdinola and Kimie Tanabe, (2013). The World Bank Policy Working Paper: "Micro-Determinants of Informal Employment in The Middle East and North Africa. Region," World Bank 2013. .

³⁵ The Bertelsmann Transformation Index (BTI) is an index that assesses the development status and governance of political and economic transformation processes in developing and transition countries around the world The BTI has been published biennially by Bertelsmann Stiftung since 2006. The most recent data is 129 countries in 2018.

³⁶ https://www.bti-project.org/content/en/downloads/reports/country_report_2020_IRQ.

³⁷ The World Bank Doing Business Report 2020.

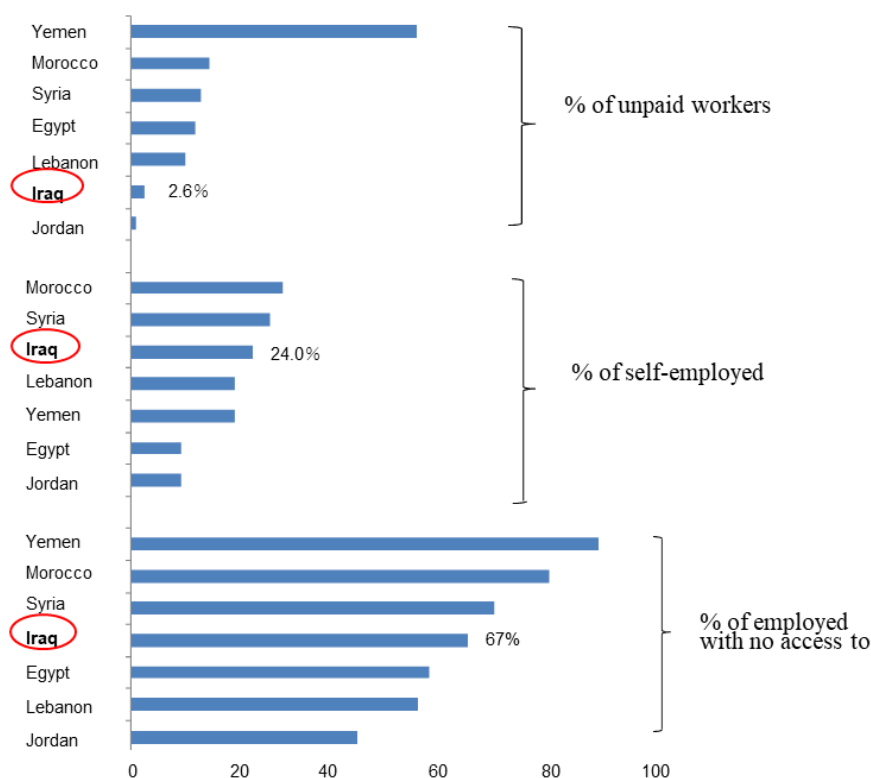
³⁸ Diego Angel-Urdinola and Kimie Tanabe. The World Bank Policy Working Paper: "Micro-Determinants of Informal Employment in The Middle East and North Africa Region". Africa Region". World Bank, 2013.

³⁹ "Iraq Unfilled Promise-Growth and Employment Nexus". World Bank 2013.

⁴⁰ IMF, Iraq - Selected Issues: IMF Country Report 17/252. International Monetary Fund, August 2017. Available at: <https://www.imf.org/en/Publications/CR/Issues/2017/08/09/Iraq-Selected-Issues-45175>.

Despite the fact that employment growth in the public sector has been slow in recent years, public sector employment still accounts for the majority of formal jobs in Iraq given that formal private employment growth remains very limited. The existence of large public sector associated with generous benefits and better job quality creates a segmentation of public and private employment in Iraq.

Labor informality is relatively high in Iraq compared to the neighboring countries in MENA. The share of informal workers who are not covered by Social Security (S.S.) in the total employment in Iraq is 67% in 2007 while % of informal workers in Lebanon and Jordan are 56% and 44% respectively (see figure 2-4). Informality is higher among youth who are 15 and 24 years old; however, there is an important transition from informal employment to formal job in public sector as youth reach the prime working age. The analysis indicated that after age of twenty-four, informality rate in Iraq decreases rapidly from 70% to 20-30 % as they reach forty to forty-five years old.⁴¹ This rapid decline in informal rates, coupled with an increase in employment in the public sector, indicates that informal workers are shifting their jobs to the public sector as they get older. The International Labor Organization (ILO) estimates that about 40% of total employment in Iraq in 2017 was self-employment, almost doubling since 2007.^{42 43}



Source: Diego Angel-Urdinola and Kimie Tanabe. The World Bank Policy Working Paper: "Micro-Determinants of Informal Employment in The Middle East and North Africa Region". Africa Region". World Bank, 2013.

Figure 2.4 Informal Labor as a Percentage of Total Employment in Iraq vs. MENA Countries

There are some factors contributing to the expansion of informal sector. Excessive regulation on the labor market could push much of the economic activities into informal sector. Declining fertility and mortality coupled with the increasing share of the youth population who attain tertiary education are also important factors contributing to the expansion of informal sector. Unregistered or informal work accounted for about

⁴¹ Diego Angel-Urdinola and Kimie Tanabe. The World Bank Policy Working Paper: "Micro-Determinants of Informal Employment in The Middle East and North Africa Region". Africa Region". World Bank, 2013.

⁴² World Development Indicator, Self-employed, total (% of total employment) (modelled ILO estimate), September 2018, <https://data.worldbank.org/indicator/SL.EMP.SELF.ZS?locations=IQ>

⁴³ Diego Angel-Urdinola and Kimie Tanabe. The World Bank Policy Working Paper: "Micro-Determinants of Informal Employment in The Middle East and North Africa Region". Africa Region". World Bank, 2013.

20 % of Iraq's employment in 2013. ⁴⁴

A report released by the Center for Strategic and International Studies (CSIS) on May 26, 2020, stated that based on unemployment data available in Iraq, it is estimated that about 300,000 to 450,000 new jobs will need to be generated per year for young Iraqi men and women between 2020 and 2030. 2020 A DRC report released in April of 2010 stated that 2.5 million unemployed Iraqis are in urgent need of work. Based on 2017 data, the United Nations World Food Programme (hereinafter referred to as WFP) stated that the unemployment rate was 10.8%, rising to over 15% in 11 governorates. Furthermore, in some districts of Muthanna, Dhi-Qar, Wasit, Maysan, and Salaheddin, the unemployment rate exceeded 25%.

The social safety net is expanding in Iraq, with a relatively high and still growing share of public sector employment and most public sector workers eligible for pension benefits. Public sector employees can retire at age 65 after 25 years of service. In Baghdad, however, employees can retire after 55 or 25 years of service, or after 15 years for employees with health problems. As for the private sector, only a limited number of private sector employees are eligible to receive employer-administered pension stipends. Iraq's mandatory public pension system consists of two separate "funds." (i) the civil service, the military and security forces, and state-owned enterprises (hereinafter referred to as SOEs); and (ii) the private sector. The State Pension System (hereinafter referred to as SPS) is for SOEs and the Social Security System (hereinafter referred to as SSS) is for workers in the private sector. Both SPS and SSS are defined benefit plans, essentially funded on a pay-as-you-go basis. Excluding military personnel, the SPS and SSS cover only about 15% of the labor force, and the majority of them are regular workers employed in the public sector. In fact, of the 1.1 million workers entitled to pensions under the SPS and SSS, 1 million are either public servants or employees of state-owned enterprises. Currently, only about 76,000 workers in the private sector are enrolled in the SSS. This represents only 1% of the workforce in 2004.⁴⁵

Table 2.5 Contributions and Beneficiaries in the Iraqi Pension System, December 2004

	Military		Civil Servants		Private Sector	Total
Contributors						
Share labor force			1,045,000		76,200	
			13.8		1	
Beneficiaries	<25 years	>25 years	<25 years	>25 years		
old-age	320,608	152,801	343,711	241,546	14,125	1,072,791
Survivor (one)	105,826	117,462	210,651	180,778	6,108	620,825
Survivor (>one)	127,748	21,325	52,421	21,538	8,017	231,049
Survivor (>one)	87,034	14,014	80,639	39,230		220,917
Total expenditures (ID million)	347,578	229,944	419,489	397,292	11,683	1,405,987
Shares GDP	0.84%	0.56%	1.01%	0.96%	0.03%	3.40%
	(0.84%)	(0.56%)	(1.01%)	(0.96%)	(0.03%)	(3.40%)
Average monthly benefit (ID)	90,344	125,405	101,706	137,066	68,929	109,216
Memo item						
GDP in 2005 (billion)	41,406					
GDP in 2004 (billion)	30,853					

Source: Pension in Iraq, World Bank 2004.

A World Bank analysis conducted by Angel-Urdinola and Kimie Tanabe (2013) found that national pension coverage rose to 33% in 2007, but is still low among countries in the Middle East and North Africa (MENA) region. The only national pension participation rates below Iraq are in Yemen, Syria, and Morocco.⁴⁶ The participation rate reflects the ability of pension systems to prevent old-age poverty. A low coverage rate does not only reflect limited overall access to the pension system, but it also signals that only the already advantaged social groups have access to this social protection instrument. The primary beneficiary group of the pension system is public sector employees who already possess a solid and secure source of income compared to the uncovered masses in the informal sector. Both the goals of poverty alleviation and accelerating private sector led economic growth would point into the direction of extending social insurance coverage on the medium- to long-term.

⁴⁴ Gunter, F. R., The Political Economy of Iraq, Cheltenham, Elgar 2013

⁴⁵ Pension in Iraq, World Bank 2004.

⁴⁶ Diego Angel-Urdinola and Kimie Tanabe, (2013). The World Bank Policy Working Paper: "Micro-Determinants of Informal Employment in The Middle East and North Africa."

2.3.3 Poverty

After nearly two decades of war and conflict since 2003, the COVID-19 epidemic continues to deepen Iraq's socioeconomic woes. Oil price volatility, violence, and conflict continue to affect its growth and development trajectory. Between 2007 and 2012, when the situation relatively eased and GDP per capita increased, poverty fell from 22.4% to 18.9%.⁴⁷ While per capita consumption in the poorest 40% of the population grew at a modest 0.5% per year, an even faster average annual growth rate of 1.1% means that poorer households were left behind.⁴⁸

The country was hit by two shocks: the drop in oil prices and the 2014 ISIL (Islamic State of Iraq and the Levant) conflict. As a result, the poverty rate rose and is estimated to have returned to 2007 levels and in 2017, the poverty rate decreased slightly. Overall, about 20% of Iraqis were living below the poverty line in 2017, according to the 2017/2018 Rapid Welfare Monitoring Survey (SWIFT) conducted by the World Bank.⁴⁹ The historically poor South still has the highest poverty rate (31.1%), while the poverty rate in the North (30.2%) is as high as in the South due to the 2014 crisis.⁵⁰ Furthermore, Iraqi children under the age of 15 (22.8%) have a significantly higher incidence of poverty than non-elderly and elderly (15.0% and 12.5%, respectively), with a poverty rate of 22.1% for children under 18. Labor market outcomes have worsened since 2014, especially among youth and Internally Displaced Persons (IDPs). among IDPs, had deteriorated since 2014. The labor force participation rate of women is among the lowest in the world, standing at 12%.⁵¹

The two shocks of the 2020 pandemic and the oil price collapse would have exacerbated these existing conditions. Microsimulation projections suggest that between 2017 and 2020, poverty and the Gini index likely rose by 9.8 and 1.5 percentage points, respectively.⁵² Continued high oil prices and a gradual recovery in non-oil economic activity will likely reverse the surge in poverty, but the recovery remains fraught with significant risks. The likely disproportionate impact of the crisis on poor and vulnerable groups prior to the COVID-19 epidemic, such as displaced persons, returnees, informal workers, and women job seekers, will make recovery a long and difficult process for these groups. COVID-19 immunization coverage in Iraq remains very low, among the lowest in the region and low globally, which poses an additional risk. The ongoing Russian-Ukrainian crisis is also a challenge. While higher oil prices will improve government revenues, higher food prices and disruptions in agricultural imports will increase the risk of food insecurity and poverty.

Iraq has mechanisms for poverty alleviation that have been instituted by the government. For example, the Public Distribution System (hereinafter referred to as PDS) has provided food rations to more than 95% of Iraqi families, a social protection network (assisting more than 1.2 million vulnerable Iraqi families by providing an economic and social safety net), education subsidies, and public health care. The PDS continues to function, but due to the political unrest in the country, supply is not regular and is implemented sporadically and irregularly, limiting access. In addition, not everyone who has become an IDP has access to the system, as they are only required to use PDS rations and other services in their place of residence registered in the system.⁵³

In an effort of aiming to address challenges related to security and stability, good governance, equitable distribution, mitigating the negative impact of economic reforms on the poor and the high costs of the war on terrorism, Iraqi government launched the Poverty Reduction Strategy (PRS) for 2018-2022 with the support from the World Bank. This PRS is a 5-years nationwide sectoral document in line with the goals of the National Development Plan (NDP) for 2018-2022. Main goal is reducing poverty by at least 25 percent, by 2022. The strategic plan envisages (i) improving standards of living; (ii) protection against risks and hazards; (iii) achievement of economic empowerment needed to turn the poor into productive individuals

⁴⁷https://databank.worldbank.org/data/download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global_POVEQ_IRQ.pdf. World Bank Iraq Economic Monitor Fall 2020.

⁴⁸ Ibid.

⁴⁹ SWIFT is a rapid poverty assessment tool that enables accurate household data to be formulated in a timely, cost-effective, and user-friendly manner. Developed by the World Bank's Poverty and Equity Practice Group, SWIFT is designed to help public or private sector clients and operations teams measure the impact of specific interventions on beneficiaries' income levels in real time and provide indicators of their contribution to poverty reduction and shared prosperity. Developed by.

⁵⁰ Assessment of COVID-19 Impact on Poverty and Vulnerability in Iraq. The World Bank and UNICEF, 2020.

⁵¹ Ibid.

⁵²https://databank.worldbank.org/data/download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global_POVEQ_IRQ.pdf

⁵³ USDOS, 2019 Country Reports on Human Rights Practices (<https://www.state.gov/reports/2019-country-reports-on-human-rights-practices/iraq/>). United States Department of State, 2020.

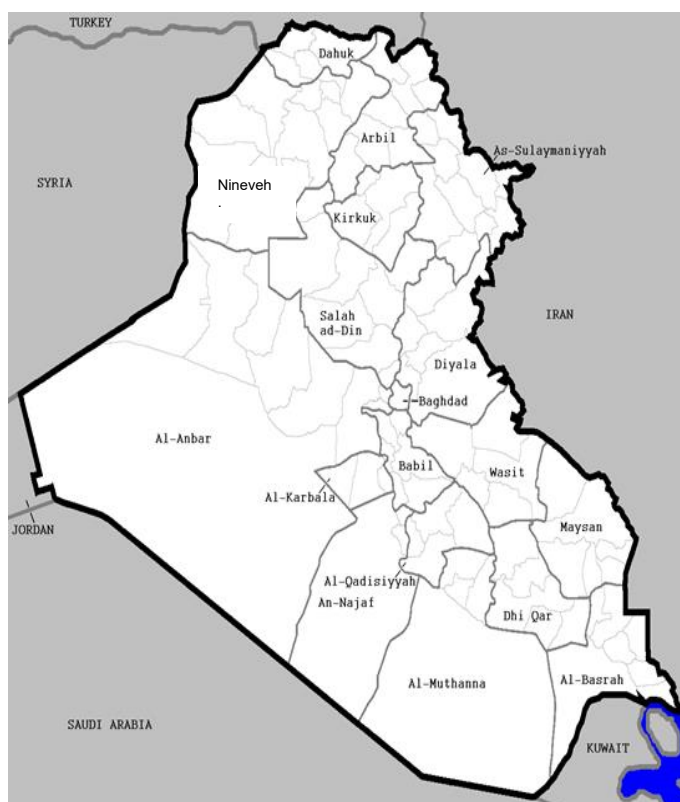
economically and socially integrated. These objectives are to be achieved through (1) sustainable income from work; (2) improved health status; (3) improved education; (4) suitable housing and environment responsive to challenges; (5) effective social protection; and (6) emergency response activities. The Strategy gives particular attention to the issue of financing and the costs of each activity. Regarding domestic financing, resources come from (i) annual allocations of the general investment and current budgets; and (ii) savings generated from decentralization, with a consequent increased efficiency of implementation and local community's ownership of the activities. The Strategy focuses on specific priority activities for specific poor areas, among others (i) financial and economic policies; (ii) investment policy; (iii) monetary policy; (iv) agricultural policy; and (v) trade policy.⁵⁴

2.4 Administrative Classification and Structure

Article (1) of the Constitution approved on October 15, 2005 states that "The Republic of Iraq is a single federal independent fully sovereign state with a representative parliamentary and democratic system, and this Constitution guarantees the unity of Iraq." The Kurdish region, on the other hand, is an autonomous region recognized by the Iraqi Constitution. Iraqi Kurdistan or Southern Kurdistan (Kurdish: باشوری کوردستان, Roman: Başûrê Kurdistanê) is a term used to refer to the Kurdish residential areas of northern Iraq. It is considered one of the four Kurdistan regions of Western Asia, including southeastern Turkey (Northern Kurdistan), northern Syria (Western Kurdistan), and northwestern Iran (Eastern Kurdistan), and many geographic and cultural areas of Iraqi Kurdistan are included in the constitutionally recognized autonomous region.

The federal government (also called the central government) consists of the executive, legislative, and judicial branches and a number of independent commissions, while the Council of Ministers (part of the executive branch) is composed of the head of government, the prime minister, and his cabinet. The Iraqi President nominates the candidate from the bloc that has the largest number of seats in the Parliament to form the Cabinet. The Prime Minister who is the direct executive body responsible for the general policy of the state, is the commander in chief of the armed forces, directs the Council of Ministers, presides over its meetings, and has the right to dismiss ministers with the consent of the House of Representatives. The Cabinet supervises ministries, drafts laws, prepares the budget, negotiates and concludes international agreements and treaties, and appoints vice-ministers, ambassadors, the Chief of the Military Staff and his assistants, division commanders and above, the head of the National Intelligence Agency, and heads of security agencies.

Iraq consists of 18 administrative districts. Baghdad and Basrah, where the capital is and used to be located, are the oldest administrative districts in Iraq. According to the Iraqi constitution, governorates can form new autonomous regions. In 2014, it was decided to create the Halabja administrative region becoming independent from the Halabja district of the Sulaymaniyah administrative region. On January 21 of the same year, the Iraqi government's Council of Ministers approved in principle the proposal to create further administrative districts. The Council announced the formation of two new



Source: Districts of Iraq - Wikipedia.

Figure 2.5 Administrative Districts of Iraq

⁵⁴ <https://mop.gov.iq/en/static/uploads/1/pdf/15192838546d2344468c97dc099300d987509ebf27--Summary.pdf> op.gov.iq).

administrative districts, Tal Afar and Tuz Khurmatu, from the current Nineveh and Salaheddin districts, respectively. It also announced that the city of Falluja in Anbar Prefecture will become an independent administrative district, but this has not received final approval at this time.

Chapter 3 Policy, Current Situation and Challenges of Employment Policy in the Republic of Iraq

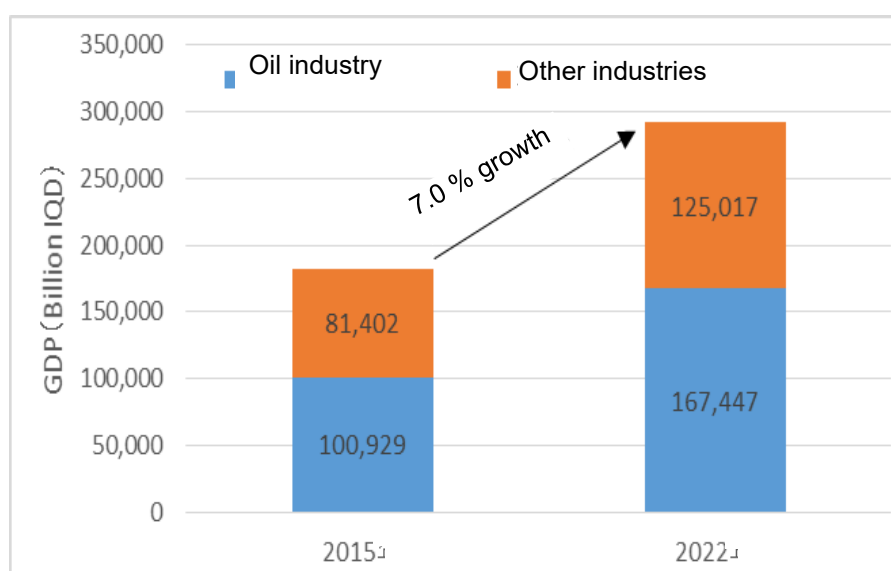
Iraq had emerged from one of the most devastating periods of conflict and violence the country has ever faced. For more than three years, the country has been subject to the most dangerous threat to its existence in the modern age due to the invasion of ISIL. The human losses and damages of important infrastructure resulting from the conflicts have been significant that resulted in increased levels of poverty and unemployment especially among youth and females. Following the successful liberation in 2017, the government of Iraq (GoI), with support of the international community, deployed all possible efforts to address humanitarian needs, promote stabilization and initiate an effective recovery and reconstruction process. At the same time, the Government started the process of moving from fragility towards stabilization, reconstruction and development based on good governance, social inclusion, and improved risk management.

In this context, the GoI has presented the Reconstruction and Development Framework that outlines the Government's commitment and approach for moving from humanitarian assistance and stabilization to recovery, reconstruction and development for the population affected by the crisis. The Framework fits squarely within the articulation of the country's Vision 2030 and Iraq's National Development Plan (NDP) 2018-2022, and is closely aligned to the Government's Poverty Reduction Strategy (PRS) 2018-2025 and its broader reform efforts. This section summarizes national policy related to employment and youth and examines the status of policy implementation and challenges.

3.1 National Plan, Strategy and Position of Youth Employment Policy

3.1.1 National Development Plan (NDP) 2018-2022

The NDP 2018-2022 was formulated in 2018 to recover and develop from repeated war damages. In line with practices of modern development plan, the NDP 2018-2022 is an indicative plan that sets out frameworks and guidelines for involvement of the public and private sectors in financing and delivering development programs. The specifics of these programs are elaborated by the relevant sectors, drawing on their existing sector knowledge and analyses customized for the current reconstruction and stabilization needs of Iraq. The preconditions envisioned by the plan are that the population will grow at an annual rate of 2.5%, reach 42 million in 2022, and the annual GDP growth rate for 2018-2022 will be 7% (oil industry 7.5%, other industries 6.1%), as shown in figure 3-1 below.



Source: National Development Plan (2018-2022).

Figure 3.1 Baseline (2015) and Target GDP in 2022

The NDP 2018-2022 has 4 pillars and 11 strategic goals with individual policies and plans that have been prepared to achieve these goals. Throughout the plan, "strengthening governance," "reconstruction," and

"reducing poverty", and not only public support but also "the involvement of the private sector" were emphasized. 2 (goal #7 and #8) out of 11 goals address unemployment and security for vulnerable population including youth. Goal #4 could be also a strategic goal to promote youth employment by strengthening role of private sector and improving investment environment surrounding young people.

4 Pillars of the NDP 2018-2022:

- Good governance and associated pillars and components.
- Developing the private sector as a vital anchor for progress and development and a transformer of economic diversification policies.
- Post-crisis reconstruction and development of affected governorates; and
- Reducing multidimensional poverty in the governorates.

11 Strategic Goals:

1. Lay the foundations for good governance.
2. Achieve economic reform in all its financial, monetary, banking and commercial dimensions.
3. Accomplish recovery of the communities affected by displacement and insecurity.
4. **Provide the conditions for an enabling environment for all forms of investment and strengthen the role of the private sector.**
5. Increase the rate of economic growth in line with the potential and requirements of the Iraqi economy.
6. Increase the real per capita income.
7. **Reduce unemployment and underemployment rates.**
8. **Make possible security for the poorest and most vulnerable groups.**
9. Boost sustainable human development indicators.
10. Lay the foundation for decentralization to strengthen spatial development; and
11. Align the general development framework with urban structures based on the foundations of urban planning and spatial comparative advantages.

"Youth" section under Chapter 9: Human and Social Development, discusses youth education and economic activities of youth. The result of situation analysis indicates that access to education has been increasing as age group 15–17 rose steadily in the period 2009–2016, from 16% to 29%. This reflects the growing community awareness of the importance of education for youth empowerment. The data also show growing enrolment rates for females in the same age group. In terms of economically active population among youth, there are huge gaps by gender, location and governorates. The Iraqi government has identified the following 2 main challenges regarding youth employment documented in NDP:

1. Rampant unemployment due to lack of jobs available for youth and lack of relevant national policies, plans and strategies; and
2. Inefficient labor market, widening gap between education outcomes and skills meeting the demand of labor market, and limited access to credit.

Measuring for those remaining challenges regarding youth education and employment in Iraq, the NDP upholds 2 objectives as summarized below.

Objective 1: Implement national youth policies, plans and strategies by

- Supporting the implementation of youth employment plans and programs;
- Accommodating the growing number of young people to secure their positive role in development and to strengthen their national feelings; and
- Actively following up on plans, programs, policies, and strategies and identify the barriers to their implementation.

Objective 2: Create an enabling environment for youth by

- Empowering young people economically
 - ✓ Encourage stakeholders to implement plans, programs and policies to empower youth economically.

- ✓ Develop educational programs and specializations whose outputs meet the labor market requirements.
- ✓ Increase the loans provided to young people to establish small income-generating projects, particularly in rural and informal settlement areas.
- ✓ Activate the role of the private sector and establish business incubators in the governorates and Qadahas to host the young people's projects and prepare the requirements for the construction and development of such incubators to reduce unemployment and poverty.
- Empowering young people culturally and socially
 - ✓ Using media and communications, spread the culture of tolerance, dialogue and community cohesion to improve awareness of the importance of these values for increasing tolerance and acceptance of others in communities.
 - ✓ Establish more sport and entertainment centers for young people.
- Empowering young people in the areas affected by terrorist acts
 - ✓ Conduct training courses to enhance young people's job skills.
 - ✓ Build productive young leaders to enhance young people's role in public life.
 - ✓ Integrate the highest number of displaced young people to protect them from radicalization and resorting to violence.
 - ✓ Implement specialized psychological programs which target young people who conflict with law and ones affected by terrorist acts.
 - ✓ Provide the needed support and care to young people who were exploited and abused to enhance their welfare and facilitate their integrating in society.

3.1.2 National Employment Policy⁵⁵

Iraq is still in the post-war environment, with labor market conditions worsening due to the destruction of infrastructure, mass migration, declining investment, and loss of jobs. In order to have a clear understanding of the current labor market challenges and needs, it is at most important for Iraq to set up a national employment policy to promote employment, especially for women and youth. The basis for formulating this employment policy is generally a national level Labour Force Survey (LFS); however, its implementation has been stalled for more than a decade. In 2020-2021, the Government of Iraq, with the support of the ILO and in cooperation with the National Central Bureau of Statistics and the Kurdistan Bureau of Statistics, successfully conducted the Labour Force Survey (LFS). The results of this survey will be reflected in the development of the National Employment Policy (NEP), which will focus on the long-term structural needs of the Iraqi labor market and the pressing issue of job creation.

In November 2021, Government officials, development partners and other relevant stakeholders held a workshop to discuss development of national employment policy with ILO support. In May 2022, a special meeting was held for the expert committee to take a plunge of drafting the national employment policy. The meeting was attended by a group of Iraqi university professors, experts and representatives of the Federation of Trade Unions, members of Federation of Industries as well as general managers at relevant ministries. The meeting emphasized on writing strategic goals regarding employment, the labor market and unemployment, and discussed the most important points to be followed in writing this policy which represents the comprehensive practical plan to achieve basic employment goals, including creating job opportunities, promoting decent work and protecting workers' rights. The expert committee is currently working on the draft national employment policy.⁵⁶

3.1.3 National Youth Vision 2030⁵⁷

The Government has made a solid commitment to Youth Development and Empowerment. In 2021, the Ministry of Youth and Sports in the Federal Government launched the 2030 National Youth Vision. The

⁵⁵ In November 2021, Government officials, social partners and other relevant stakeholders held a workshop to discuss development of a national employment policy for Iraq, with ILO support. <https://iraq.un.org/index.php/en/157991-workshop-national-employment-policy-facilitate-job-creation-and-decent-work-iraq>.

⁵⁶ News on website of MOLSA.

⁵⁷ Youth Vision 2030 adopts the United Nations definition as the most reliable and generalizable regulator, which is that they are those between the ages of 15 and 24 years.

Vision was put in place in collaboration with the Ministry of Culture and Youth in the Kurdistan Regional Government (hereinafter referred to as KRG), with technical support from UNFPA (United Nations Population Fund) and UNICEF (United Nations Children's Fund), and funding from Sweden, through the Swedish International Development Cooperation Agency (Sida).

The National Youth Vision is a youth-oriented, human rights-based and multi-sectoral roadmap for empowering young people in Iraq and creating opportunities for them, considering the demographic dividend with 20% of the population being aged from 15 to 24 and 41% aged from 10 to 30 years.⁵⁸ The Vision is the outcome of countrywide discussions between the relevant ministries, stakeholders, and young people. It guides sectoral strategies on the comprehensive development of youth, creating opportunities for elevating their health, psychological, social, cultural, and economic status and enabling young people to be included in decision-making socially, economically, and politically.

Upholding 14 thematic areas presented in the table below, the Vision was designed based on the real and factual data revealed through the National Youth Survey⁵⁹ conducted in 2019 representing the concerns, problems, and aspirations of young people. The Vision is to serve as a key contribution to the 2030 national agenda, and particularly highlights a focus on girls and young women who have potential to play a significant role in Iraq's sustainable development. There are two thematic areas directly address dimensions of youth employment and education policy.

Table 3.1 Thematic Areas of National Youth Vision 2030

Youth Vision 2030 – 14 Thematic Areas		
1. Youth, Security, Peace and Dialogue	6. Youth and Volunteer Work	11. Youth and Health
2. Youth and Work	7. Youth and Family	12. Juvenile Delinquency
3. Youth and Education	8. Youth and Sports	13. Girls' Rights
4. Youth and Culture and Arts	9. Youth and Leisure and Spare Time	14. Youth and the Environment
5. Youth and Citizenship and Engagement	10. Youth and Addiction	

Source : JICA Research Team using information from Iraq Ministry of Youth and Sport, Youth Vision 2030.

Thematic Area 2. Youth and Work

Youth unemployment is a serious matter of concern among national policy makers in Iraq. Unemployment is more pronounced among educated youth and female in urban areas. It is directly proportional to the rise in the educational level as it increases in the category of those with a university education. The unemployment rate among those with a primary education level is 15.4%, while it is 31.6 % among university graduates, which is nearly double.⁶⁰ The unemployment differential rises for young women by 58 %⁶¹ in urban areas and 10 percent in rural areas.

Accordingly, the increase in youth unemployment is an indication of the structural imbalances in the economy, and it may be an indication of the existence of a mismatch and harmony between the outputs of education and the requirements of the labor market, as it may be caused by the inability to access work.

⁵⁸ UNFPA Iraq | Government, UN launch 2030 National Youth Vision, reiterate commitment to Youth Development and Empowerment.

⁵⁹ The Ministry of Planning through the Central Statistics Office and Kurdistan Region Statistic Office, and both the Federal Ministry of Youth and Sports and Ministry of Culture and Youth at the Kurdistan Regional Government, with technical support from UNFPA & UNICEF, launched the National Youth and Adolescent Survey 2019.

⁶⁰ Iraq Youth Vision 2030.

⁶¹ Ibid.

Measuring against such issues, the following action plans were proposed under Thematic Area 2. Youth and Work. In order to set forth improving employment situation, the government realizes that the latest employment policy formulation is also crucial; therefore, the development of national employment policy is also included as one of the proposed actions under this thematic area.

Table 3.2 Proposed Action under Thematic Area 2. Youth and Work

Proposed Actions	Responsible Entities
Improve the quality of formal education. University curriculum needs to be linking with labor market demand.	Ministry of Education/Ministry of Higher Education Scientific Research
Develop a national action plan to combat child labor and ensure that children at risk have access to formal and non-formal education.	Ministry of Interior/ Ministry of Labor and Social Affairs
Develop a national employment and unemployment policy	Ministry of Labor and Social Affairs
Improve access to loans among young SME owners	Ministry of Labor and Social Affairs
Develop the services of youth centers and increase the number in rural areas so that they provide technical support (loans, trainings and vocational rehabilitation, linking with the labor market, ...) for young people especially female with special needs	Ministry of Youth and Sports
Activate the registration of small businesses for young people with the industrial sector	Ministry of Industry and Minerals
Provide tax, administrative and procedural facilities for small and emerging factories for young people	Ministry of Industry and Minerals
Provide technical support to emerging industries for young people	Ministry of Industry and Minerals
Provide interest-free loans and technical, administrative and procedural support to young people active in investing in agricultural land and/or founders of agricultural projects	Ministry of Agriculture
Distribute agricultural lands to young people willing to establish agricultural projects (for free or with interest-free loans)	Parliament Council of Ministers Ministry of Agriculture
Allocate a budget item for loans for youth programs in various sectors	Council of Ministers Ministry of Finance
Youth housing loan support	Council of Ministers Ministry of Finance
Raise the percentage of Iraqi youth working in the oil sector (in all its forms) to 50%	Parliament Council of Ministers Ministry of Oil and Minerals
The government is working to regulate the labor market for non-Iraqi workers	Ministry of Interior Ministry of Labor and Social Affairs

Proposed Actions	Responsible Entities
Activate industrial and economic zones in all Iraqi governorates	Council of Ministers Ministry of Industry and Minerals Ministry of Commerce

Source: Iraq Youth Vision 2030, Ministry of Youth and Sports in Iraq.

Thematic Area 3. Youth and Education

Thematic Area 3 articulates that the government committed to improve quality of education. Under Thematic Area 3, actions in relation to the infrastructure of educational institutions, curricula and equipment to contribute to the labor market and ensure the development of modern learning strategies that are translated into interactive programs and activities integrated with information technology are proposed (see table 3.2 below). In addition, the proposed action includes introducing of counseling, vocational guidance and psychosocial support programs at universities and TVET institutions. Along with improving the quality of education, this action plan has a significant role to improve employability among youth who newly enter labor market. This proposed action plan would be successfully carried out by Career Centers at universities and TVET schools once their capacity and functions are improved.

Table 3.3 Proposed Action Under Thematic Area 3. Youth and Education

Proposed Actions	Responsible Entities
Develop school, vocational and university curricula linking the education outcomes to the needs of the labor market	Ministries of Education and Higher Education and Scientific Research / Ministry of Labor and Social Affairs
Develop the infrastructure of educational institutions at all levels to make them environmentally friendly and suitable for people with special needs	Ministries of Education and Higher Education and Scientific Research / Ministry of Labor and Social Affairs
Inclusion in educational curricula of life skills training programs and activities	Ministries of Education and Higher Education and Scientific Research
Activate compulsory education and develop reading and writing skills ⁶²	Ministries of Education and Higher Education and Scientific Research / Ministry of Interior/ Ministry of Labor and Social Affairs
Improve the quality of higher education through the capacity development program for educational staff	Ministry of Higher Education and Scientific Research
Develop technical education means and link it to advanced levels of technological and information technology applications	Ministry of Higher Education and Scientific Research/ Ministry of Labor and Social Affairs
Introduce counseling, vocational guidance and psychosocial support programs in schools and technical institutes	Ministries of Education and Higher Education and Scientific Research Ministry of Labor and Social Affairs

Source: Iraq Youth Vision 2030, Ministry of Youth and Sports in Iraq.

⁶² Noting that the Iraqi constitution, in Article 34 of it, stipulates that education is compulsory at the primary level, and the state guarantees the fight against illiteracy.

3.2 Public Policy on Employment Promotion and Entrepreneurship Promotion

The Government of Iraq has proclaimed its policy on national policies for employment promotion and entrepreneurship promotion in the NDP 2018-2022, which sets the following six objectives for employment and entrepreneurship promotion documented in Chapter 5 of NDP.

Table 3.4 Objectives Related to Employment and Entrepreneurship Promotion under NDP 2018-2022

6 Objectives for Employment and Entrepreneurship Promotion	
Objective 1.	Increase the contribution of the private sector
Objective 2.	Improve the business and investment environment
Objective 3.	Develop small and medium enterprises
Objective 4.	Plan for genuine private sector participation in reconstruction and development, and sharing of burdens and benefits
Objective 5.	Restructure SOEs
Objective 6.	Strengthen private sector governance

Source : Iraq National Development Plan 2018-2022.

- **Objective 1** aims to achieve by reasonable growth of 40% GDP and creation of 50% of new jobs in the total job openings throughout the implementation period of NDP; to increase fundings from local and foreign private sector; to increase FDI in Iraq; and to beef up private investments in major economic development sectors.
- **Objective 2** is associated with the need of the private sector to operate in a coherent, supportive and predictable environment by enhancing new financial, regulatory and legal policies. It is supposed to achieve by setting up a private sector development council to be a channel of dialogue with government and public sector and creating a portfolio of development projects funded by international donors such as the World Bank and IFC, and Arab Investment and Export Credit Guarantee Corporation. In addition, it is to be achieved by developing effective regulations and mechanisms for management of investment, trade and financial risks faced by foreign investors, and reviewing and simplifying private sector legal and regulatory framework.
- **Objective 3** expands SME scope of work based on the needs assessment and prioritization in each sector and governorates and improve SMEs productivity building and enhancing their competitiveness. It achieves by finalizing the creation of the National SME Commission responsible for the SME development fund, and by completing the construction of the two industrial cities in Basra and Dhi Qar. The government set main priority sectors for developing the private sector and SME focus areas to be industry, agriculture, IT, building and construction, transport, logistics and tourism.
- **Objective 4** is supposed to be achieved by building effective partnerships between local and foreign private sectors to establish infrastructure projects, developing Public-Private Partnerships (PPP) regulatory framework, and streamlining project implementation procedures and mechanisms in accordance with the BOT formula.
- **Objective 5**: while restructuring of SOEs is the role of the government and its public sectors, the private sector can also benefit from the resulting spill-over effects.
- **Objective 6** would be achieved by establishing a modern and sustainable institutional foundation for the private sector by developing modern information systems, increasing the number of registered private businesses, and building network of local business registration centers. Finalizing the Good Governance Charter for SOEs, establishing the Public Sector Ownership Commission and proceeding to action in accordance with the policies and rules are also key factors for achievement of this objective.

3.3 Status of Policy Implementation

As stated in Chapter 5 of the NDP, a package of policies and measures to stimulate private sector participation and to develop their capacities in various sectors are formulated, and the government has initiated the relevant approval processes. The most important achievements of these measures are as follows:

- ❖ Announcement and application of the 2014 government program and related 2015 economic reforms.
- ❖ A package of policies to strengthen the private sector, prepared by a national expert and technical team. These policies and measures were promulgated in Decision No. 239 of the Council of Ministers of 2015.
- ❖ Creation of a Higher Commission for Central Bank Lending (Presidential Decree No. 31 of 2016. This commission was created for the purpose of drafting a detailed report on the achievements, problems, and obstacles to the implementation of central bank initiatives to improve economic conditions, revitalize the private sector, and develop the agricultural, industrial, and housing sectors. 5 trillion IQD was allocated for loans to the public and private sector.
- ❖ A Steering Committee for Public-Private Partnerships (PPP) was created and its duties were specified in Presidential Decree No. 49 of 2017. The Commission drafted PPP contract enforcement instructions for central and local funding entities.
- ❖ Pursuant to the above Presidential Decree and to facilitate the implementation of Council of Ministers Decision No. 96 of 2016, the Ministry of Planning (hereinafter referred to as MOP) issued a manual on PPP registration, presentation, referral, contracting and implementation.
- ❖ Established Council of Ministers Decision No. 29 of 2017 approving the recommendations made by the Domestic Export Support Committee.
- ❖ Prepared a policy package on combating all forms of corruption, which was announced by the Prime Minister at the end of 2017.

3.4 Role and Jurisdiction of Human Resource Development Institutions and Employment Agencies

The human resource development institutions and employment agencies in Iraq can be categorized into public and private institutions. Vocational training centers and employment departments in each governorate that are technically linked to the Department of Labor and Vocational Training of the Ministry of Labour and Social Affairs of Iraq (hereinafter referred to as MOLSA) are responsible for supporting workers to acquire skills and providing job opportunities for job seekers in accordance with the Disengagement Law No. 21 of 2008. Indeed, due to lack of capacity, the function of employment departments to take such role is currently very limited except one in Basrah governorate.⁶³

Thereafter, practically speaking most large companies in Iraq tend to depend on private agencies and inhouse HR development and recruitment adopting their internal procedures and regulations.

3.4.1 Federal Public Service Council

Federal Public Service Council plays a key role in organizing and developing the human resource related affairs of the public office including procedural and legal dimensions. Its major functions are managing and developing human resources in the public service using information systems, building human capacities, managing knowledge, and accumulating it in the public service, promoting initiative, excellence, and creativity, and consolidating the principles of justice, equality and transparency, and supervising the proper application of legislation regulating public office affairs.

The strategic goals of the council as stipulated in law No. 04 for the year 2009 are :

- ❖ First: Raising the level of the public job, developing the public service, providing equal opportunity, and ensuring the principle of equality for those qualified to fill it.
- ❖ Second: Planning, controlling, and supervising public service affairs.
- ❖ Third: Developing the administrative apparatus, raising the level of the state's functional structure, developing the efficiency of public service employees, and providing them with appropriate social care in coordination with the competent authorities.

⁶³ Information from Ministry of Labor and Social Affaire in Iraq.

The council achieves its objectives by the following means

- ❖ First: Establishing an institute called (the Public Service Institute) and regulating its work by law.
- ❖ Second: Requiring ministries to establish schools for career development in their ministry during service in coordination with the Council.

The sub-goals for the council are identified as follow

- Developing the administrative apparatus, raising the level of the functional structure, and developing the efficiency of public service employees.
- Develop a comprehensive strategy for training, rehabilitation, and review processes to benefit from the available capabilities and improve the outcomes of this process.
- Activating the tools and mechanisms for complaints, objections and suggestions related to the citizen, the employee, and the public job.
- Developing the uses of information technology and its systems to manage human resources in state institutions and adopting indicators, data and information in developing plans and programs and making decisions.
- Developing effective tools and mechanisms for selecting and appointing human resources in state institutions in accordance with the principles of justice and equal opportunities.
- Adopt mechanisms and tools for monitoring and follow-up to ensure the proper application of the provisions of the civil service system and legislation related to the public job.
- Providing capable and efficient administrative leaders.
- Transition towards decentralization in human resources management, including the employment process at the central departments and at the governorate level, and work to create a professional case for the concerned units and a monitoring mechanism to ensure the efficiency and fairness of this process.
- Strengthening the role of the Council in providing support and technical support to human resources departments in the institutions of the administrative apparatus.

Duties and powers of the Council are:

1. Implementing the Federal Public Service Law when enacting it and implementing everything related to the federal public service in the laws in force.
2. Appointment, reappointment and promotion in the public service shall be the exclusive competence of the Council and on the basis of professional and efficiency standards.
3. Planning public service affairs, supervising, and controlling them in state departments, setting up public service policies, determining the means of implementing them, and evaluating the level of achievement.
4. Suggesting draft laws and regulations for the organization and development of public office affairs, or expressing an opinion thereon, in coordination with the Ministry of Finance.
5. Preparing the functional structure of ministries and agencies not affiliated with a ministry, and each institution in which there is a public function in coordination with the concerned authorities.
6. Description of public jobs and the conditions for their occupancy in coordination with the relevant competent authorities.
7. Laying down policies and controls to ensure a balance between the number of employees in the various state departments and the service rendered.
8. Setting up a policy of rehabilitation and in-service training for state employees through Career Development Centers in the ministries and in coordination with the relevant competent agencies.
9. The Council can test the qualifications of the persons to be appointed or re-appointed by interview, written examination, or both, in order to determine their capabilities and suitability.
10. Preparing an annual report on the work of the Council that includes the results of the review of the recruitment process and the recommendations it deems necessary to raise the level of public service and to ensure good performance of work, and submit it to the Council of Representatives, the Presidency Council and the Council of Ministers.

3.4.2 Online Job Portal “Tawtheef”

In 2020, Iraqi government in partnership with Public Service Council launches online portal called “Tawtheef” to help graduates and qualifies job seekers find employment.⁶⁴ The portal is part of a wider Iraqi government programme aimed at addressing unemployment in Iraq and creating job opportunities in the public and private sectors. Under the strong leadership of Prime Minister Mustafa Al-Kadhimi, the new portal was created to provide job opportunities to all Iraqis working together to build an effective and resilient economy to withstand crises, especially the current Coronavirus crisis.

This online portal has a simple interface designed to enable users to register and use the portal with ease. The portal aims to make available to recruiters the details, capabilities and skills of young, qualified Iraqi job-seekers, and will act as a link between employers and potential candidates to fill vacancies in the private and public sectors. After filling in and sending the form, job-seekers will receive an email asking them to activate their registration, and once they have completed this process, each job-seeker will be allocated a unique identification number. The details of job seekers will be saved on secure servers and will be made available only to authorized recruiters in the public and private sectors. When the skills-set of a job seeker matches the skills required for a vacant job in the private sector, the job seeker will be contacted directly by the private business or company that is hiring. When the skills-set of a job seeker matches the skills required for a vacant job in the public sector, the job seeker will be notified by email about the vacant post and invited to apply directly for the job, in line with the employment laws in the public sector in Iraq. Applications for specialized positions are only accessible to applicants who have completed the uploading of their college diploma. University students had tried to access Tawtheef multiple times, but they were unable to do so, and interviews with companies revealed that the portal is not well known in the private sector. Currently, the website remains inactive, and the number of accesses is unknown.

3.4.3 Basrah Central Recruitment Office

Basra has suffered from chronic unemployment. In 2018, protests of unemployment, particularly related to the oil sector, took place and Basra became a central site for these protests. In an effort of increasing employment opportunities in the oil and gas sector in Basra, the Central Recruitment Office was established to promote the employment of Basra residents in the oil and gas labor market.

The Basra Central Recruitment Office is responsible for ensuring the employment of Basra residents in oil and gas field projects. National and international oil and gas companies doing business in Basra are now required to recruit labor from the Basra region for their projects.

Both local and foreign oil and gas companies operating in Basrah are required to have a local workforce from Basrah area in their projects. In 2015, to formalize the standard terms already included in oil service contracts, the provincial council passed a law obliging foreign oil companies to hire 80% of their workforce from Basra’s labor market.⁶⁵

3.4.4 Private HR Development and Employment Agencies

Private firms operating in Iraq depend on privately owned international employment agencies when recruiting workforce. There are several international private HR and employment agencies currently operating in Iraq and the majority of them are focusing on the fields of Oil and Gas, Construction, and IT sectors. The private institutions are dealing with both international and local companies. Currently there is no specific law to regulate the work of such private institutions; however, they are required to register as companies in the company’s registrar.

Table 3.5 Private Employment Agencies Active in Iraq

Country	Name of Company	Description
US	Transquest	US-based small defense contractor supporting efforts in Iraq hiring IT professionals with TS clearances immediately.

⁶⁴ <https://tawtheef.gov.iq/>

⁶⁵ The Politics of Unemployment in Basra: Spotlight on the Oil Sector. The American University of Iraq, 2019.

Nepal	Cosmo International Overseas P. Ltd	A professional recruitment agency of Nepal for supply of professional, skilled, semi-skilled, unskilled workers and security guards to all over the world.
Germany	The RIRP	For German and European companies who wants to be in the Iraq market and Iraqi employees who are looking for a long-term job.
India	Haleema Enterprises	leading Manpower Recruitment Agency Approved by the Govt. of India since 1982, Catering to manpower requirements of all industries.

Source: JICA Research Team.

3.5 Issues Related to Employment Policy at the National Level

The ILO re-launched its decent work agenda in Iraq as part of the reconstruction effort in 2004. The ILO and the Ministry of Labour and Social Affairs of Iraq (MOLSA) agreed on a technical assistance framework which focused on job creation through private sector development, broadening social security coverage, freedom of association, social dialogue, the designing and implementation of the National Employment Policy, actuarial studies, international labour standards, and reform of legislation.

The national employment policy being developed with the assistance of ILO has not yet been finalized and approved. And thus, the main issue to be highlighted is the absence of employment policy at the national level. Lacking national policy directly addressing employment issues, there have no clear measures and directions from the federal government tackling to improve employability and reduce unemployment especially among youth and female population in Iraq up until now. The national employment policy will be formulated based on the results from the Labor Force Survey conducted in 2022/2023 with the support from ILO.

Chapter 4 Labor Market Conditions in the Republic of Iraq

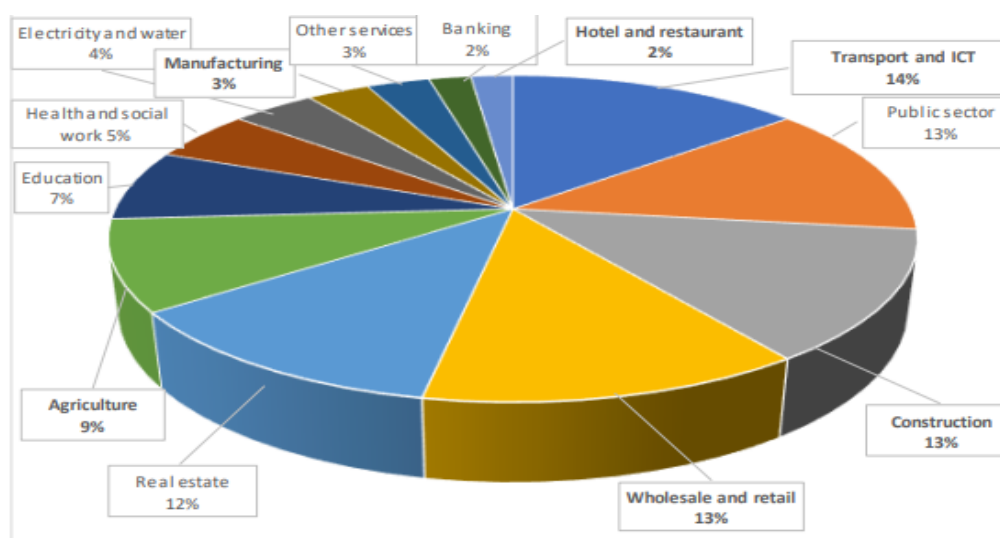
4.1 Basic Labor Market Information

4.1.1 Overview of Each Industry in Iraq

The Iraqi economy, which had stagnated after being hit by a sharp drop in oil prices in 2020 and restrictions on economic activity due to the COVID-19 pandemic, is on an upward trend, mainly due to growth in the non-oil sector of industry. Real GDP, which plunged 11.3% in 2020, showed a gradual recovery of 1.3% in 2021, with non-oil sector growth leading the economic recovery at 6%. This is mainly due to the strong performance of the transport, accommodation, and retail sectors, but on the other hand, severe drought and global price rise of inputs have forced agriculture and construction to contract by 17.5% and 36.8%, respectively.⁶⁶ As an industrial structure challenge, the Iraqi economy is highly vulnerable to rapid changes in oil prices, and it is important to promote growth in the non-oil sector in terms of employment and to develop an infrastructure to provide employment.

It should also be noted that the pandemic has increased the overall unemployment rate, especially among displaced people, returnees, and female job seekers, which is a characteristic of the Iraqi labor market. In addition, there is a high level of unemployment among self-employed and informal workers prior to the pandemic.⁶⁷

The GDP contribution of each industrial sector in the non-oil sector in Iraq is shown in Figure 4.1 below. However, the working population is not proportional to the GDP contribution.



Source: UNESCO (2019) Assessment of the Labour Market & Skills Analysis: Iraq and Kurdistan Region - Iraq

Figure 4.1 Contribution of Each Industrial Sector to GDP in the Non-Oil Sector (2014)

Table 4.1 below shows the main non-oil industrial sector overviews and trends in the labor market and recruitment through the 2019 UNESCO (United Nations Educational, Scientific and Cultural Organization) survey of private enterprises.⁶⁸

⁶⁶ The World Bank, "Macro Poverty Outlook - Iraq", April 2022

⁶⁷ The World Bank, "Macro Poverty Outlook - Iraq", April 2022

⁶⁸ Note that the survey includes KRI in its coverage area.

Table 4.1 Non-Oil Sector Overview and Trends in Labor Market and Recruitment

ICT Sector	
Industry overview	<ul style="list-style-type: none"> • Telecommunications networks and services, including landline, cellular, Internet, television, and radio networks, as well as computer programming, data processing and hosting services • Mostly private sector (93%), with the public sector responsible for building and managing network infrastructure, including optical fiber. • More than 95% of households owned a cell phone in 2015, surpassing landlines, which lacked infrastructure, and major telecommunications companies (Asiacell, Zain, etc.) have disseminated the service
Labor market	<ul style="list-style-type: none"> • Accounts for 6% of non-oil sector GDP and employs 4-5% of all workers
Trends in skill and experience levels	<ul style="list-style-type: none"> • Although the required level of technology is generally high, many companies currently feel there is a skills gap
Trainings	<ul style="list-style-type: none"> • The Ministry of Telecommunications operates training institutions and recruits graduates, and TVET (MOE, MOLSA, MOHESR) produces 11,000 graduates annually. About one-third are graduates of secondary and tertiary education with skills in computer maintenance and assembly (hardware), and half have completed general ICT programs in information technology, computer systems, and electronic technology. However, issues of outdated knowledge and insufficient skills to apply in practice are noted • 1/3 of companies collaborate with training institutions, etc. 77% conduct their own training • ICT companies are more likely to seek practical training within the industrial sector than in laboratories or universities • More companies than in any other sector employ their own trainers and conduct their own training in order to stay up to date with the latest technology.
Recruitment	<ul style="list-style-type: none"> • 66% of companies have a positive outlook for the sector, but only 44% plan to hire within 5 years
Agriculture Sector	
Industry overview	<ul style="list-style-type: none"> • It is composed of crops (84%) and livestock (14%), hunting and forestry (very limited), and fishing and aquaculture (2%). Major agricultural products are wheat, barley, rice, dates, and others. Meat production includes sheep, cattle, and goats. Production and distribution are inadequate and depend on imports. • It has been diminished by conflicts, poor access to water, land erosion, desertification, harsh legal environment, lack of equipment, and limited public and private investment in new technologies in irrigation, agriculture, and fisheries. In addition, marketing and logistics network challenges and underdeveloped cold chains have led to harvest losses • 18% annual growth from 2009 to 2013, but sharply declined since 2015 • There are two major forms of agriculture: rainfed in the north and irrigated (along the Tigris and Euphrates Rivers) in the central and southern regions • There is a significant difference in access to agricultural technology between peri-urban and rural areas, with rural areas (especially women) having almost no access to technology • Imports of wheat, rice, food oil, and beans are almost exclusively controlled by the Ministry of Trade, which distributes them through the Public Distribution System and influences market prices. The subsidized distribution of agricultural products makes things difficult for private traders who wish to sell at domestic market prices.
Labor market	<ul style="list-style-type: none"> • 7% of non-oil sector GDP and 23% of total employment • It is a labor-intensive sector, accounting for 1/4 of the total workforce and absorbing the most employment, securing employment for vulnerable groups, including rural women and young people. • Approximately 63% are males and 37% are females, of which approximately 29% are young adults between the ages of 15 and 25 • The largest share of non-wage employment in Iraq • About 1/4 of the workers are short-term workers. However, most women tend to work on small farms or in unpaid labor. • Positions requiring management-level or highly technical skills are generally filled by qualified personnel.
Trends in skill and experience levels	<ul style="list-style-type: none"> • Approximately 2 million people are engaged, but only 14% have completed secondary or higher education, of which 86% have completed higher education in fields such as

	crops, livestock, water and soil technology, and agricultural machinery.
Trainings	<ul style="list-style-type: none"> 8% of companies work with existing education and training institutions 20% of all companies provide employee training, while 59% of such companies are in Erbil
Recruitment	<ul style="list-style-type: none"> Age was the most important factor, and social ties in recruitment tended to be considered more than in other sectors 14% of companies plan to hire in the next 5 years
Wholesale, Retail and Vehicle Maintenance Sector	
Industry overview	<ul style="list-style-type: none"> It is composed of a small number of large wholesale businesses (6%) and the majority of small businesses in the retail sector (77%) and vehicle maintenance (17%). The private sector, including foreign-owned firms, dominates, while the retail sector is predominantly informal Third largest contributor to GDP as of 2015, after government and real estate sector Some State-Owned Companies (SOCs) control the import and sale of grains, building materials, and vehicles, which affects quality and prices. In KRI, the Ministry of Trade and Industry imposes price controls on agricultural products and building materials. Corruption tends to be prevalent in the import, quality control, transportation, and sales processes, making business difficult Businesses tend to feel overburdened by regulations, licenses, permits, and audits In recent years, some companies have been using ICT, including online, and further use of ICT is expected in the future. However, while many companies are currently using outdated methods, many feel the need to digitize their operations.
Labor market	<ul style="list-style-type: none"> Although the industry is not labor-intensive, it absorbs a large share of employment, accounting for about 14% of the workforce (about 1 million people). About 1/4 of these workers are youth 6% of jobs require an undergraduate degree or higher, but about half require an undergraduate degree or higher, and 2/3 of them hold certifications in the manager, engineering, or accounting fields
Trends in skill and experience levels	<ul style="list-style-type: none"> In general, employer expectations are low for assistant positions at a level that does not require skills Expectations for high-level jobs are high in the KRI, with strong gaps in creative thinking, digital technology, and foreign language skill level requirements compared to Iraq Gaps in general education, including reading, writing, and math skills, are an issue in Iraq
Trainings	<ul style="list-style-type: none"> Only 7% of companies collaborate with existing training institutions, etc. About 1/3 of companies have provided staff training in the past 5 years
Recruitment	<ul style="list-style-type: none"> Age, gender, and interview attitude are the most important factors, but in some cases factors not directly related to the job, such as social relations and nationality, are considered Work experience was only considered in 3 of the 8 governorates surveyed, while qualifications were more important in the KRI
Manufacturing Sector	
Industry overview	<ul style="list-style-type: none"> The largest subsectors are coke and refined petroleum products, mineral products manufacturing (mainly cement), and food and beverage processing, accounting for 3/4 of the total Ninth largest non-oil sector contributor to GDP (3%), tends to be generally private in KRI and generally public in Iraq, accounting for 8-10% of total employment Factors hindering growth include slow digitalization and poor working conditions, as well as factory closures due to power cuts In Iraq (excluding KRI), manufacturing is dominated by petroleum (38%), food and beverages (21%), and mineral products (19%). In KRI, manufacturing is dominated by mineral products (31%) and food (28%)
Labor market	<ul style="list-style-type: none"> Represents 8-10% of the total workforce, mostly men, and about 1/4 of the workforce is youth.
Trends in skill and experience levels	<ul style="list-style-type: none"> The majority of graduates from vocational schools, etc. have completed general related programs such as materials management, mechanical engineering, mechanical equipment, etc. A few holds industry-specific manufacturing certifications (petroleum, chemical, garment, etc.) Important subsectors by scale of production and employment include the mineral industry, metal product manufacturing, and food processing, but the skills gap is a

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	<p>challenge</p> <ul style="list-style-type: none"> • Many occupations require education and training at the secondary vocational education level • Only 13% of occupations require higher education, 72% are at the secondary vocational education level, and 15% require no formal education • While 26% of management-level positions have an undergraduate degree or higher, 1/3 of the technical positions at the professional/technical level do not have higher education and do not meet the general requirements. Qualification requirements are not always emphasized.
Trainings	<ul style="list-style-type: none"> • Recognition that the level of technology in existing vocational training schools is outdated and inadequate for practical use. • Electronics manufacturing and furniture manufacturing are also important subsectors, but training by public institutions is currently not available. • Only 6% of companies are collaborating with training institutions, and there is no collaboration between industry and human resource development • Only 1/3 of companies conducted training
Recruitment	<ul style="list-style-type: none"> • In many cases, locally trained technical personnel are not suitable for the skill level, so the emphasis is on hiring from overseas. • In seven of the eight target governorates, many companies consider age when hiring. Gender and interview attitude are also considered. Regarding qualification requirements, the emphasis tended to be more in the KRI, while this was not the case in the other regions. However, there are many graduates with qualifications that are not necessarily a requirement for employment who are unemployed, and in practice, it is observed that decisions are made on a case-by-case basis with applicants • Only 28% of companies have hiring plans for the next 5 years
Transport & Storage Sector	
Industry overview	<ul style="list-style-type: none"> • Includes overland transportation, pipeline transportation, warehousing and storage, postal and courier services • Dependence on government transportation infrastructure is significant. • Rapidly growing until 2014 (17.9%) but shrinking due to lower oil prices and security challenges, and underdeveloped transportation with neighboring countries • 6% of non-oil sector GDP • Major state-owned enterprises are responsible for airlines, railroads, ports, shipping, etc., but the majority (over 90%) are private enterprises. • Cold chain is not in place, which is a challenge.
Labor market	<ul style="list-style-type: none"> • About 4-5% of all workers, mostly male, 20% youth • Approximately 500,000 people are employed, and the number is expected to expand.
Trends in skill and experience levels	<ul style="list-style-type: none"> • Since 2015, Iraqi Airways has been working to improve its skill level by implementing IATA (International Air Transport Association) accredited global level employee training • While the majority of training at higher education and training institutions is in transportation infrastructure (construction) and not in services, materials management skills can be used in many fields of occupations (wholesale and retail, vehicle maintenance, etc.) • Of those employed in occupations related to higher education level qualifications, many did not actually meet their educational qualifications. Of these, 1/3 held skilled worker related qualifications, but no formal qualifications to become managers. • Many artisan-level workers possess basic skills or hold semi-skilled or skilled worker certifications. • 2/3 of the workers are employed in artisan level positions • In the KRI, there is a strong awareness of the challenges of lack of language skills.
Trainings	<ul style="list-style-type: none"> • About 1,000 people per year are certified in cooling and refrigeration technology (mainly at MOLSA vocational schools), but demand is limited due to lack of infrastructure facilities • Education and training opportunities for transportation clerks, pilots, and security personnel are limited. • 29% of companies offer on the job training • Only 2% of companies work with existing training organizations
Recruitment	<ul style="list-style-type: none"> • Age, gender, nationality and social relations, and interview attitude tend to be more important

Construction Sector	
Industry overview	<ul style="list-style-type: none"> • Construction of buildings (residential, commercial, industrial, institutional, etc.), civil engineering (roads, railroads, bridges, public facilities, etc.), including demolition, plumbing, painting, electrical, finishing, etc. • As of 2015, real estate related accounted for about 15% of non-oil sector GDP • Half of the materials, including cement and steel, are produced domestically, but other building materials are imported • Many large foreign companies (Turkey, U.S., Korea, Romania, etc.). • Eight state-owned companies are responsible for public construction projects such as housing, buildings, roads and bridges, etc. The Contractor's Association is responsible for protecting the interests of private contractors in government projects. • Corruption and fraud are major issues.
Labor market	<ul style="list-style-type: none"> • In Iraq, 1/5 of all economically active men work in construction, of which 45% are young men. Very few women are employed. • The construction industry has a very large scale of job creation due to the large number of short-term workers employed in each project • Many are employed for short periods of time while working in other occupations. Therefore, the same scale of employment is not maintained as long-term employment. • Many workers are from overseas. More than 50% in some projects.
Trends in skill and experience levels	<ul style="list-style-type: none"> • 70% are professional, technical, and management level workers with an undergraduate degree or higher, but 1/3 have received secondary level training at the semi-skilled and basic skilled worker level. • Local staff tends to be at the core of management and operations, with lower levels of labor usually being carried out by foreign workers hired temporarily for the project
Trainings	<ul style="list-style-type: none"> • TVET produces about 13,000 graduates each year, of which 2/3 are electrical engineers, 10% are surveyors, and civil engineers account for 8% of the total. Other specialized fields include metalworking, engineering drafting, elevator maintenance, and crane operation. • 53% of construction graduates are college graduates. Less than half of all graduates have completed secondary or higher education, and 3/4 of them have completed electrical • Training is offered by 61% of civil engineering firms, a high percentage of which consider it important • Only 10% of construction companies have relationships with educational and training institutions
Recruitment	<ul style="list-style-type: none"> • Many companies see a gap in general knowledge and teamwork skills. • Age is taken into account when hiring and, in general, attribute factors and social behavior (age, gender, nationality, interview behavior, etc.) are more important than applicants' qualifications and work experience. • 29% of companies plan to hire in 5 years
Hospitality Sector	
Industry overview	<ul style="list-style-type: none"> • Consists of food and beverage outlets (restaurants, cafes, catering companies, etc.) and accommodation services, with a domestic market and an international tourist market, mostly private sector • Highly sensitive to other sectors such as infrastructure, transportation, wholesale and retail, food processing, and ICT • As of 2013, food and beverage services accounted for 89% of the total, with accommodation at 11% • Tourism has shrunk significantly since 2013. There are many challenges in attracting tourists from abroad. • Religion-related tourism attracts 1 million visitors per year (mainly from Iran) and has a large domestic market
Labor market	<ul style="list-style-type: none"> • Non-oil sector contributes 1.7% to GDP, 1-2% of total employment • Data show that there are approximately 100,000 hotel and restaurant employees, of which about 90% work in restaurants. • The informal sector is responsible for many of the restaurants. • The number of workers varies greatly depending on the season. • About 35% of restaurant workers are young (15-25 years old) and the majority are male. There are also many women in the lodging industry.
Trends in skill and	<ul style="list-style-type: none"> • Skill levels of employees are relatively low compared to other sectors

experience levels	<ul style="list-style-type: none"> • Many are employed in jobs related to their basic skills, semi-skills, and technical qualifications • Basic knowledge, communication, teamwork, etc. are emphasized, while expertise, digital technology, and foreign language skills are not emphasized by many companies.
Trainings	<ul style="list-style-type: none"> • Each tourism office has its own training institute offering diploma programs. In addition, there are 9 locations in Iraqi governorates (under the jurisdiction of the Ministry of Culture) and 1 in KRI (not yet fully operational, under the jurisdiction of the Ministry of Municipalities and Tourism). • Approximately 1,500 graduates enter the workforce each year, of which more than 90% are college graduates, and about half of all graduates complete a program in tourism or hotel management; 11% have culinary experience, but none have restaurant service experience, which does not match market demand, of which restaurants are 89%. • 11% of companies are working with existing education and training institutions • 33% of the companies conduct their own practical training. Many say that arranging instructors and training courses is not difficult
Recruitment	<ul style="list-style-type: none"> • Age and gender are emphasized during recruitment, with less emphasis on skills such as digital technology and foreign languages

Source: UNESCO (2019) Assessment of the Labour Market& Skills Analysis: Iraq and Kurdistan Region – Iraq.

Based on the above overview, the following is a summary of the main characteristics of industry trends, issues related to the recruitment of young people (skill gap, training opportunities, corporate recruitment policies, etc.), and other points of notes based on the results of company interviews. The companies interviewed varied in size, years of business continuity, and industry sector, and included some so-called "start-up" (see 7.2.4) companies. Due to the limited sample size, it is difficult to analyze statistical data, but the following is a summary of the issues and trends considered by the various businesses.

(1) Agriculture Sector

With approximately 75% of the working population in rural areas engaged in agriculture, agriculture is an important employment opportunity for unskilled workers, but revitalization of the rural agricultural sector through improved supply chain and market access is essential due to the lack of agricultural inputs. In addition, climate change impacts and water scarcity threaten food security, and the challenges are serious.

There were 5,673,250 women living in rural areas in 2018, representing 30.1% of all women in the country, with most residing in Nineveh, Anbar, Diyala, Babylon, and Baghdad. Agriculture is the main source of employment for rural women, although some women also run small businesses. Many women engaged in agriculture work for no pay, accounting for about 31% of the total number of women employed.⁶⁹

On the other hand, there have been new developments in recent years, such as the emergence of new services that utilize technology (Agri-tech), and new changes to the agricultural sector.

Grow Green, an agricultural consulting and gardening company, seeks work experience and undergraduate-level education as hiring requirements, but emphasizes referrals. Because there is a skills gap at the graduate level, the company gives preference to candidates with work experience and offers in-house training.⁷⁰

Nakhla, which provides total services for palm production management, processing, and sales using Agri-tech, recruits through its own recruiting page, selects candidates from a database of applicants, and conducts a telephone interview with a recruiter regarding work experience, background, age, etc. The recruiter then conducts an in-person interview to determine suitability. After that, in-person interviews are conducted to assess a candidate's suitability for the position. Technical skills are required, but education and work experience depend on the position. No referrals are accepted. There is a gap between the applicant's educational background and the required skills, and training is provided for each position.⁷¹

⁶⁹ KAPITA (2021) "Iraqi agriculture sector overview"

⁷⁰ Interview with Grow Green (June 26, 2022)

⁷¹ Interview with Nakhla (July 23, 2022) Normally, training at the staff level takes 1-3 months depending on experience, but at the manager level it takes only 3 days because most of them have work experience. Wasta (introduction by relatives, etc.) is not considered.

(2) Hospitality Sector

The driving force behind the recovery of the economy, which had been depressed by the COVID-19 pandemic and falling oil prices, was primarily the service sector, which grew by nearly 15% in 2020, likely thanks to deregulation and the widespread use of vaccines.⁷²

Tourism provided 165,033 jobs in 2019, contributing 1.9% of employment, but since the COVID-19 pandemic, tourism revenue has dropped significantly to 42%.⁷³ Iraq is blessed with many tourism attractions, and projects are being implemented through donor support, such as the use of information and communication technology (ICT) in tourism and the promotion of employment through human resource development.⁷⁴

(3) Construction Sector

It is divided into the public sector (government-funded projects such as roads, bridges, public buildings, and housing) and the private sector (privately funded projects such as housing, commercial facilities, housing, and industrial and social service structures), each with its own projects. In the public sector, as of 2019, the cost of construction and building projects decreased by 34% compared to 2018 (totaling 431.6 billion IQD), while workers' wages and benefits decreased significantly by 57% year-on-year (69.3 billion IQD), although a 13% increase in headcount was notable.⁷⁵ Furthermore, construction projects were severely affected by the subsequent COVID-19 pandemic. In addition, the construction subsector has been affected by the economic recovery after the pandemic, especially due to the price hikes of imported building materials and frequent power outages.

In the construction industry, average wages have been relatively stable over the past five years. Iraq's Central Statistical Organization (hereinafter referred to as the CSO) reported that the number of private sector employees in 2019 reached 35,966, down 11% from 2018, mostly unskilled workers, accounting for 84% of the total. However, since many informal workers (unskilled workers) are employed in construction projects, they are not reflected in this statistic.

Employment in the construction and building sector is very low among women, with men accounting for 99.8% of total employment in the sector, resulting in a very large gender gap.⁷⁶

(4) ICT Sector

As of January 2021, Internet access was 75% of the population, of which 61.4% were active on social media and 98.4% had access to mobile connectivity. E-commerce has been developing in recent years, but constraints in the financial sector pose a challenge to growth, as only 22.7% of those 15 years and older have an account with a financial institution, 13.5% make purchases and payments over the Internet, and 1.8% own a credit card.⁷⁷

The demand for skilled personnel in companies and start-ups that are promoting the use of ICT is high, but specific skills range from soft skills⁷⁸ to hard skills.⁷⁹ At present, there is a shortage of skilled personnel to match the existing job market, and ICT companies are using their own resources to hire or train people with the right skills.⁸⁰

The promotion of digitalization across sectors is expected to lead to increased employment of skilled personnel. Even if they are not directly employed by companies, it is possible to develop innovative business

⁷² The World Bank (2022) "Iraq Economic Monitor: Harnessing the Oil Windfall for Sustainable Growth"

⁷³ KAPITA (2021) "Iraq's Tourism Sector: An Outlook on the Current Status, Challenges, Startup Scene, and the role of ICT."

⁷⁴ Project Sumereen (UNDP: Supporting Socio-Economic Growth and Tourism Reconstruction in Dhi Qar, Southern Iraq. Revitalizing tourism and expanding employment opportunities at the same time) and others <https://www.undp.org/iraq/publications/fact-sheet-eu-funded-project-sumereen>

⁷⁵ KAPITA(2021) "Building and Construction in Iraq: Examining the Sector's Working Nature, Recent Productions, and Main Challenges"

⁷⁶ KAPITA(2021) "Building and Construction in Iraq: Examining the Sector's Working Nature, Recent Productions, and Main Challenges"

⁷⁷ KAPITA(2021) "The Reality of Information and Communication Technology In Iraq: Ecosystem Reflection, Challenges, and Opportunities".

⁷⁸ Problem solving skills, critical thinking, ability and willingness to learn and develop skills, effective communication, teamwork, initiative, leadership, dedication, hard work, adaptability, attitude, ownership, etc. (KAPITA 2021)

⁷⁹ Essential skills (English language, email communication, presentation skills, MS Office, research, etc.) specialized skills (general technology, IT core systems, digital marketing, social media, finance, HR, graphic design, etc.), and programming skills. (KAPITA 2021)

⁸⁰ According to KAPITA, some allies believe that less than 20% of the ICT sector's hiring will be applicants who meet the skill requirements. (KAPITA2021)

models in fields with high employment impact, such as sharing economy.⁸¹ To this end, it is necessary to develop human resources with skills commensurate with market needs.

Teami, a provider of pharmaceutical distribution and sales applications in the SaaS (Software as a Service) field, is recruiting on its social networking sites. All of the current employees (5 males and 7 females) have graduate-level educational backgrounds. However, the company has been experiencing challenges in recruiting people with the necessary skills (especially technical skills and negotiation/presentation skills), so it conducts its own in-house training programs. In addition, the company is proactive in hiring young people by accepting interns and actively hiring new graduates.⁸²

IoT Kids, a provider of online and offline ICT training services for children ages 7 to 15, is facing challenges in finding personnel with the necessary skills. The company will contact candidates accepted through the internship program when there are vacancies, and employees with similar technical backgrounds will conduct the interviews. The minimum requirement is 0-4 years of work experience at the college graduate level and is gender neutral. The company offers in-house training online. The soft skills gap is a challenge, and measures are being taken, including mentoring by the founder or employees with work experience.⁸³

IoT Kids also believes that the general awareness of the importance of ICT technology in Iraq is still lacking, which is a challenge, and the business of using ICT in education is still relatively new, so funding and awareness raising activities are essential to expand the market.⁸⁴

Saydo, a provider of digitalization services for the FMCG (Fast Moving Consumer Goods) value chain, recognizes that its biggest challenge is recruiting human resources, and has adopted a unique recruitment format. Candidates recruited through referrals or social media are required to have computer skills, such as programming, depending on the position. The company has a post-employment acceptance plan to ensure that even those who are referred to the company have a good understanding of the company's business, and the company provides in-house training.⁸⁵

(5) Manufacturing Sector

In general, the so-called industrial sector is an important sector that includes manufacturing, infrastructure, energy, transportation, and logistics. Promoting the industrial sector contributes significantly to GDP growth, which in turn promotes other key industrial sectors such as services and agriculture. In Iraq, the government's focus on the oil sector has delayed the growth of other industrial sectors. Iraq is an extremely oil-dependent country, and the lack of other advanced sectors has been an impediment to the growth of the industrial sector because it is subject to the price of oil, which the government has no control over.⁸⁶ Growth in manufacturing is key to economic growth and employment promotion, as it leads to growth in other industrial sectors and, in turn, other industries. Efforts must be made to address both the absorption and supply of jobs by digitizing manufacturing and providing up-to-date technical training to young people, who are the potential workers.

ECO Life, a manufacturer of plastic alternatives and eco-friendly products, will hire through social networking services (SNS) recruiting or referrals. The requirements are an undergraduate level of education, and no work experience is required. Since the level of knowledge at the university level does not meet the requirements for practical work, in-house training is usually provided.⁸⁷

(6) Transportation Sector

The number of aviation-related workers has dropped by 11.3% in 2020. In the maritime sector, as of 2019, the number of jobs has also declined by 18%, but hopes for job growth rest on the development of new maritime businesses in Iraq.⁸⁸

In recent years, ridesharing (ride-hailing) application services such as Careem have expanded and are expected to contribute to the expansion of employment outside of direct employment.

⁸¹ A new form of economy in which individuals and businesses trade their tangible and intangible assets, such as goods, places, and skills, via platforms on the Internet. There are the following five areas. Space, Skill, Mobility, Money, and Goods. https://www.smbccard.com/mem/hitotoki/column/sharing_economy.jsp

⁸² Interview with Teami (July 26, 2022)

⁸³ Interview with IoT Kids (July 24, 2022)

⁸⁴ Interview with IoT Kids (July 24, 2022)

⁸⁵ In order to ensure fairness, the company does not take waste into consideration and only hires those who meet the requirements.

⁸⁶ KAPITA (2020) "Iraqi Industrial Overview."

⁸⁷ Interview with ECO Life (July 20, 2022)

⁸⁸ KAPITA(2021) "Transportation Sector in Iraq: Aviation & Maritime Scene Overview"

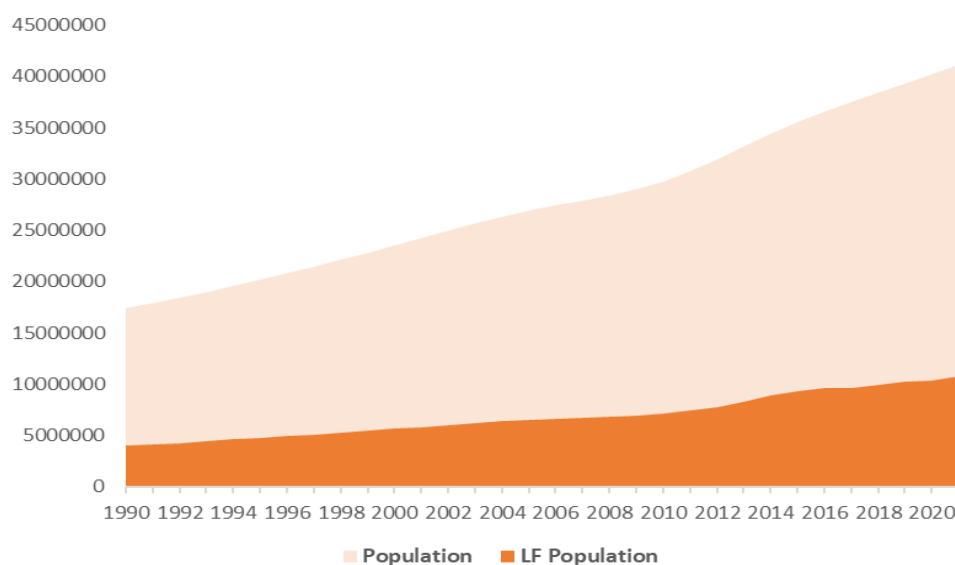
(7) Wholesale and Retail Sector

At Shanshel East General Trading, a real estate, entertainment, and trading company, the majority of employees are male. (126 men and 22 women). When hiring, the company uses referrals and networking to hire men from the managerial level to workers as a rule. Only professional-level employees are female. The company is a male-dominated organization and does not actively recruit women. However, its mission is to create new employment opportunities for young people by improving the economy and investment through its business.⁸⁹

TechGigz Store, an online retailer of digital devices, will advertise for candidates on social networking sites and shortlist candidates for interviews. Requirements include computer skills, customer support skills, and teamwork skills; education in a related field is recommended, and 0-2 years of work experience is sought. Gender and referrals will not be considered, and more emphasis will be placed on work experience rather than education. In-house training is also provided.⁹⁰

4.1.2 Labor Force Population⁹¹

The labor force population is the sum of the "employed" (including those who are absent from work) and the "unemployed" who were looking for work during the last week of each month of the labor force survey period, among the population 15 years of age and older who are fit for work (working-age population). It is the total number of people in a country who are willing and able to work, and is considered one of the indicators of a country's economic strength. Iraq's population has been growing rapidly over the past 30 years. As shown in Figure 4.2, the labor force population has been increasing, albeit relatively slowly, between 1990 and 2021, in line with the population growth.



Source : JICA Research Team using World Development Indicator, World Bank.

Figure 4.2 Population Increase and Trend of Labor Force Population in Iraq 1990-2021

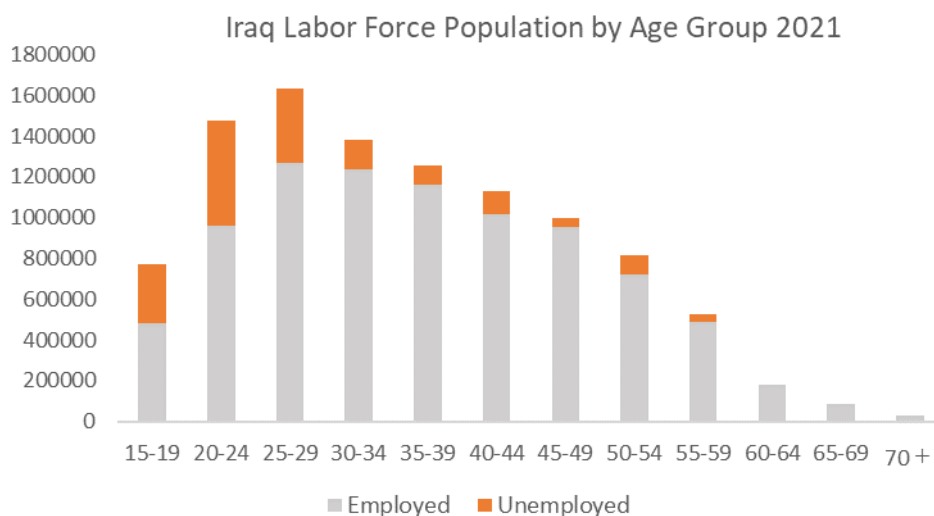
Figure 4.3 shows the distribution of the labor force population by age group. Iraq's labor force is young and largely composed of people in their 20s and 30s. However, many of the young and valuable human resources who will be responsible for Iraq's future growth and development are unemployed, with the 20-24 age group followed by the 25-29 age group, which has the highest number of unemployed as a percentage of the labor force population by age group: 37% of the 15-19 age group, 34% of the 20-24 age group, and 22%

⁸⁹ Allings to Shanshel East General Trading Co. on July 23, 2022

⁹⁰ Interview with TechGigz Store, Inc. on July 25, 2022.

⁹¹ The labor force participation rate is the sum of the "employed" (including those who are absent from work) and the "totally unemployed" who were seeking employment during the last week of each month of the labor force survey period, among the population aged 15 and older who are fit for work. It is the total number of people in a country who are willing and able to work and is considered one of the indicators of a country's economic strength.

of the 25-29 age group. The percentage of the labor force by age group is extremely high: 37% for those aged 15-19, 34% for those aged 20-24, and 22% for those aged 25-29.⁹² While Iraq is blessed with a young and abundant labor force population, the very high rate of unemployment among the young labor force has become a serious problem that is having a strong impact on social and economic development.



Source : JICA Research Team using data from Labor Force Survey 2021.

Figure 4.3 Iraq Labor Force Population by Age Group, 2021

Table 4.2 Distribution of Labor Force Population by Age Group

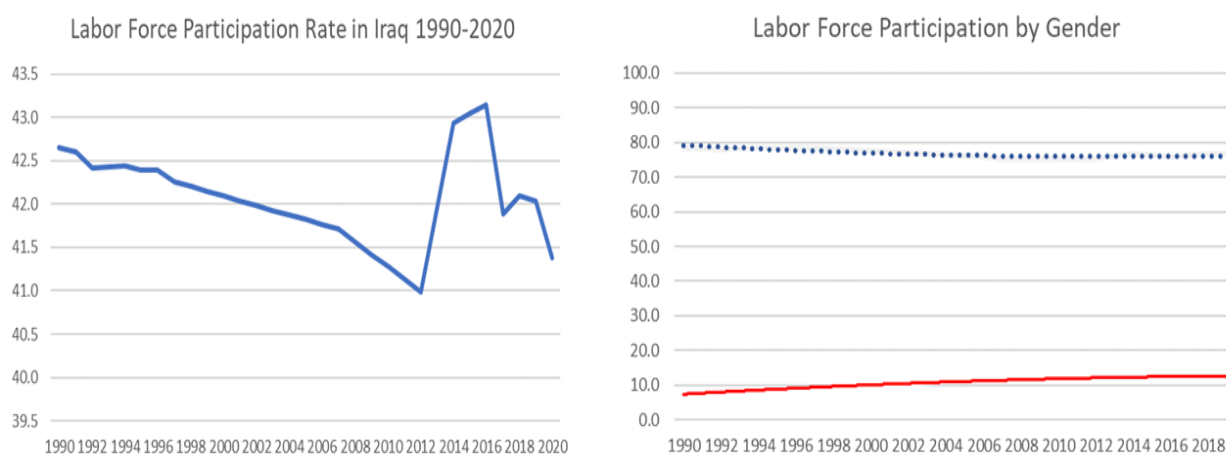
Age Group	Labor Force Population	Employed	Unemployed	Unemployment Rate (%)
15-19	768,388	480,595	287,793	37.5
20-24	1,475,603	961,114	514,489	34.9
25-29	1,632,327	1,267,640	364,687	22.3
30-34	1,381,174	1,236,984	144,190	10.4
35-39	1,252,737	1,158,422	94,315	7.5
40-44	1,128,265	1,019,584	108,681	9.6
45-49	996,601	951,618	44,983	4.5
50-54	815,729	722,567	93,162	11.4
55-59	527,397	485,811	41,586	7.9
60-64	180,425	180,425	---	---
65-69	85,151	85,151	---	---
70+	32,331	32,331	---	---

Source : JICA Research Team using data from Labor Force Survey 2021.

⁹² Labor Force Survey 2021.

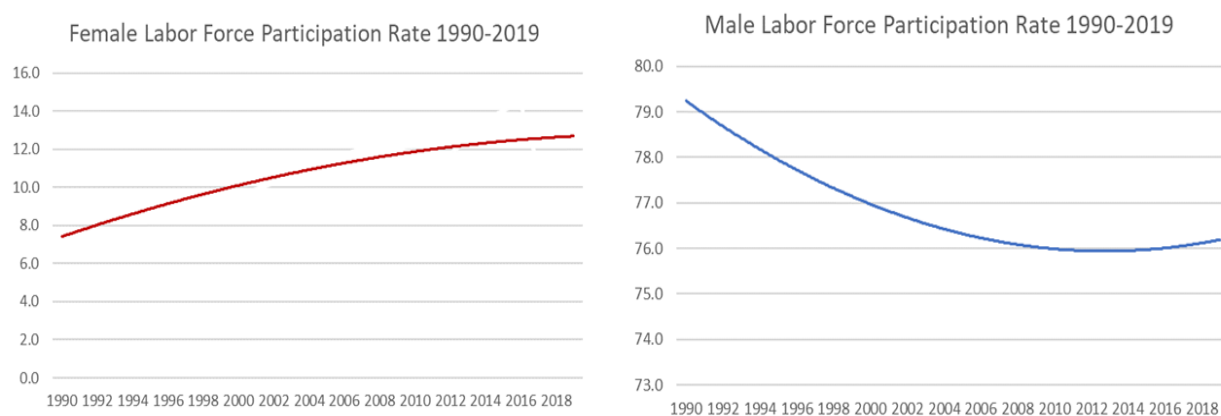
4.1.3 Labor Force Participation Rate⁹³ and Unemployment Rate

Labor market performance in Iraq has characterized as relatively low labor force participation (LFP), and high unemployment especially among youth. There is a large gender segmentation in labor market outcomes. Overall labor force participation (LFP) in Iraq has been less than 43% in the past 30 years.⁹⁴ According to the recent ILO modelled estimate figures, LFP in Iraq fluctuates in the past couple of decades as presented in the left figure below. The overall participation gradually reduced between 1990 and 2012 due to the war and internal conflict. It went down to 41% in 2012 but in a few years, participation went up to 43% by 2016, and it came down to 41.4% in 2020 at the national level. According to the most recent Iraq Labor Force Survey (LFS) conducted last year, the figure was estimated to be as low as 39.5% in 2021.⁹⁵ As presented in the figure of lower right, there has been always a huge segmentation by gender. Between 1990-2019, female LFP has been 7-11% while male participation has been approximately 79-76 % with slightly decreasing trend. The most recent LFS finds out that female participation is as low as 10.6% and male participation is 68.0% in 2021.



Source: JICA Research Team using data from World Development Indicator, the World Bank 2022.

Figure 4.4 Labor Force Participation Rates in Iraq



Source: JICA Research Team using data from World Development Indicator, the World Bank 2022.

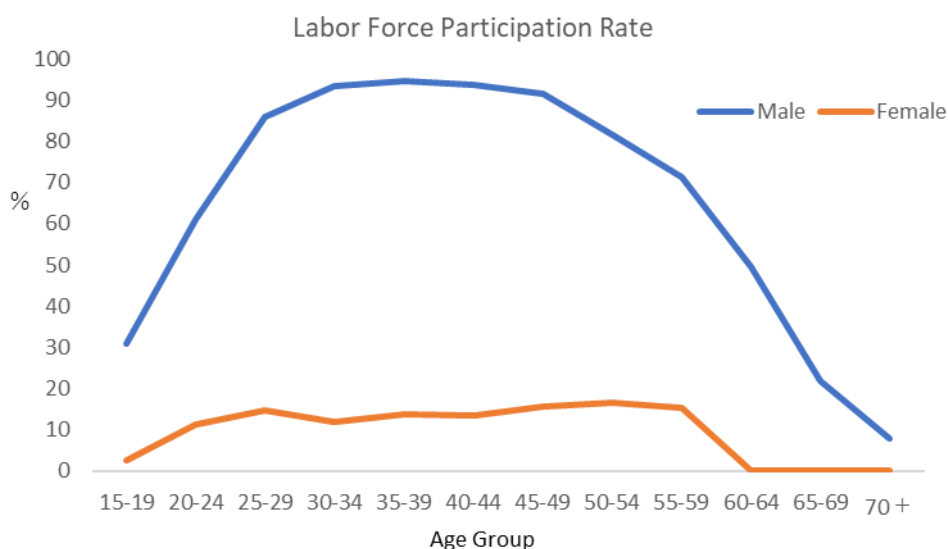
Figure 4.5 Trend of Labor Force Participation Rates of Female vs. Male in Iraq

⁹³ The labor market participation rate, expressed as a percentage of the working-age population, is an indicator of the level of labor market activity and measures how much of the age group (15 years and older) that could be engaged in productive activity is participating in the labor market.

⁹⁴ World Development Indicator ILO modelled estimate. The World Bank 2022.

⁹⁵ Iraq Labor Force Survey conducted by Central Statistical Organization (CSO), Kurdistan Region Statistics Office (KRSO) and International Labour Organization (ILO) in 2021.

The figure 4.6 below presents a profile of the labor force population, organized and analyzed by gender and age group in terms of labor market participation rates. Like participation rates in many other countries, Iraq's LFS labor market participation rate is inverted U-shaped, with male participation rates higher than female participation rates for all age groups, with the male curve always above the female curve.



Source : JICA Research Team using data from Labor Force Survey 2021.

Figure 4.6 Labor Force Participation Rate by Age Group in Iraq

For both men and women, the curve rises significantly between the ages of 18 and mid-20s, when young people finish school and enter the labor market. The male participation rate increases at a single rate during this period, while the female participation rate tends to increase at a slower rate. The peak is reached between ages 30-34 for men and a little later for women. Thereafter, it declines for both men and women as they age, exit the labor market, and retire. Women's labor market participation is significantly below that of men in all age groups, never exceeding 20%.⁹⁶ The low participation rate of Iraqi women may be due to potential barriers to entry, such as access to higher education, the presence of young children, limited or no access to childcare services, age at marriage, and social norms that determine women's roles in the public sphere.

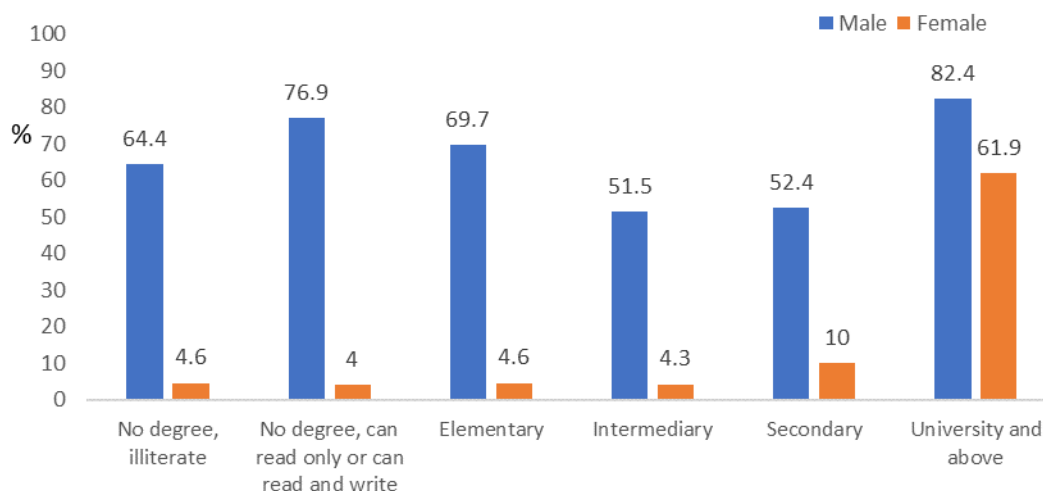
Figure 4.7 shows labor market participation rates by gender for each level of worker education. The labor market participation rate for women is very low, less than 10% among workers with less than college or higher education.⁹⁷ Participation rates are highest among workers at the college level for both men and women, and the gap between men and women is very small. The participation rate for men with college and higher education is 82.4% compared to 61.9% for women.⁹⁸

⁹⁶ ILO Iraq Labor Force Survey 2021.

⁹⁷ Ibid.

⁹⁸ Ibid.

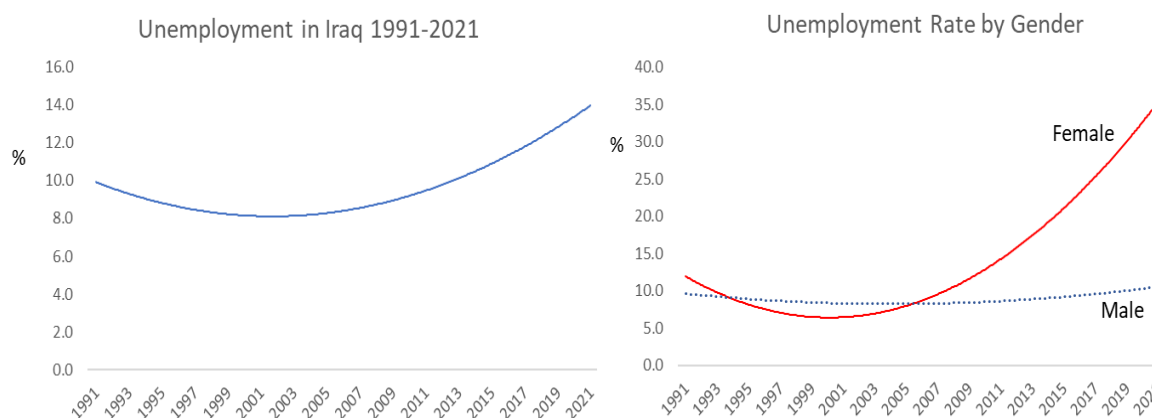
Labor Force Participation Rate and Education Level



Source : Labor Force Survey 2021.

Figure 4.7 Labor Force Participation Rate and Education Level in Iraq

The unemployment rate for Iraq as a whole was kept below 9% for more than 20 years since 1991 and was on a slight downward trend until it reached 8% in 2012. However, it began to rise the following year and has been steadily increasing every year since 2014, exceeding 10%.⁹⁹ According to the LFS2021, the unemployment rate at the national level in 2021 is currently 16.5%, higher than the ILO's model estimate of 14.2%.¹⁰⁰ An analysis of the gender gap shows that the unemployment rate for women has been increasing since 2010, reaching more than 10% and rising rapidly to more than 22% in 2014, jumping to 32.8% in 2021.¹⁰¹ The results show that soaring female unemployment is pushing up the country's overall unemployment rate.



Source: JICA Research Team using data from World Development Indicator, the World Bank 2022.

Figure 4.8 Trend of Unemployment Rate 1991-2021

Youth unemployment has been a very serious issue in the middle east and north Africa (MENA) region, especially unemployment among female youth is extremely high in all countries in MENA including Iraq. It has been always high; however, total youth unemployment rate had finally reached about 20%, has been increasing since 2014, and it has reached 27.2% in 2020.¹⁰² According to LFS 2021, 35.8% of youth whose

⁹⁹ World Development Indicator ILO modelled estimate. World Bank 2022.

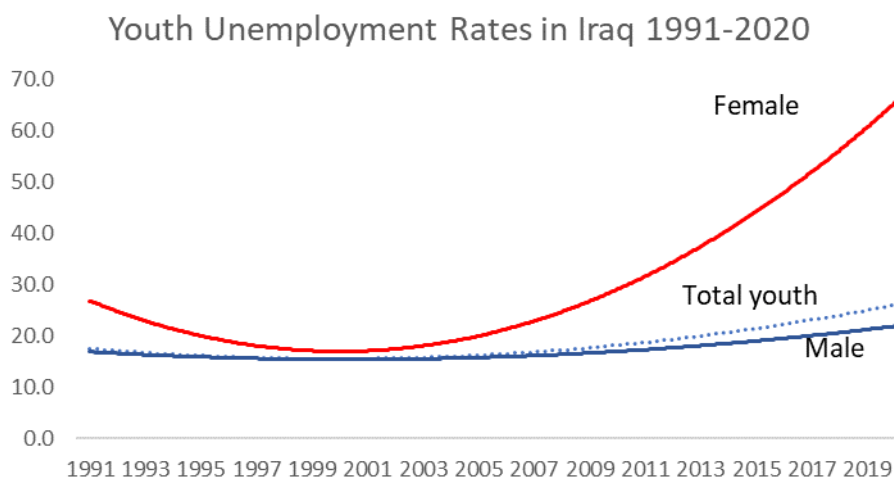
¹⁰⁰ Iraq Labor Force Survey 2021. World Development Indicator ILO modelled estimate. World Bank 2022.

¹⁰¹ World Development Indicator ILO modelled estimate. World Bank 2022.

¹⁰² Ibid.

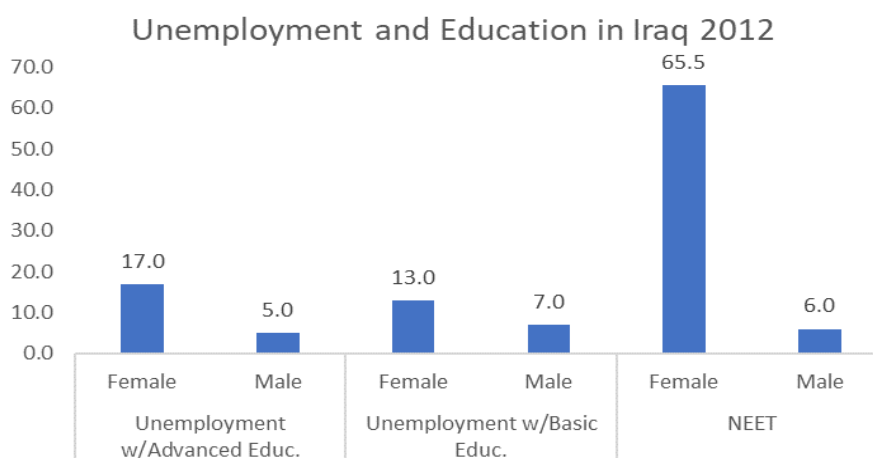
age between 15 to 24 years old are unemployed in 2021.¹⁰³

Unemployment among female youth and educated female is extremely serious issue in Iraq. It has been rapidly increased since 2009, reached 64.6% in 2020 as indicated in the Figure 4.9.¹⁰⁴ Female especially educated female and female youth are more likely to suffer from out of job. The analysis indicates that females with advanced education are 17% more likely to be unemployed compared with the male counterpart. It is stunning that 65.5% of female youth 15-24 are out of job, out of school and not under training (NEET) in 2012 which is the most recent data from the World Bank World Development Indicator.¹⁰⁵



Source: JICA Research Team using data from World Development Indicator, the World Bank 2022.

Figure 4.9 Trend of Youth Unemployment Rate 1991-2020



Source: JICA Research Team JICA Research Team using data from World Development Indicator, the World Bank 2022.

Figure 4.10 Unemployment Rates by Gender & Education, and NEET in Iraq

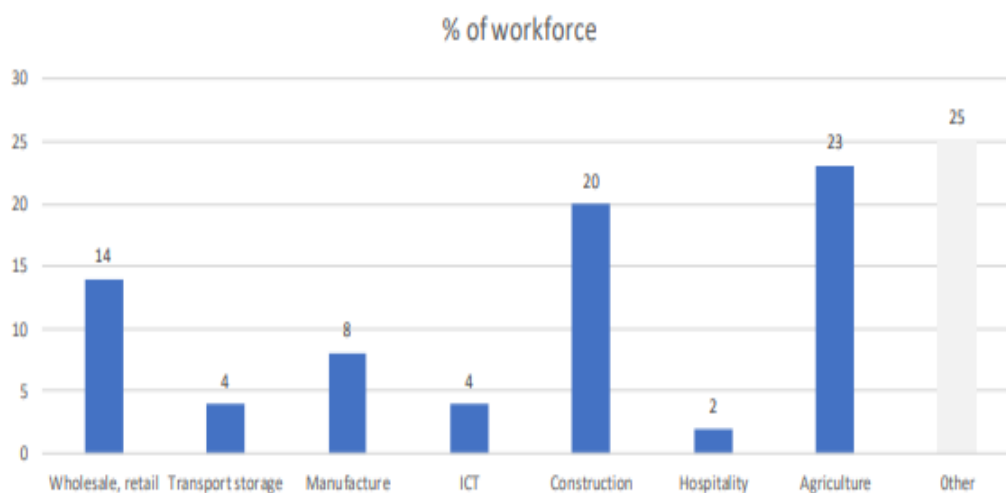
4.1.4 Employment Structure by Industry Sector (Number of Workers in Each Sector, Gender Ratio, and Age Ratio)

According to the 2019 UNESCO survey, the percentage of workers by industry sector is shown in Figure 4.11 below. According to the survey, agriculture, construction, and wholesale and retail trade are the top sectors in terms of number of workers.

¹⁰³ Iraq Labor Force Survey 2021.

¹⁰⁴ World Development Indicator ILO modelled estimate. The World Bank 2022.

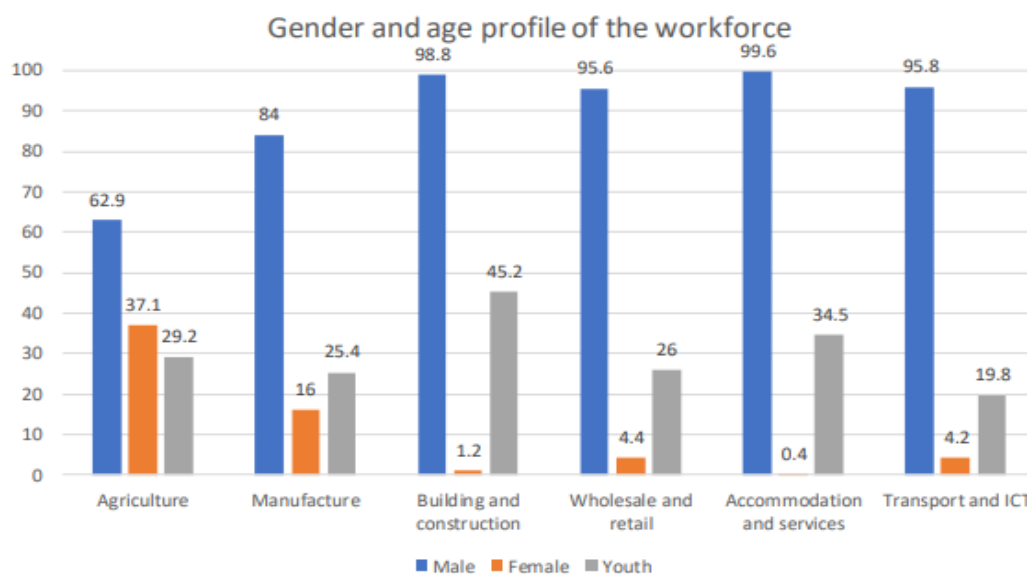
¹⁰⁵ Ibid.



Source: UNESCO (2019) Assessment of the Labour Market& Skills Analysis: Iraq and Kurdistan Region – Iraq.

Figure 4.11 Estimated Share of Each Sector in the Labor Market

Figure 4.12 below also shows the gender and youth composition of workers in each industry sector. Here, the construction industry contributes the most to job creation among young people, followed by accommodation and services, agriculture, and wholesale and retail sector.



Source: UNESCO (2019) Assessment of the Labour Market& Skills Analysis: Iraq and Kurdistan Region – Iraq.

Figure 4.12 Gender and Age Composition of Workers in Each Sector

Table 4.3 shows the number of employees at each establishment¹⁰⁶ where workers are primarily engaged in Iraq, based on the 2021 Labour Force Survey. According to the survey, the sector with the highest number of employees is construction (16.3%), followed by public administration and defense (15.9%), wholesale and retail trade (14.2%), transportation and storage (9.8%), education (9.3%), and agriculture, forestry, and fishing (8.4%).¹⁰⁷ However, it should be kept in mind that in the construction industry, a large percentage of the number of short-term workers per construction/building project is in the construction sector, which is also easily affected by the number of projects and economic conditions. Furthermore, in order to determine the

¹⁰⁶ The term "establishment" here refers to a farm, mine, factory, workshop, store, office, or similar economic unit. Therefore, it is considered that in many cases, more than one place of business is owned by a single company.

¹⁰⁷ CSO, KRSO, ILO (2021) "Iraq Labour Force Survey."

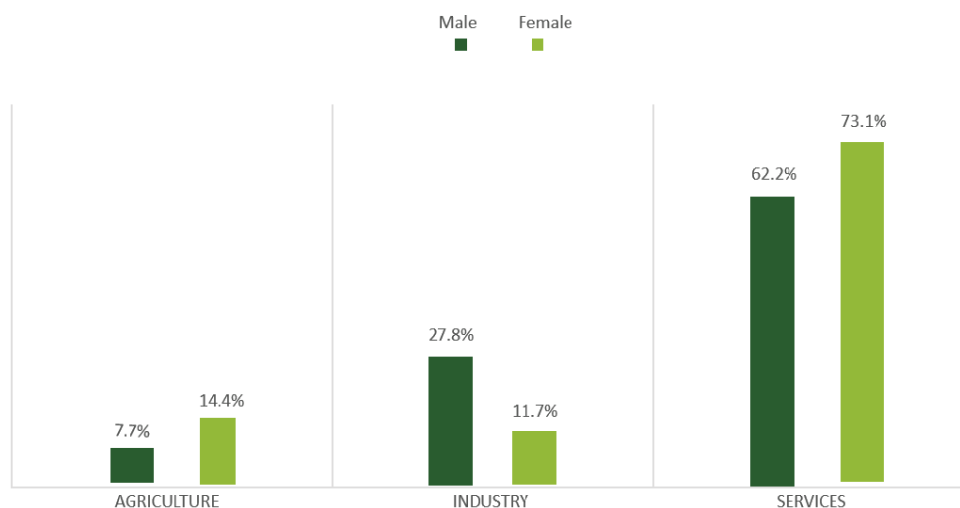
number of workers by industry sector, it is necessary to take into account the actual number of secondary jobs. In addition, it is necessary to include subsistence food production activities, especially in order to determine the number of workers by industrial sector. Furthermore, depending on the industry sector classification, agro-processing may be included in the manufacturing sector rather than agriculture, and thus the composition ratio may change.

Table 4.3 Number of Employees by Sector of Economic Activity

Branch of economic activity at main job	Number ('000)	%
Total	8'601	100.0
Agriculture, forestry and fishing	725	8.4
Mining and quarrying	60	0.7
Manufacturing	536	6.2
Electricity, gas, steam and air conditioning supply	159	1.9
Water supply; sewerage, waste management and remediation activities	75	0.9
Construction	1'403	16.3
Wholesale and retail trade; repair of motor vehicles and motorcycles	1'224	14.2
Transportation and storage	845	9.8
Accommodation and food service activities	181	2.1
Information and communication	24	0.3
Financial and insurance activities	41	0.5
Real estate activities	15	0.2
Professional, scientific, and technical activities	139	1.6
Administrative and support service activities	288	3.3
Public administration and defense; compulsory social security	1'365	15.9
Education	796	9.3
Human health and social work activities	301	3.5
Arts, entertainment, and recreation	24	0.3
Other service activities	211	2.5
Activities of households as employers; undifferentiated goods/ services producing activities of households for own use	3	0.0
Activities of extraterritorial organizations and bodies	1	0.0
Other	185	2.1

Source: CSO, KRSO, ILO (2021) "Iraq Labour Force Survey".

Figure 4.13 below then shows the employment share of workers by gender in the main industrial broad categories. It shows that more women tend to be employed in services (73.15%) and agriculture (14.4%). Note that in this study, agriculture includes forestry, fishing, and animal husbandry, while industry includes mining, quarrying, manufacturing, electricity, gas, steam, and air conditioning supply, water supply, sewerage, waste management, and construction.

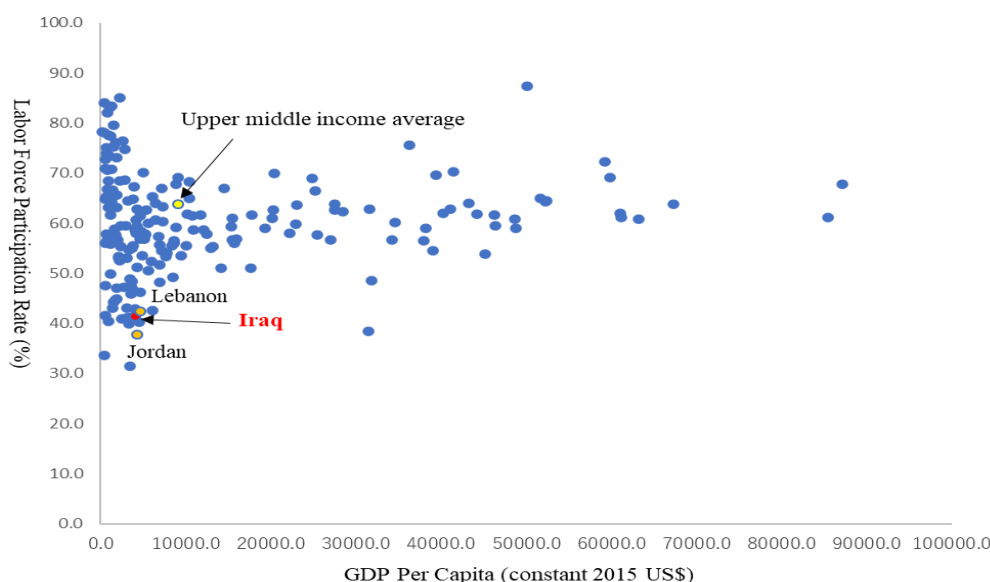


Source: CSO, KRSO, ILO (2021) "Iraq Labour Force Survey".

Figure 4.13 Share of Male and Female Employment by Broad Branch of Economic Activity at Main Job¹⁰⁸

4.1.5 Comparison with Other Countries on Basic Indicators

As mentioned earlier and indicated in the figure below, labor force participation in the Middle East and North Africa (MENA) region including Iraq is relatively low. In 2020, the total labor force participation rate in Iraq was 41.4% which is about the average of the MENA region (41.2%)¹⁰⁹; however, it is absolutely lower when compared with the rates of the countries with the similar income level in the world. According to the World Bank country classification, Iraq is ranked as an upper middle-income country. The average labor force participation rate among countries under this country classification is 63.7% in 2020.¹¹⁰



Source: JICA Research Team using data from World Development Indicator, the World Bank 2022.

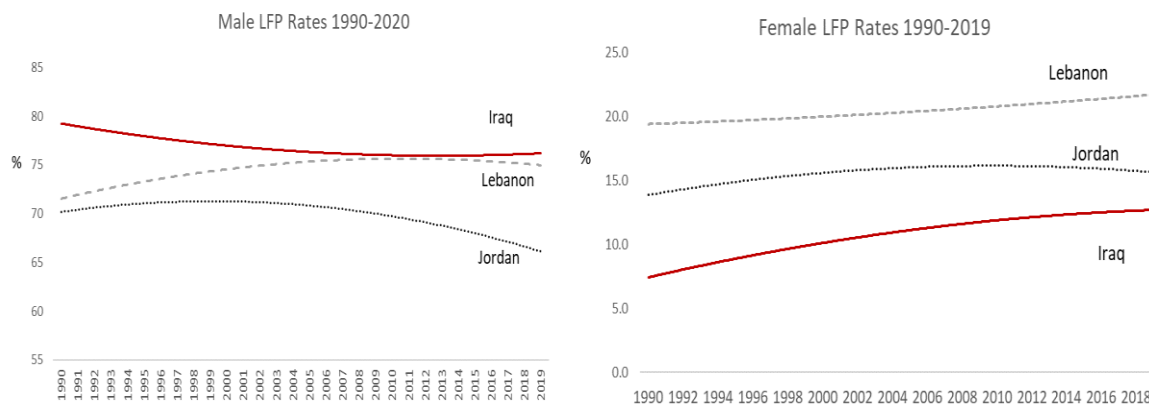
Figure 4.14 Labor Force Participation Rates vs GDP

¹⁰⁸ Total may not add up to 100% due to lack of specificity of activities.

¹⁰⁹ The calculation excludes high-income countries of MENA region such as Qatar, Kuwait, Saudi Arabia and UAE benefiting from oil-dominated economies.

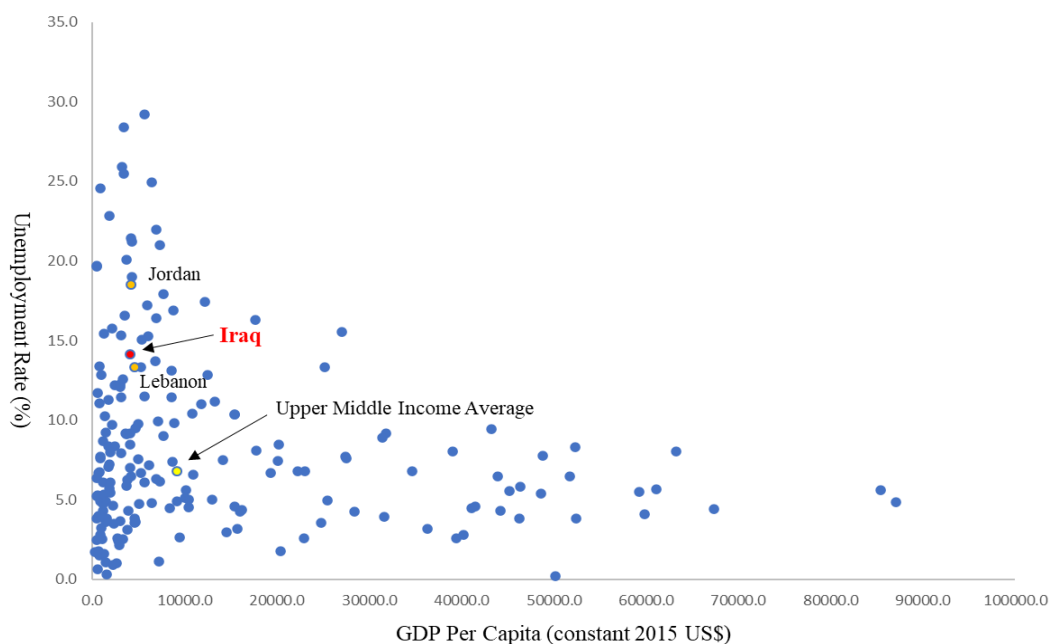
¹¹⁰ ILO modeled estimate, World Development Indicator. The World Bank, 2022. Labor force participation rate is percentage of total population working age 15 + who are in labor market.

Male labor force participation rate in Iraq has been slowly decreasing while female participation has been increasing. Male participation in Iraq has been always higher than neighboring countries such as Lebanon and Jordan as indicated in the figure below. In 2019, among male working age between 15 and 64, approximately 76.7% are participated in labor market in Iraq compared with 67.3% in Jordan and 76.3% in Lebanon. Although female participation in Iraq has been slowly increasing in the last decade, it is still as low as 11% in 2019 which is lower than Lebanon and Jordan and in fact, the second lowest to Yemen (6.1%) in the world. It is understood that this is mostly due to cultural factors such as social norms that inhibit women's economic participation and their roles in household chores and child rearing.¹¹¹



Source: JICA Research Team using data from World Development Indicator, the World Bank 2022.

Figure 4.15 Labor Force Participation Rates: Iraq vs Lebanon and Jordan



Source: JICA Research Team using data from World Development Indicator, the World Bank 2022.

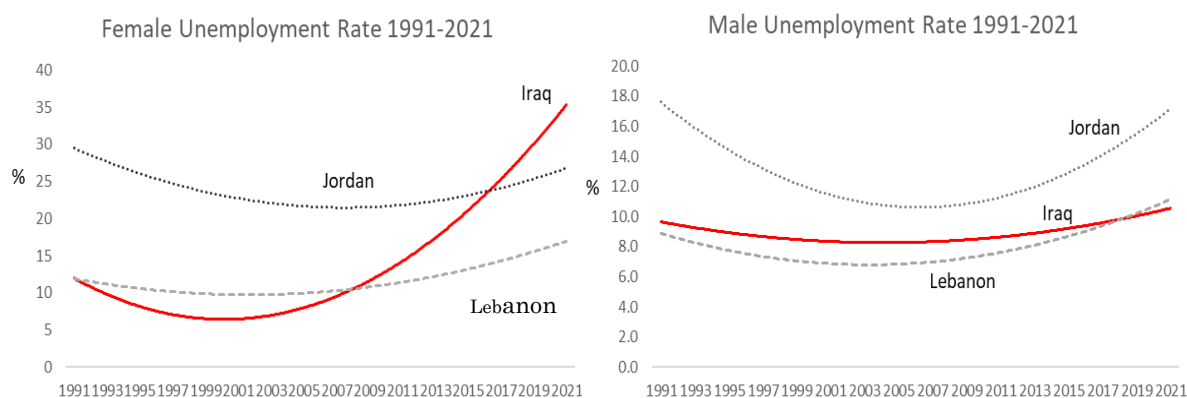
Figure 4.16 Unemployment Rates vs GDP in 2020

Iraq had been able to control unemployment to be under 10% between 1991 to 2013 at the national level; however, unemployment has increased since 2014 as female unemployment rate jumped from about 10 % in 2010 to over 22% in 2014.¹¹² The figure 4.16 above presents the cross-country analysis of unemployment rates depending on GDP Per Capita which clearly shows that negative association between income level and

¹¹¹ Information was gathered in a hearing conducted in June 2022 with the Ministry of Labor.

¹¹² ILO modeled estimate, World Development Indicator. The World Bank, 2022.

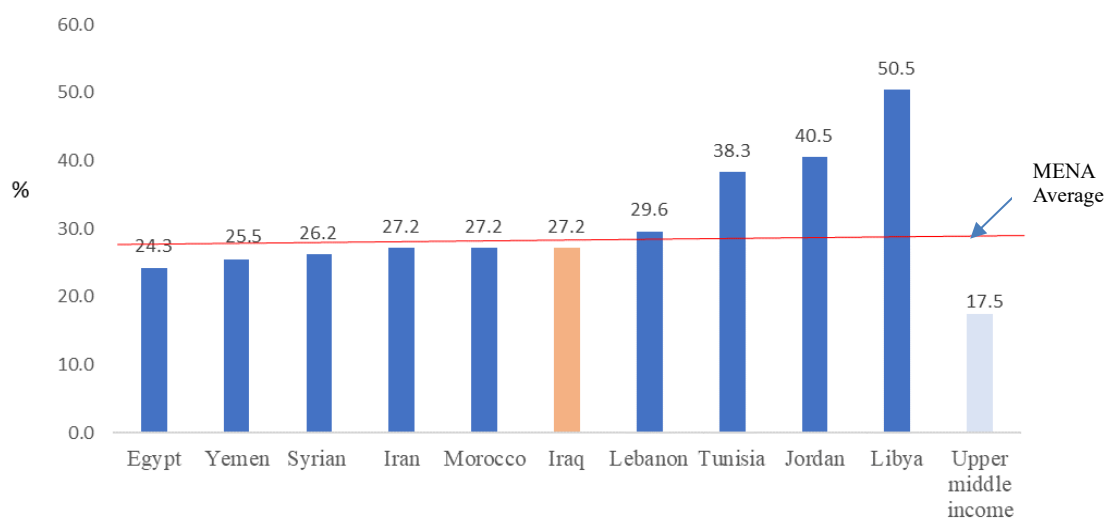
unemployment. In 2020, unemployment rate at the national level in Iraq which is calculated by the ILO modeled estimate is 14.1%.¹¹³ As it is indicated in the result of analysis, unemployment rate in Iraq is higher compared with ones in the countries with the similar income level. Absolutely higher than the average value among upper middle-income countries around the world which was 6.8% in 2020.¹¹⁴ In MENA region, unemployment is a serious issue in most of the countries in the region except high income countries, and the average unemployment rate in MENA excluded high income countries in 2020 was about 12% which is lower than one in Iraq. Jordan and Lebanon which are similar income level with Iraq are also suffering from high unemployment.¹¹⁵



Source: JICA Research Team using data from World Development Indicator, the World Bank 2022.

Figure 4.17 Unemployment Rates: Iraq vs Lebanon and Jordan

The figures above present unemployment trend in Iraq by gender compared with its in Jordan and Lebanon which are at similar income level in the region. Male unemployment in Iraq and Lebanon are shown very similar trend while unemployment among male has been even more serious in Jordan in the last few decades. Female unemployment in Iraq used to be lower than Lebanon and Jordan which was less than 10% until 2009; however, it has increased rapidly since 2010, and surpassed Jordan by 2014. In 2021, it is estimated that 32.8% of females are suffering from unemployment in Iraq while it is 27.2% in Jordan and 18.6% in Lebanon.¹¹⁶



Source: JICA Research Team using data from World Development Indicator, the World Bank 2022.

Figure 4.18 Youth Unemployment Rates: Iraq vs Countries in MENA 2021

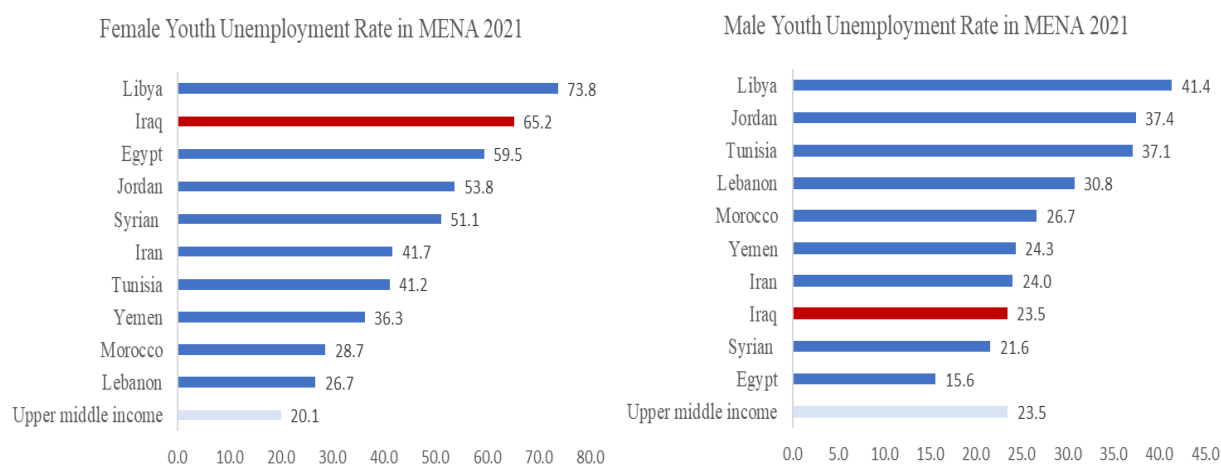
¹¹³ Ibid.

¹¹⁴ ILO modeled estimate, World Development Indicator. The World Bank, 2022.

¹¹⁵ Ibid.

¹¹⁶ Ibid.

In addition to such a recent rapid increase of female unemployment, youth unemployment is an extremely serious issue that Iraq and most of the countries in MENA need to address in order to achieve sustainable economic and social development agenda. Unemployment among youth whose age between 15 and 24 is high in MENA countries except countries with high income status. Youth unemployment rate in Iraq was 27.2% which is slightly below the regional average of 27.9% in 2021. However, when it is compared with the average of upper middle-income countries (17.5%), youth unemployment rate in Iraq is extremely higher than the average. Youth unemployment rate especially among females in Iraq is more pronounced than male counterpart. Female youth unemployment in Iraq in 2021 was 65.2%.



Source: JICA Research Team using data from World Development Indicator, the World Bank 2022.

Figure 4.19 Youth Unemployment Rates in MENA 2021 by Gender

4.1.6 Wage Trends and Average Wages by National Level, Gender, Sector, and Education Level

The average wage in Iraq differs between the private sector and the civil service, and is based on Law No. 22 of 2008, which establishes wages for civil servants according to their position, length of service, and qualifications. The Ministry of Labor and Social Affairs has prepared a recommendation to the Council of Ministers to increase the minimum wage in Iraq from the currently implemented 350,000 IQD to 450,000 IQD. This recommendation needs to be approved and agreed upon by the government authorities before it can be issued as a law.

In general, employee earnings or earnings from similar paid employment include direct wages and salaries in cash for hours worked and labor, compensation for non-working hours, bonuses and gratuities in cash, compensation in kind or services, profit-related pay, and employment-related social security benefits.¹¹⁷ Note that income from self-employment and other sources is not included because numerical data tend to be imprecise, and the wages analyzed in this section are for workers employed by a firm or organization.

(1) Number of Businesses and Summary of Industry Size and Wage Trends

The majority of the industrial sector in Iraq are small establishments; as of 2018, small establishments accounted for 96.9% (25,747), medium establishments 0.7% (198), and large establishments 2.4% (627).¹¹⁸

Table 4.4 shows the annual industry statistical summary (production value, wages and benefits) for large establishments from 2016-2020. It shows an overall decline in 2016 along with a decrease in the number and size of businesses, but both government, public sector, and private sector businesses begin to increase in size in 2020. Figure 4.21 represents wages (Wages & Salaries paid) among the above.

¹¹⁷ CSO, KRSO, ILO (2021) "Iraq Labour Force Survey."

¹¹⁸ KAPITA (2020) "Iraqi Industrial Overview" The number of employees for small establishments is 1-9, medium size is 10-29, and large size is 30 or more.

Table 4.4 Summary of Annual Industry Statistics for Large Establishments (Production Value, Wages and Benefits), 2016-2020 (million IQD)¹¹⁹

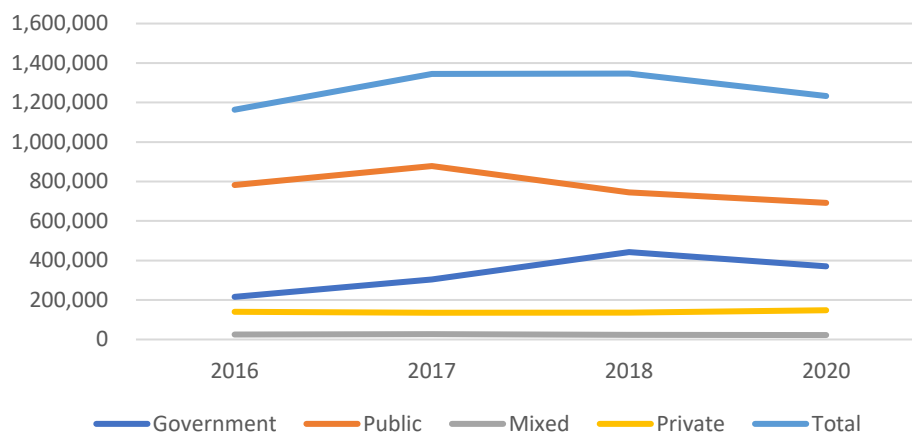
Year	Sector	Number of Establishments	Employees	Wages & Salaries paid	Benefits	Value of industrial output	Value of Input Equipment	Value of Sales
2016	Governmental	22	20,650	215,801	15,859	228,451	155,362	225,345
	Public	34	62,756	781,609	51,688	2,672,646	1,123,935	2,389,123
	Mixed	7	2,299	25,693	3,935	268,704	159,088	267,034
	Private	503	23,869	140,473	12,252	1,799,432	1,371,641	1,652,063
	Total	566	109,574	1,163,576	83,734	4,969,233	2,810,026	4,533,565
2017	Governmental	26	28,946	303,299	25,212	244,027	158,123	226,511
	Public	32	57,476	878,273	42,210	3,129,945	1,415,461	2,918,455
	Mixed	7	2,320	26,963	3,670	299,289	223,939	294,951
	Private	486	22,632	136,084	14,954	2,325,130	1,691,808	2,216,896
	Total	551	111,374	1,344,619	86,046	5,998,391	3,489,331	5,656,813
2018	Governmental	31	34,068	442,551	29,793	2,058,261	812,537	1,966,827
	Public	28	55,793	745,393	46,692	2,251,042	899,221	2,054,666
	Mixed	6	1,897	22,815	3,343	336,772	249,797	339,425
	Private	535	22,842	135,983	22,962	2,545,254	1,905,086	2,409,229
	Total	600	114,762	1,346,742	102,790	7,191,329	3,866,641	6,770,147
2020	Governmental	24	26,704	370,162	26,956	1,329,624	642,494,566	1,280,899
	Public	33	57,771	691,880	38,725	2,270,162	915,543,976	2,111,643
	Mixed	6	1,905	22,439	3,385	410,222	672,747,295	403,698
	Private	619	25,642	148,000	11,153	2,336,153	1,515,289,751	2,061,832
	Total	682	112,022	1,232,481	80,219	6,346,161	3,746,075,588	5,858,072

annotation

- The above figures do not include oil extraction activities.
- Production value is calculated at estimated factor cost and sales value at market price.
- There is a slight difference between the total and detailed values due to approximation.

Source: CSO Statistical report 2020 - Part Four – Industrial.

¹¹⁹ Governmental entities are those owned by the government, whether it carries out an administrative or organizational work and are centrally funded. Public are companies owned by the government and engage in a productive activity in the form of goods or services and self-financed.



Source: JICA Research Team using data from CSO Statistical report 2020 - Part Four – Industrial.

Figure 4.20 Annual Industry Statistics for Large Establishments (wages)

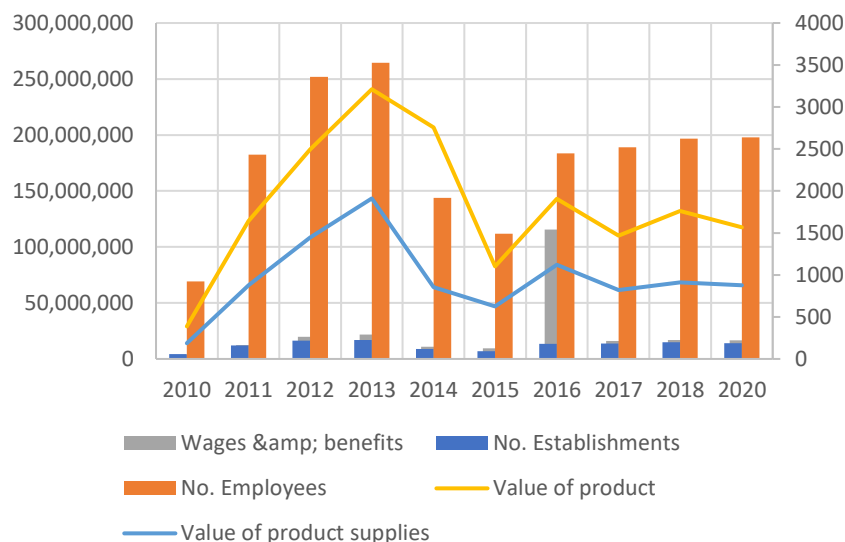
Table 4.5 presents a summary of industry statistics (thousand IQD) for medium-sized establishments for the period 2010-2020. Due to the deteriorating security situation, the overall number of businesses and workers declined as of 2014.¹²⁰ In 2015, the number of businesses had fallen to 92,000, but has shown signs of recovery. Figure 4.21 shows the transition.

Table 4.5 Summary of Industry Statistics for Medium-Sized Establishments 2010-2020 (thousand IQD)

Year	No. Establishments	No. Employees	Wages & benefits	Value of product	Value of product supplies
2010	56	923	3,473,906	29,081,583	14,037,083
2011	159	2,431	12,459,616	123,134,752	65,852,193
2012	218	3,357	19,846,262	187,019,772	108,323,107
2013	226	3,525	21,803,572	240,847,641	143,351,031
2014	120	1,916	10,991,525	206,670,686	64,203,891
2015	92	1,491	9,610,247	82,542,676	47,060,833
2016	179	2,449	115,623,809	142,863,969	84,131,513
2017	182	2,521	16,065,315	110,005,382	61,605,406
2018	198	2,624	16,913,939	132,242,036	68,276,457
2020	188	2,639	16,703,386	117,509,275	65,786,911

Source: CSO Statistical report 2020 - Part Four – Industrial.

¹²⁰ Since June 2014, the city of Mosul and many other cities in northern and western Iraq have been occupied by ISIL and other armed groups; since 2015, Iraqi forces backed by the U.S.-led Coalition of the Willing have been conducting ISIL cleanup operations.



Source: JICA Research Team from CSO Statistical report 2020 - Part Four – Industrial.

Figure 4.21 Wages and Benefits, Output, and Product Supply for Medium-Sized Establishments

The next section presents data on small establishments. Table 4.6 below provides a statistical overview of small establishments (10 or less employees) from 2009 to 2018. For small establishments, the data show growth from 2011 to 2013, but a decline from 2014 onward, and the figures have not changed significantly since then. As for Unpaid workers, they accounted for about 34% of the total workforce as of 2018, although this figure has halved from the 2014 level.

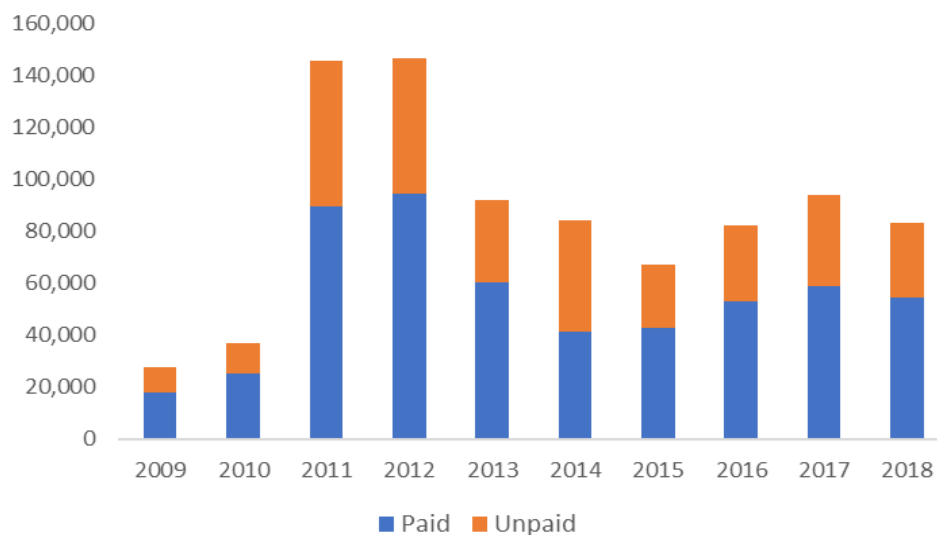
Table 4.6 Summary of Industrial Statistics for Small Establishments, 2009-2018 (thousand IQD)

Year	Number of Establishments	Number of Employees			Wages & benefits	Value product	Value of product supplies
		paid	Unpaid	Total			
2009	10,289	17,678	10,102	27,780	65,109,035	815,953,528	389,231,285
2010	11,131	25,362	11,536	36,898	105,979,212	1,556,336,009	569,746,849
2011	47,281	89,646	55,739	145,385	406,615,619	3,896,267,446	1,964,921,474
2012	43,669	94,378	51,832	146,210	485,557,552	4,567,101,970	2,066,295,408
2013	27,694	60,075	31,984	92,059	288,573,357	3,289,710,372	1,901,120,490
2014	21,809	41,304	42,968	84,272	339,409,357	1,924,980,220	932,469,816
2015	22,480	42,616	24,541	67,157	261,491,507	1,823,968,011	978,753,728
2016	25,966	53,022	28,898	81,920	333,110,574	2,079,914,583	1,026,519,317
2017	27,856	58,954	34,690	93,644	304,412,118	2,016,330,483	1,008,495,392
2018	25,747	54,617	28,758	83,375	298,801,546	1,939,288,736	1,027,279,246

Small establishments with 10 or fewer employees. KRI is not included.

Source: CSO Statistical report 2020 - Part Four – Industrial.

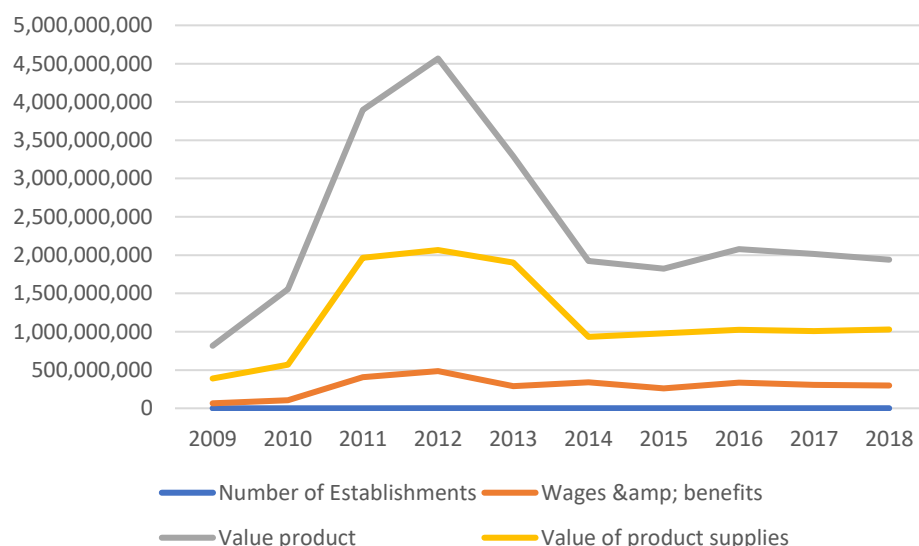
Figure 4.22 below shows the number of employees (paid and unpaid) in small establishments.



Source: JICA Research Team from CSO Statistical report 2020 - Part Four – Industrial.

Figure 4.22 Number of Employees (Paid and Unpaid) in Small Establishments (thousand IQD)

Figure 4.23 also shows wages and benefits, output, and product supply for small establishments.

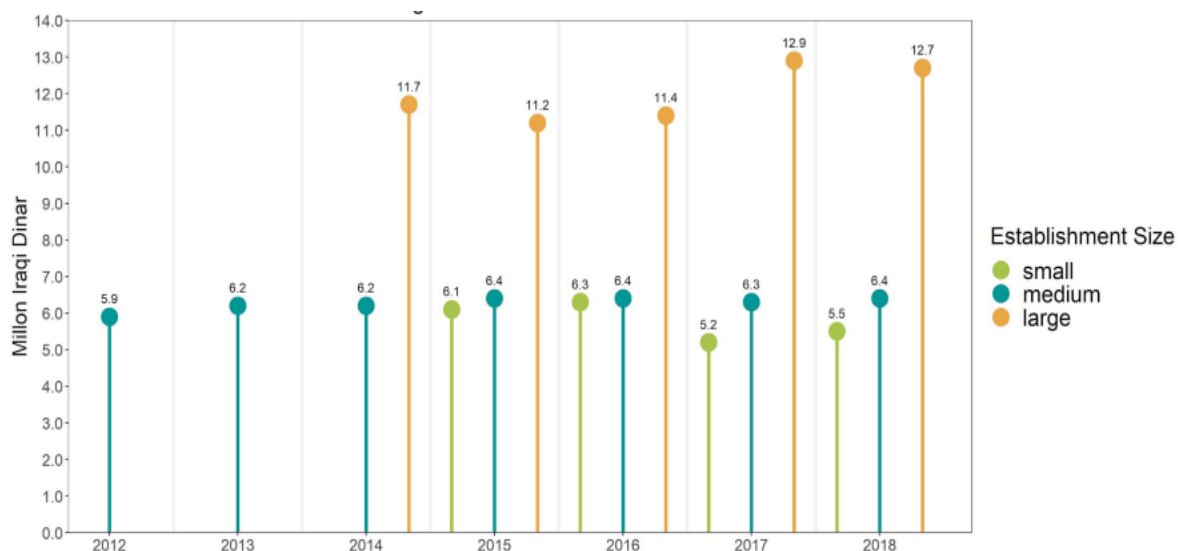


Source: JICA Research Team using data from CSO Statistical report 2020 - Part Four – Industrial.

Figure 4.23 Wages and Benefits, Output, and Product Supply of Small Establishments

Based on the above situation for large, medium, and small establishments, Figure 4.24 shows a graphical summary of the average wage trends by establishment size.¹²¹ The comparison shows that large establishments have remained much higher than small and medium establishments.

¹²¹ Small establishments have 1 to 9 employees, medium establishments have 10 to 29 employees, and large establishments have 30 or more employees.



Source: "Iraqi Industrial Overview", KAPITA (2020).

Figure 4.24 Average Annual Salaries by Establishment Size

The above changes are shown in Table 4.7 below. It shows that the number of large establishments decreased by 11.1% from 2015 to 2018, but the level of average wages increased significantly by 13.4%. For medium-size establishments, the average wage level has remained at the same level regardless of the increase in the number of establishments and employees, indicating that the industry is growing steadily. On the other hand, for small establishments, the average wage has declined despite the overall increase in the number of establishments, suggesting that the industry lacks stability.

Table 4.7 Annual Salaries, Number of Employees, and Average Wages by Size of Establishment

	Small-size Establishment			Mid-size Establishment			Large-scale Establishment		
	2015	2018	fluctuation	2015	2018	fluctuation	2015	2018	fluctuation
Total Salaries (Millions of IQD)	261,492	298,801	14.3% (in %)	10,000	17,000	70.0	1,447,000	1,449,000	0.1% (0.1%)
Number of Employees (Paid and unpaid)	67,157	83,375	24.1% (in %)	1,491	2,624	76.0% (%)	129,024	114,762	-11.1%.
average wage (Millions of IQD)	6.1	5.5	-9.8	6.4	6.4	0.0	11.2	12.7	13.4% (1)

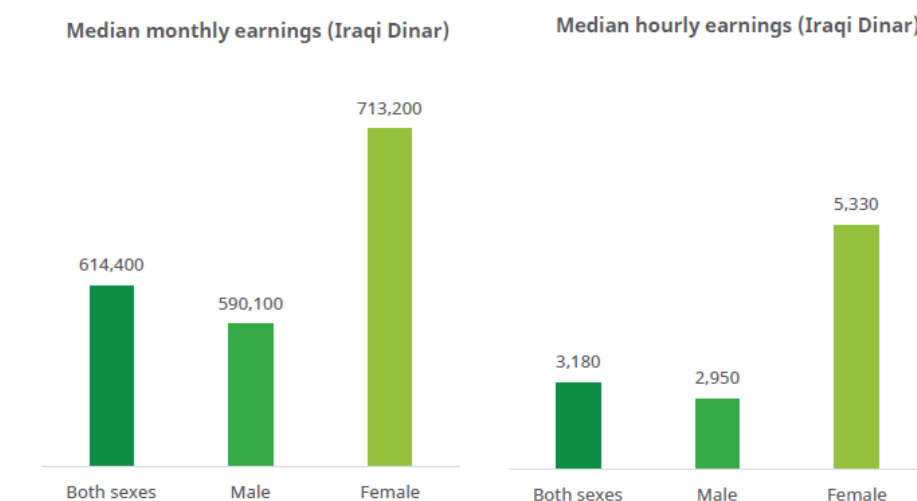
Source: JICA Research Team using data from Iraqi Industrial Overview, KAPITA (2020).

(2) Average Wage Summary

Figure 4.25 shows the median monthly and hourly earnings (by gender) of workers in their primary job (the main job if they are engaged in more than one occupation) in Iraq. The graph on the left shows that the median monthly earnings of men and women in their primary job was 614,400 IQD, with the median earnings of women and men being 713,200 IQD and 509,100 IQD, respectively, with women being significantly higher. To account for the variation in working hours, the graph on the right side is calculated in hours, with the median for men and women being 3,180 IQD, 5,330 IQD for women, and 2,950 IQD for men. The difference in income between men and women was influenced by the fact that female workers tend to be more educated than male workers, resulting in a higher median value for women with higher levels of education being

hammered out. It can be seen that education is one of the most important determinants of earnings. In addition, longer work experience naturally tends to result in higher hourly wage rates.¹²²

For this data, because the subjects are workers employed by companies and organizations, the data do not reflect unpaid work, work for a subsistence, and other aspects that do not appear in the statistical data.



Source: CSO, KRSO, ILO (2021) "Iraq Labour Force Survey."

Figure 4.25 Median Monthly and Median Hourly Earnings of Workers in Their Main Job (Primary Job If Engaged in More Than One Occupation), by Gender¹²³

Table 4.8 shows the average hourly wage for men and women in the main job by education and age. The left-hand side of the table shows the data by educational attainment, indicating that hourly wages increase as educational attainment increases, with a significant increase at the secondary level and above. The right-hand side shows data by age, indicating that hourly wages increase with work experience, but after the age of 65, men's hourly wages drop significantly, while women's hourly wages increase significantly above the age of 65.

Table 4.8 Average Hourly Earnings in Main Job, by Education and Age

Educational attainment	Male	Female	Ratio of (2) to (3)	Age group	Male	Female	Ratio of (6) to (7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	3,350	5,070	0.7	Total	3,350	5,070	0.7
Illiterate	2,540	2,630	1.0	15-24	1,990	3,530	0.6
Read/write	2,610	2,340	1.1	25-34	2,970	3,820	0.8
Elementary	2,900	3,050	1.0	35-44	3,710	5,060	0.7
Intermediary	3,090	3,650	0.8	45-54	4,560	6,200	0.7
Secondary	3,760	4,400	0.9	55-64	5,150	6,470	0.8
University+	5,250	5,660	0.9	65+	3,290	9,980	0.3

Source: JICA Research Team using data from CSO, KRSO, ILO (2021) "Iraq Labour Force Survey".

However, in addition to education and age, there are large differences in income by occupation. In order to analyze wage trends, it is necessary to understand the trend of occupations with lower salary levels in

¹²² CSO, KRSO, ILO (2021) "Iraq Labour Force Survey."

¹²³ Calculated as 1,450 IQD = 1 USD (2021).

addition to the above median figures. Based on the ILO definition¹²⁴, 43% of men and 21% of women fall into this category.

Table 4.9 shows the percentage of low-paid workers. In particular, looking at the data by age group on the left-hand side for the 15-24 age group, 74.5% of men are in low-paid jobs, while only 34.3% of women are in low-paid jobs. For both men and women, the percentage of low salary levels declines with age, but tends to increase again after age 65. The right-hand side of the data by educational background shows that although the percentage of low salaries declines as educational background increases, the fact that 15.1% of workers with college degrees or higher are low paid must be recognized.

Table 4.9 Percentage of Low-salaried Employees in Main Job, by Gender, Age, and Education

Age group	Total	Male	Female	Educational attainment	Total	Male	Female
Total	39.9	42.7	21.1	Total	39.9	42.7	21.1
15-24	72.1	74.5	34.3	Illiterate	66.4	66.2	69.3
125-34	46.3	47.8	30.9	Read/write	56.5	55.8	80.2
35-44	28.8	30.1	20.0	Elementary	50.8	50.9	44.1
45-54	23.0	24.9	14.9	Intermediary	44.2	43.6	58.4
55-64	17.1	19.3	11.1	Secondary	27.2	29.0	19.4
65+	55.3	56.8	37.1	University+	15.1	16.1	13.0

Source: JICA Research Team using data from CSO, KRSO, ILO (2021) "Iraq Labour Force Survey".

Low-paid occupations, in which younger workers account for a particularly large share of the total, are shown in Table 4.10 below. The sectors with the largest percentages of low-salaried workers are wholesale/retail and vehicle repair (80.2%), arts and entertainment (78.0%), and construction (72.4%).

Table 4.10 Percentage of Low-paid Level Workers by Main Economic Activity

Main Economic Activity	(%)
Wholesale and retail trade; repair of motor vehicles and motorcycles	80.2
Arts, entertainment and recreation	78.0
Construction	72.4
Agriculture, forestry and fishing	72.0
Accommodation and food service activities	68.7
Activities of households as employers; undifferentiated goods/services producing activities of households for own use	65.6
Other service activities	62.9
Transportation and storage	55.2
Water supply; sewerage, waste management and remediation activities	52.7
Manufacturing	52.6
Electricity, gas, steam and air conditioning supply	40.7
Real estate activities	39.3

¹²⁴ According to the ILO, the low-income level is defined as a group earning less than 2/3 of the median hourly wage. ILO Decent Work Indicators Guidelines for Producers and Users of Statistical and Legal Framework Indicators, ILO Manual, Second Version, December 2013, pp. 76-78.

Administrative and support service activities	33.3
Financial and insurance activities	30.2
Human health and social work activities	18.8
Professional, scientific and technical activities	14.9
Mining and quarrying	13.1
Information and communication	12.5
Education	10.0
Public administration and defense; compulsory social security	7.8
Activities of extraterritorial organizations and bodies	0.0

Source: JICA Research Team using data from CSO, KRSO, ILO (2021) "Iraq Labour Force Survey".

4.2 Basic information on Existing Entities

The following sections summarize a summary on existing entities, primarily by industry sector.

4.2.1 Number and Scale of Business Entities by Industry Sector

In this section, the number of establishments by business size (large, medium, and small) is classified by industry sector. In Iraq's industrial sector, the food and beverage sector has the largest number of establishments (31.9%), with 8,229 small establishments, 66 medium-sized establishments, and 182 large establishments. The second most active sector is the metalworking industry (23.5%) with 6,234 small establishments and 3 large establishments, and the third most active sector is furniture manufacturing (20.7%) with 5,500 small establishments, 2 medium establishments, and 3 large establishments, the majority of which are small establishments.

Looking at the top industrial sectors in terms of production output for large establishments, the coke and refined petroleum products industry is the largest industrial sector, with a size of 3,740,948,584 million IQD as of 2018. The food and beverage manufacturing industry is the second largest with 1,568,339,621 million IQD.¹²⁵

Table 4.11 shows the size of wages and benefits by industry and sector in large industrial establishments in the industrial sector at the national level. Depending on the industrial sector, there are large differences in the size of industries, with some sectors divided into government, public, and private sectors and others skewed. The industrial sector with the largest total wages and benefits is the coke and refined petroleum products industry with 472,151,078 thousand IQD (about 43.1 billion JPY), followed by the other non-metallic mineral products industry with 169,996,563 thousand IQD (about 15.5 billion JPY) and other machinery and electronic equipment manufacturing with 106,959,071 thousand IQD (about 9.8 billion JPY).

While the food and beverage manufacturing industry has larger figures in the top industrial sectors of output mentioned above, the non-metallic mineral products industry outperforms the food and beverage manufacturing industry in wages and benefits. Along with the cost/output link, this may be due to differences between industrial sectors with a high percentage of workers in some industrial sectors working for relatively low wages.

Table 4.11 Wages and Benefits in Large Industrial Establishments in the Industrial Sector by Industry and Sector, 2020 (thousand IQD)

Type of Industry	Sector	Wages	Benefits	Total
Other Mining and Quarrying	Governmental	954,897	8,790	963,687

¹²⁵ KAPITA (2020) "Iraqi Industrial Overview"

Type of Industry	Sector	Wages	Benefits	Total
	Public	9,912,408	0	9,912,408
	Mixed	0	0	0
	Private	0	0	0
	Total	10,867,305	8,790	10,876,095
Food industry	Governmental	0	0	0
	Public	37,494,828	3,808,766	41,303,594
	Mixed	1,446,754	223,035	1,669,789
	Private	32,545,883	2,463,087	35,008,970
	Total	71,487,465	6,494,888	77,982,353
Beverages industry	Governmental	0	0	0
	Public	0	0	0
	Mixed	17,487,169	2,922,229	20,409,398
	Private	11,036,594	1,782,098	12,818,692
	Total	28,523,763	4,704,327	33,228,090
Textile industry	Governmental	16,828,654	338,910	17,167,564
	Public	14,027,070	859,380	14,886,450
	Mixed	0	0	0
	Private	0	0	0
	Total	30,855,724	1,198,290	32,054,014
Ready dressing industry	Governmental	20,725,778	0	20,725,778
	Public	23,111,860	0	23,111,860
	Mixed	0	0	0
	Private	0	0	0
	Total	43,837,638	0	43,837,638
Leather & leather products industry	Governmental	20,139,043	860,263	20,999,306
	Public	0	0	0
	Mixed	0	0	0
	Private	0	0	0
	Total	20,139,043	860,263	20,999,306
Wood, wood products and cork except furniture	Governmental	0	0	0
	Public	0	0	0
	Mixed	0	0	0
	Private	257,400	8,364	265,764
	Total	257,400	8,364	265,764
Paper and paper products	Governmental	0	0	0
	Public	0	0	0
	Mixed	501,804	38,227	540,031
	Private	5,850	1,488	7,338
	Total	507,654	39,715	547,369
Printing and publishing and reproduction of recorded media	Governmental	1,272,062	4,080	1,276,142
	Public	8,645,519	278,098	8,923,617
	Mixed	386,240	13,290	399,530
	Private	261,819	11,592	273,411
	Total	10,565,640	307,060	10,872,700
Coke and refined petroleum products industry	Governmental	201,943,568	14,753,193	216,696,761
	Public	239,795,232	12,669,400	252,464,632
	Mixed	0	0	0
	Private	2,712,900	276,785	2,989,685

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Type of Industry	Sector	Wages	Benefits	Total
	Total	444,451,700	27,699,378	472,151,078
Chemical substances and products industry	Governmental	59,507,598	5,496,292	65,003,890
	Public	38,270,081	3,133,244	41,403,325
	Mixed	0	0	0
	Private	1,505,753	124,640	1,630,393
	Total	99,283,432	8,754,176	108,037,608
Manufacture of chemicals and chemical products	Governmental	0	0	0
	Public	43,239,024	0	43,239,024
	Mixed	252,290	42,499	294,789
	Private	802,040	234,744	1,036,784
	Total	44,293,354	277,243	44,570,597
Rubber and plastics industry	Governmental	115,326	0	115,326
	Public	0	0	0
	Mixed	2,365,678	145,343	2,511,021
	Private	16,129,636	197,629	16,327,265
	Total	18,610,640	342,972	18,953,612
Other non-metallic mineral products industry	Governmental	15,243,282	5,381,507	20,624,789
	Public	62,506,001	2,763,348	65,269,349
	Mixed	0	0	0
	Private	78,251,419	5,851,006	84,102,425
	Total	156,000,702	13,995,861	169,996,563
Basic metals industry (main metal products industry)	Governmental	0	0	0
	Public	0	0	0
	Mixed	0	0	0
	Private	971,725	85,152	1,056,877
	Total	971,725	85,152	1,056,877
Industry composite metal products, except machinery and equipment	Governmental	0	0	0
	Public	23,882,306	333,200	24,215,506
	Mixed	0	0	0
	Private	202,965	5,088	208,053
	Total	24,085,271	338,288	24,423,559
Machinery and electrical appliances not classified elsewhere	Governmental	0	0	0
	Public	96,244,672	7,887,731	104,132,403
	Mixed	0	0	0
	Private	2,729,900	96,768	2,826,668
	Total	98,974,572	7,984,499	106,959,071
Manufacture of machinery and equipment not classified elsewhere	Governmental	33,431,377	113,000	33,544,377
	Public	39,784,736	3,081,440	42,866,176
	Mixed	0	0	0
	Private	0	0	0
	Total	73,216,113	3,194,440	76,410,553
Motor-vehicle industry	Governmental	0	0	0
	Public	54,598,000	3,910,594	58,508,594
	Mixed	0	0	0
	Private	491,500	7,740	499,240
	Total	55,089,500	3,918,334	59,007,834
	Governmental	368,007	0	368,007
	Public	0	0	0

Type of Industry	Sector	Wages	Benefits	Total
Furniture Industry and manufacture products not classified elsewhere	Mixed	0	0	0
	Private	94,500	7,190	101,690
	Total	462,507	7,190	469,697
Grand Total	Governmental	370,161,585	26,956,035	397,117,620
	Public	691,879,744	38,725,201	730,604,945
	Mixed	22,439,935	3,384,623	25,824,558
	Private	147,999,884	11,153,371	159,153,255
	Total	1,232,481,148	80,219,230	1,312,700,378

Source: CSO Statistical report 2020 - Part Four – Industrial.

Table 4.12 below shows the number of small establishments by industry and their employees and wages and benefits. The food and beverage sector had the largest number of establishments in the industry sector at 8,229, followed by industrial composite metal products (excluding machinery, equipment, and facilities) at 6,234.

Based on this data, the average wage level is 6,202 thousand IQD in the food and beverage sector, which has the largest number of establishments, and 5,051 thousand IQD in industrial complex metal products (excluding machinery and equipment), but there are many unpaid workers in both sectors, and the wage level cannot be considered good for the industry based on this data.

Table 4.12 Number of Small Establishments and Number of Employees and Wages by Industry, 2018 (thousand IQD)

Type of Industry	Number of Establishments	Number of Employees				Wages and benefits
		Paid	Unpaid	Total	Juvenile	
Other Mining and Quarrying	2		4	4	-	-
Food and beverage	8,229	25,963	8,530	34,493	627	161,032,544
Beverage industry	108	188	111	299	0	618,526
Textile industry	411	217	462	679	24	792,395
Tailoring, dressing and dyeing of fur	2,498	1,694	2,931	4,625	106	6,847,869
Leather and products of the leather industry	30	33	31	64	1	139,733
Manufacture of wood and products of wood and cork, except furniture	267	400	285	685	0	1,523,657
Paper and paper products	3	20	2	22	0	88,200
Printing and publishing and reproduction of recorded media	266	528	345	873	4	2,675,013
Coke and refined petroleum products	8	37	8	45	0	471,450
Manufacture of chemicals and chemical products	8	35	6	41	0	263,350
Manufacture of rubber and plastics	551	1,152	626	1,778	15	4,527,505
Non-metallic mineral products industry other	1,446	5,520	1,505	7,025	22	23,268,010
Manufacture of basic metals	2	2	2	4	0	13,200
Industry composite metal products, except machinery and equipment	6,234	9,465	7,126	16,591	134	47,811,150

Type of Industry	Number of Establishments	Number of Employees				Wages and benefits
		Paid	Unpaid	Total	Juvenile	
Manufacture of computers, electronic and optical instruments and medical appliances	48	72	48	120	0	374,400
Machinery and electrical	35	73	52	125	1	312,367
Manufacture of machinery and equipment not classified elsewhere	19	68	22	90	0	192,975
Manufacture of motor vehicles,	2	5	2	7	0	36,000
Other transport equipment industry	12	19	15	34	0	74,700
Furniture Industry and manufacture products not classified elsewhere	5,500	9,097	6,525	15,622	311	47,486,502
Other manufactures	68	29	120	149	0	252,000
Grand Total	25,747	54,617	28,758	83,375	1,245	298,801,546

Note: Data do not include KRI.

Source: CSO Statistical report 2020 - Part Four – Industrial.

Table 4.13 below shows the number of medium-sized establishments and the number of employees, wages and benefits. As with the small establishments, the largest number of employees is in the food and beverage sector (1,309), followed by the non-metallic mineral products industry (1,017). Based on this data, the average wage level is 7,444 thousand IQD for the manufacture of chemicals and chemical products, followed by the non-metallic mineral products industry at 6,994 thousand IQD, while the food and beverage sector is slightly lower at 5,881 thousand IQD. Although the food and beverage sector appears to have relatively low wage levels for both large and medium establishments, this is influenced by output and costs, as well as macroeconomic factors such as distribution and markets. The number of employees in the same industry is also a factor in the wage level of the same company. While direct comparative analysis between industries is difficult with these figures due to the possible effects of wage disparities by employee job level and other factors, it is possible to understand trends in size and wage levels across industries.

Table 4.13 Number of Medium-sized Establishments, Employees, and Wages by Industry, 2020 (thousand IQD)

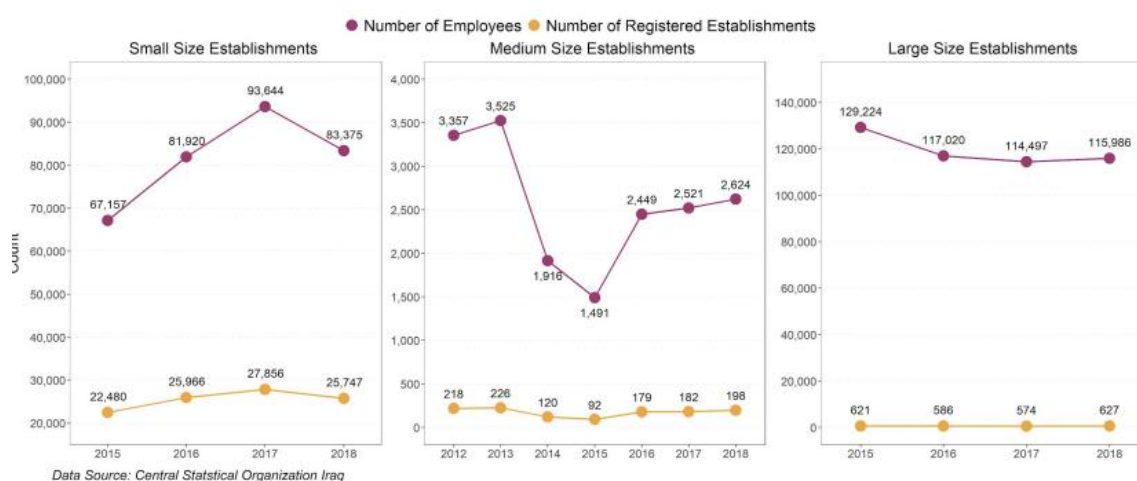
Type of Industry	Number of Establishments	Number of Employees	Wages and benefits
Food and beverage	71.00	1,124.00	6,521,798.00
Beverage industry	13.00	185.00	1,177,551.00
Textile industry	-	-	-
Tailoring, dressing and dyeing of fur	1.00	10.00	33,780.00
Leather and products of the leather industry	-	-	-
Manufacture of wood and products of wood and cork, except furniture	1.00	10.00	10,860.00
Paper and paper products	1.00	12.00	49,000.00
Printing and publishing and reproduction of recorded media	-	-	-
Coke and refined petroleum products	2.00	22.00	90,196.00

Type of Industry	Number of Establishments	Number of Employees	Wages and benefits
Manufacture of chemicals and chemical products	6.00	77.00	573,222.00
Pharmaceutical and chemical preparations, drug and plant medical products industry	2.00	44.00	291,986.00
Manufacture of rubber and plastics	7.00	86.00	546,576.00
Non-metallic mineral products industry other	80.00	1,017.00	7,112,996.00
Manufacture of basic metals	-	-	-
Machinery and electrical appliances	1.00	11.00	52,816.00
Manufacture of machinery and equipment not classified elsewhere	1.00	10.00	56,805.00
Furniture Industry and manufacture products not classified elsewhere	2.00	31.00	185,800.00
Grand Total	188.00	2,639.00	16,703,386.00

Note: Data do not include KRI.

Source: CSO Statistical report 2020 - Part Four – Industrial.

Figure 4.26 below shows the number of registered establishments and employees by size in graphical form. The survey's definition of establishment size is 1-9 employees for small establishments, 10-29 employees for medium-sized establishments, and 30 or more employees for large establishments.



Source: KAPITA (2020) "Iraqi Industrial Overview".

Figure 4.26 Number of Registered Businesses and Employees by Size

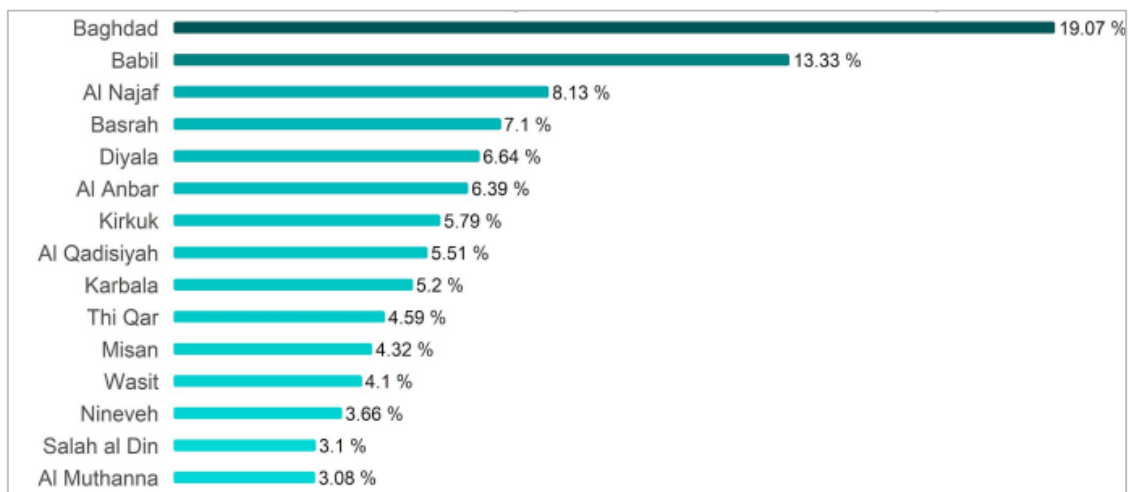
The number of small-sized establishments in the industrial sector in Iraq was 25,747 (96.9%) in 2018, with 198 (0.7%) medium-sized and 627 (2.4%) large. Small businesses, which make up the majority, absorb the majority of employment.¹²⁶

4.2.2 Number of Entities and Scale of Operations by Region

Looking at the number of establishments by region, Baghdad has the largest number of establishments at 19.07%, followed by Babil (13.33%) and Al Najaf (8.13%). There may be multiple factors that determine the

¹²⁶ KAPITA (2020) "Iraqi Industrial Overview."

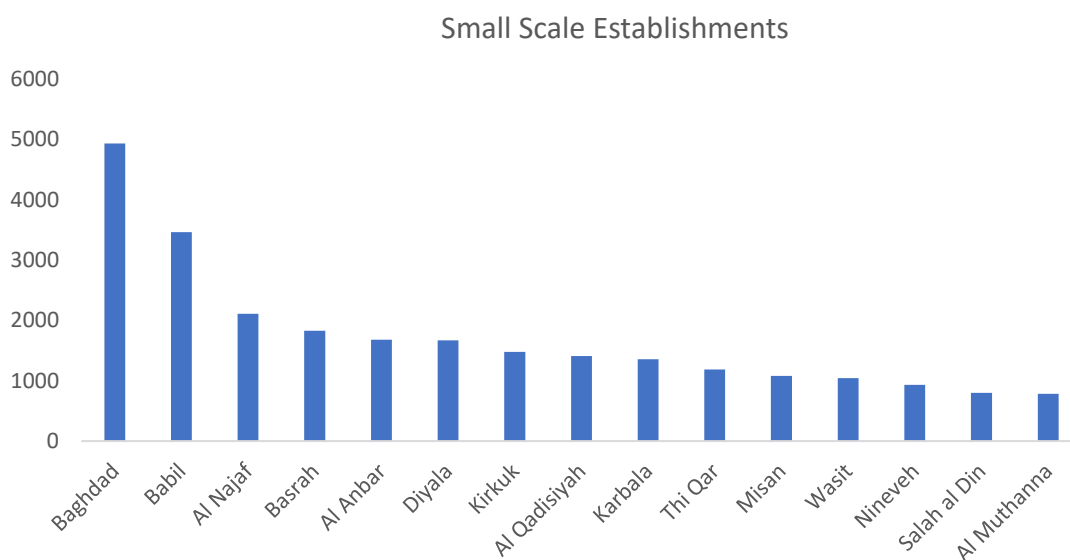
business location, and in Iraq, these may include political background, security factors, and also sourcing raw materials.¹²⁷ In addition, population size, market, and logistics are also important factors.



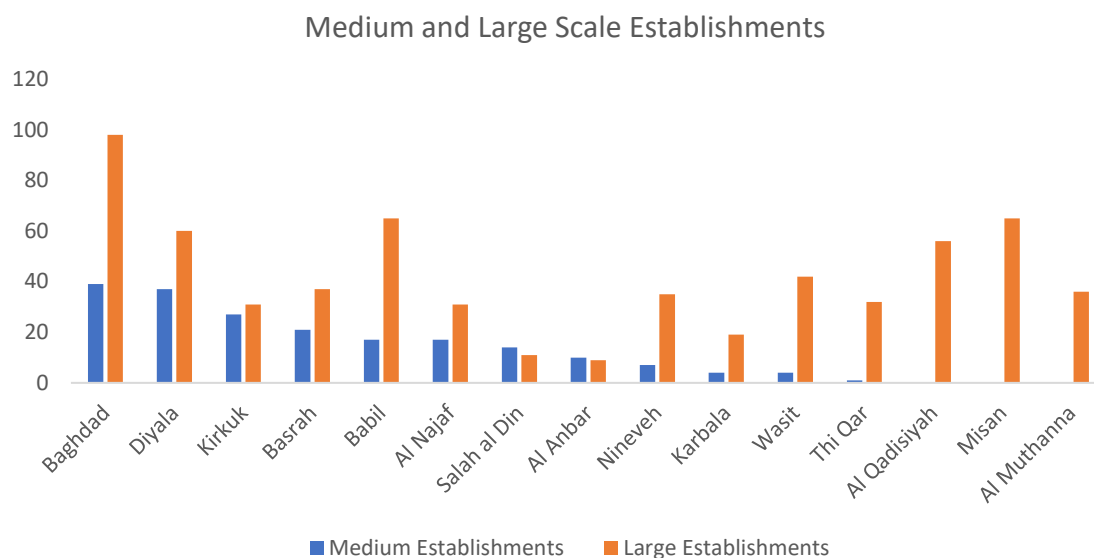
Source: KAPITA (2020) "Iraqi Industrial Overview".

Figure 4.27 Percentage of Industrial Sector Establishments by City, 2018

Figure 4.28 below shows the number of establishments in each city by size of establishment. Baghdad has the largest size of establishments for all business sizes.



¹²⁷ KAPITA (2020) "Iraqi Industrial Overview."



Source: KAPITA (2020) "Iraqi Industrial Overview".

Figure 4.28 Number of Establishments in the Mining Sector by City and Size of Operation

4.3 Future Labor Market Outlook

4.3.1 Labor Force and Unemployment Rate Forecast

It is expected that number of labor force will rise in the next 10 year as the population in Iraq is increasing according to MOLSA.¹²⁸ Since Iraq is one of the countries gifted with a large proportion of young people, this will be a great opportunity as well as a challenge that could lead to a further rise of unemployment especially among youth in the absence of well-tailored programs to address it.¹²⁹

Civil service recruitment in the country remains largely decentralized. Payrolls are still performed by local governments that is not systematized causing irregular and often incomplete transactions. Under this circumstance, it is nearly impossible for MOLSA to accurately determine the size of the workforce. According to official statistics, however, there were 365,000 new government employees hired between 2017 and 2020, bringing the total number of government employees to 3.3 million in 2021.¹³⁰ This figure is believed to be considerably lower than actual one since it excludes contractors, day laborers, and various categories of local government employees whose salaries are paid from the federal budget. Anecdotal evidence and press reports put the number of civil servants is closer to 4 million.¹³¹

While it is unsustainable for the government to be the primary employer, as it has been in the past, limited employment opportunities in the private sector make the government agencies attractive for young people.

Whereas the labor force population of young people is growing rapidly, youth unemployment has increased significantly, as discussed in the previous chapter. Public sector wages and pensions currently consume majority of oil revenues, and the government's ability to absorb an estimated 450,000 new entrants annually in the future is extremely limited.¹³² Even if the government were able to hire approximately 120,000 new workers per year, as it has so far, Iraq's labor market would still be dominated by the unemployed, especially young people and women, and the unemployment rate is likely to increase every year, as it has been in the past, given the fact of lacking employment opportunities in the private sector.

As the world moves away from oil in the years to come, a fundamental review of the national employment policy is an urgent task for Iraq to halt high youth unemployment while finding a way to revitalize the private sector.

¹²⁸ Ministry of Labor and Social Welfare, Iraq.

¹²⁹ Ministry of Labor and Social Welfare, Iraq.

¹³⁰ IMF Country Report No. 21/38. IMF February 2021.

¹³¹ Ibid.

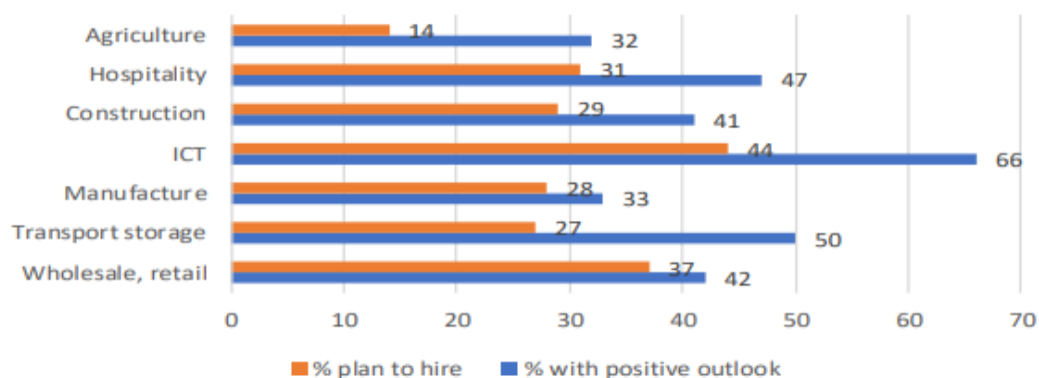
¹³² Ibid.

4.3.2 Potential Growth Industries

In the non-oil industry, the views on potential future growth industries in terms of employment growth are summarized below.

UNESCO's survey of enterprises shows the following Figure 4.29 on the outlook for industry sectors and employment growth. It shows that more enterprises in the ICT sector plan to expand employment than in other industry sectors, and many enterprises believe that the outlook is positive for the next five years.

Following the ICT sector, the transportation and hospitality sectors have the most favorable outlook. The wholesale and retail trade sector, which is considered to absorb a relatively large amount of employment, has the second largest number of firms planning employment growth after the ICT sector.

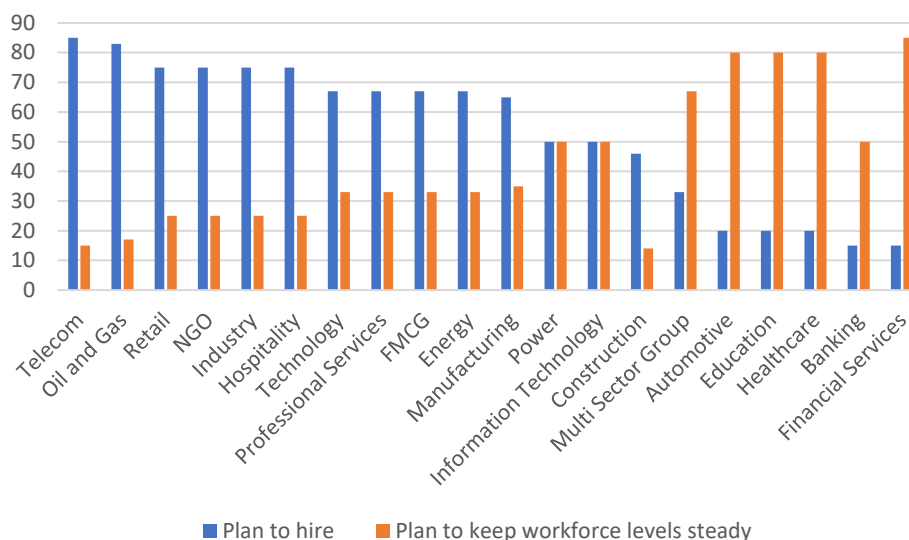


Source: UNESCO (2019) Assessment of the Labour Market & Skills Analysis: Iraq and Kurdistan Region – Iraq.

Figure 4.29 Firms with Employment Plans and Favorable 5-Year Outlook

According to an MSELECT survey of more than 500 companies conducted after the COVID-19 pandemic, the percentage of companies by industry sector that said they are considering hiring in the future is shown in Figure 4.30 below. Seventy-eight percent of all companies surveyed said they are considering hiring more workers in the future. The highest percentage of firms in the telecommunications sector (85%), followed by oil and gas (83%), and then retail, NGOs, mining, and human services, including hotels, restaurants, and travel (all 85%). The ICT sector, at 50%, is not high, but the study's classification method includes telecommunications and technology, so if this is considered ICT, it is an industry sector with high potential for employment growth. Many companies in financial services (85%), health care (80%), education (80%), and automotive (80%) also indicated that they would maintain employment levels. No respondents indicated that they were considering reducing employment.

ICT is also cross-sectoral. For example, if the digitalization of the manufacturing and service industries and the proliferation of the Internet of Things (IoT) are taken in a broader context, employment of people with knowledge and technical backgrounds in ICT is highly possible in a wide range of industrial sectors. In this regard, the impact of developing human resources with skills in ICT, which are widely needed in the industrial sector, will have a significant impact on employment growth.



Source: MSELECT (2022) "Iraq Employment Outlook Survey 2022."

Figure 4.30 Hiring Outlook by Companies (January-June)

4.4 Labor Market Challenges

4.4.1 Lack of Employee Skills from the Employer's Perspective

A major challenge observed throughout the survey was the lack of skills among potential hires. In terms of the skills of employees or potential hires from the employer's perspective, according to a company survey by MSELECT, the most frequently reported skills lacking are accounting (39%), engineering (36%), and management (33%).¹³³

Many companies expect to hire employees who are ready to work immediately, which is generally a hurdle for young people with little work experience. Some organizations offer training opportunities as needed, and some companies have established relationships with education and training institutions, although these are likely to be limited in number. A UNESCO study¹³⁴ found that, the content taught at educational institutions is theory-oriented and not practical in common with several sectors. In any case, it is clear from the survey of companies that the improvement of technical skills is an indispensable aspect of expanding employment among young people. In addition, since many companies feel that they lack general skills (soft skills such as teamwork, work attitude, communication, etc.) rather than specialized skills, business training opportunities to supplement such lack of knowledge are also desired.

On the other hand, some companies have low expectations of the skill level of their employees in the first place and do not recognize the need to upgrade their employees' skills, so it is necessary for companies to deepen their understanding of the benefits of human resource development and upgrading of skills.

4.4.2 The Practice of Nepotism in Recruitment

Traditionally, employment in Iraq has been based on introductions by relatives and acquaintances through a customary network called *wasta*, similar to that in other Arab countries, and the chances of young people applying and being hired through open recruitment are limited. This trend was also observed in the interviewed companies. In addition, there is still a strong tendency to place more importance on network and attributes (gender, etc.) than on the work experience, abilities, and knowledge of the recruits. However, there are some new start-up companies that do not use the customary recruitment by referral, but rather hire applicants with skills and experience that meet the requirements of the company through open recruitment. Although small, it can be said that in recent years Iraq has also shown no small tendency to expand employment opportunities based on new values.

¹³³ MSELECT (2022) "Iraq Employment Outlook Survey 2022."

¹³⁴ UNESCO (2019) Assessment of the Labour Market & Skills Analysis: Iraq and Kurdistan Region - Iraq

4.5 Japanese companies operating in Iraq

4.5.1 Recruitment by Japanese Companies

Among the Japanese companies doing business in Iraq, the major trading companies that are engaged in large-scale infrastructure projects, mainly in the oil and energy sectors, have established small local offices and use recruitment agencies such as MSELECT to hire employees. The workforce tends to consist of several relatively well-educated and experienced managers, Iraqis in the sub-managerial class, and administrative staff, but all are small and there appear to be no plans to actively hire new graduates or young people directly or to offer internships.¹³⁵

4.5.2 Employment Impact in Infrastructure Projects

On the other hand, infrastructure projects have generated large-scale employment, mainly of local personnel, and each project has also contributed to the promotion of employment of youth. For a typical large-scale project (EPC¹³⁶ costing several hundred billion yen), 5,000 to 10,000 construction workers are required, and securing these workers is a challenge. Normally, there is a requirement to hire at least 50% local personnel, but in the case of Iraq, it tends to be difficult to secure skilled workers, even though unskilled workers can be hired. This will require the employment of many workers from neighboring countries and other regions. Therefore, for large-scale projects, a training facility for local personnel is usually set up in the plant, and training is provided for a certain period of time to develop them into skilled workers.¹³⁷

¹³⁵ Interview with Sumitomo Corporation Baghdad Office (July 4, 2022) Interview with Mitsubishi Corporation Basra Branch Office (August 3, 2022).

¹³⁶ Engineering, Procurement, Construction.

¹³⁷ Interview with UNICO International Corporation (September 9, 2022): In many cases, piping welders are trained, certified, and employed.

Chapter 5 Educational Level of the Youth

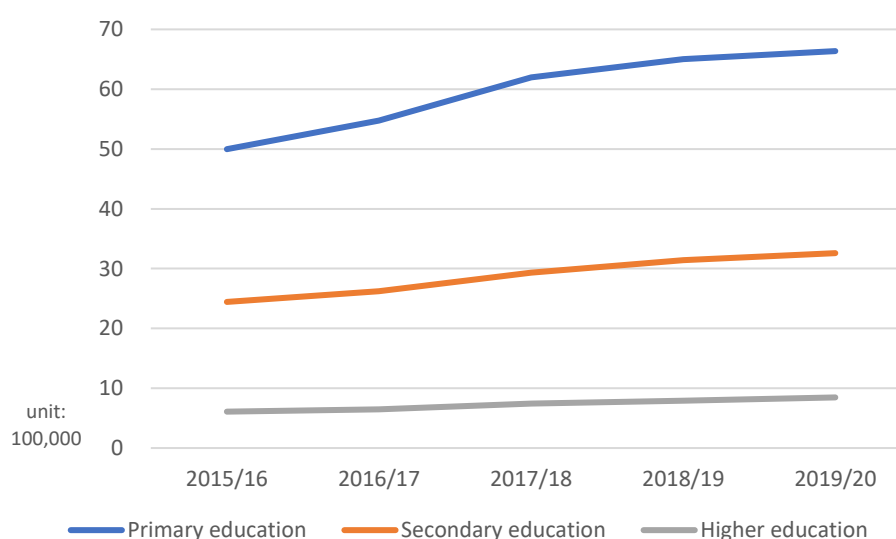
This chapter compiles basic information to understand the educational level of young people in Iraq. The Iraqi education system consists of pre-school education, six years of compulsory primary education, three years of lower secondary education (intermediate school), three years of upper secondary education (preparatory school, which includes two types of education: academic education in arts and sciences and vocational education), and higher education. Higher education is divided into universities and technical institutes, which require either a secondary school diploma or a secondary vocational school diploma for admission. Universities usually last four years, while architecture, pharmacy, and dentistry courses last five years, and medical school courses last six years, providing bachelor's, master's, and doctoral degrees. Technical institutes offer higher professional education, with two-year courses leading to a Technical Diploma and four-year courses leading to a bachelor's degree. Technical vocational education offered at technical institutes is often job-oriented and focuses on practical training.

5.1 Basic Information on Educational Level

Available basic education statistics such as enrollment and completion rates are limited, or some statistics have not been collected for a long period of time. Therefore, it is not necessarily easy to compare over time or by attribute. The following is a summary of the data available at present.

5.1.1 Enrolment and Attendance Rates¹³⁸

The last statistics by an international organization on gross and net enrollment rates in primary, lower secondary, and upper secondary education for the past 20 years were obtained in 2007. On the other hand, the Iraqi Central Organization for Statistics annually compiles statistics on the number of students at each education stage. Following table shows the changes in the number of students at each education stage over the past five years.



Source: JICA Research Team using data from the Iraqi Central Organization for Statistics.

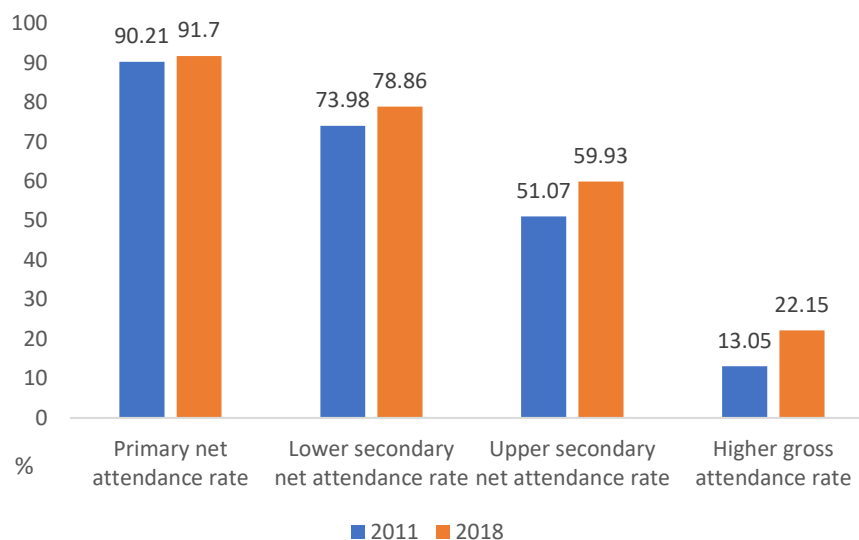
Figure 5.1 Number of Students at Each Education Stage

In 2019/2020, there were approximately 6.64 million students in primary education, 3.26 million in secondary education, and 850,000 in higher education (including universities, private colleges, and technical institutes). As the above figure shows, the number of students has been increasing year by year at all stages

¹³⁸ The primary net attendance rate is the ratio of the number of children of official primary school age who attend primary or secondary school to the total population of children of primary school age. Similarly, the lower secondary net attendance rate is the number of children of official lower secondary school age who attend lower secondary school or higher as a percentage of the total population of children of lower secondary school age.

of education: primary, secondary, and higher education. On the other hand, since the school-age population is also considered to be increasing, it cannot be determined whether the enrollment rate is increasing only from the absolute number of students.

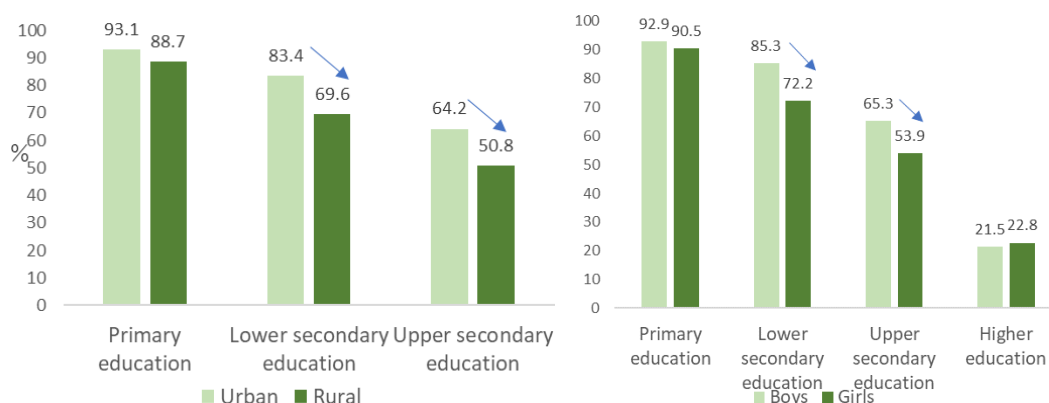
While data on enrollment rates are not available, for attendance rate, a Multiple Indicator Cluster Survey (MICS) was conducted by the Iraqi Central Organization for Statistics with the support of UNICEF throughout Iraq in 2011 and 2018. The survey has taken data on net attendance and completion rates at each education stage. Below are the net attendance rates for primary, lower secondary, and upper secondary education and the gross attendance rate for higher education.



Source: JICA Research Team using data from UNESCO, Institute for Statistics.

Figure 5.2 Trends in Attendance Rates at Each Education Stage 2011-2018

As the figure above shows, the attendance rate declines as the education stage progresses, but it is on an upward trend from 2011 to 2018 for all education stages. As for higher education, the gross attendance rate was 22.1% in 2018, which is a significant increase from 13.0% in 2011, but it is still at a low level. By gender, as Figure 7.3 below shows attendance rates by gender and by urban/region in 2018. The gender gap is greatest in the lower secondary education, where the attendance rate of girls is lower, but the gap narrows in the upper secondary education, and the attendance rate of girls is higher in higher education. There is also a regional difference between urban and rural settings, with attendance rates being lower in rural areas.



Source: JICA Research Team using data from UNESCO Institute for Statistics.

Figure 5.3 Comparison of Attendance Rates at Each Education Level by Region and Gender (2018)

The table below provides an overview of trends of attendance rate by region and gender by governorates for primary education, lower secondary education, and upper secondary education.

Table 5.1 Adjusted Attendance Rates by Governorates and Gender (Primary Education/2018)

Units: %.

	Dahuk	Nineveh.	Sulaymaniyah	Kirkuk	Erbil	Diyala	Anbar	Baghdad	Babil
Girls	96	85.6	98.8	93.3	94.9	93.3	91.7	92.2	88
Boys	95.4	90.6	97	94.5	95.3	95.9	94.5	92.1	93.2
Total	95.7	88.3	97.9	93.9	95.1	94.7	93.1	92.2	90.7
	Karbala	Wasit	Salaheddin	Najaf	Al Qadisiyah	Muthanna	Dhi-Qar	Meysan	Basrah
Girls	92.1	87.6	88.5	85.2	87.4	83.8	89.0	85.6	89.8
Boys	92.5	92.5	90.5	89.3	89.1	94.6	93	90.1	91.6
Total	92.3	90	89.5	87.3	88.3	88.8	91.6	88	90.7
	KRI		South-central Iraq	Total					
Girls	96.2		89.3	90.4					
Boys	95.8		92.2	92.7					
Total	96		90.8	91.6					

Source: Iraq Multiple Cluster Survey 2018 Survey Finding Report.

Table 5.2 Adjusted Attendance Rates by Governorates and Gender (Lower Secondary Education/2018)

Units: %.

	Dahuk	Nineveh	Sulaymaniyah	Kirkuk	Erbil	Diyala	Anbar	Baghdad	Babil
Girls	73.4	44.7	75.9	74.8	66.5	73.9	39.1	61.5	46.5
Boys	64.3	47.8	72.9	70.9	54.6	65.2	40.3	60.1	62.7
Total	69.2	46.3	74.3	72.8	61.2	69.5	39.7	60.7	55.0
	Karbala	Wasit	Salaheddin	Najaf	Al Qadisiyah	Muthanna	Dhi-Qar	Meysan	Basrah
Girls	55.8	43.4	54.1	44.4	62.0	45.5	60.8	42.6	57.6
Boys	46.9	41.4	53.0	58.1	55.8	52.1	62.1	51.8	61.6
Total	51.2	42.3	53.6	50.7	58.9	48.7	61.4	46.7	59.6
	KRI		South-central Iraq	Total					
Girls	70.6		54.7	57.5					
Boys	63.1		56.5	57.5					
Total	67.1		55.6	57.5					

Source: Iraq Multiple Cluster Survey 2018 Survey Finding Report.

Table 5.3 Adjusted Attendance Rates by Governorates and Gender (Upper Secondary Education/2018)

Units: %.

	Dahuk	Nineveh	Sulaymaniyah	Kirkuk	Erbil	Diyala	Anbar	Baghdad	Babil
Girls	52.9	24.8	64.8	47.7	63.6	33.4	19.8	33.0	37.6
Boys	36.7	24.5	50.4	50.2	44.2	39.0	27.0	24.6	28.4
Total	44.5	24.7	57.2	49.2	53.0	36.3	23.3	28.8	32.5
	Karbala	Wasit	Salaheddin	Najaf	Al Qadisiyah	Muthanna	Dhi-Qar	Meysan	Basrah
Girls	39.4	33.0	30.0	29.5	32.6	19.1	38.5	25.2	23.9
Boys	25.8	30.9	33.0	30.8	25.8	26.4	32.4	19.6	24.3
Total	31.9	31.9	31.6	30.2	28.9	22.7	35.5	22.1	24.1
	KRI		South-central Iraq	Total					
Girls	61.7		30.9	36.5					
Boys	44.7		28.7	31.7					
Total	52.6		29.8	34.0					

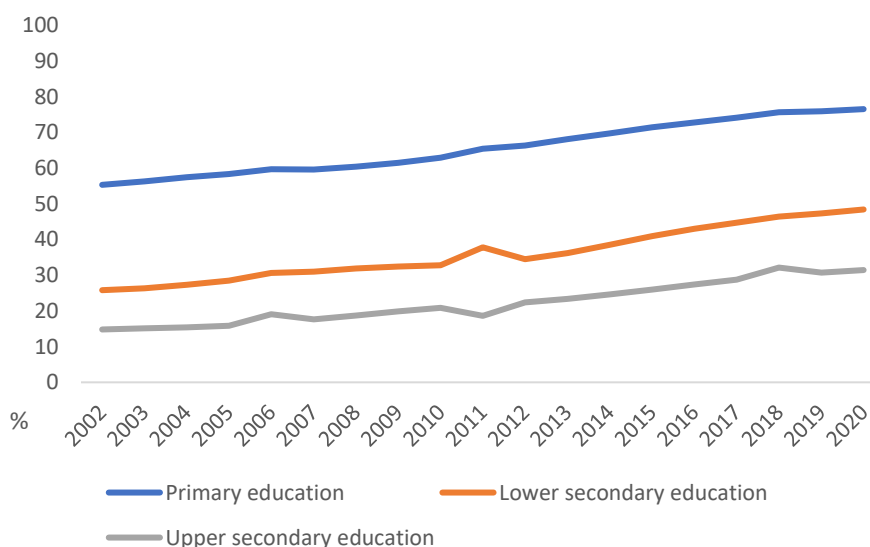
Source: Iraq Multiple Cluster Survey 2018 Survey Finding Report.

Age-adjusted net attendance rates were 91.6% for primary education (92.7% for boys and 90.4% for girls), 57.5% for lower secondary education (57.5% for both boys and girls), and 34.0% for upper secondary education (31.7% for boys and 36.5% for girls) in 2018. The net attendance rate in the KRI (Dahuk, Sulaymaniyah, and Erbil governorates) was significantly higher than that in the south-central region of Iraq in both primary and lower and upper secondary education. As the education stage progresses, the gap becomes bigger, with a difference of 5.2 percentage points for primary education, 11.5 percentage points for lower secondary education, and 22.8 percentage points for upper secondary education. In south-central Iraq alone, the net attendance rate was 90.8% in primary education, 55.6% in lower secondary education, and 29.8% in upper secondary education. For lower secondary education, the net attendance rate is particularly low in Nineveh, Anbar, Wasit, and Meysan governorates (and Muthanna and Basrah governorates for upper secondary education), indicating regional differences. In central and southern Iraq, girls are less likely to attend primary and lower secondary education, while girls are more likely to attend upper secondary education. Gender differences vary from governorate to governorate.

5.1.2 Completion Rate

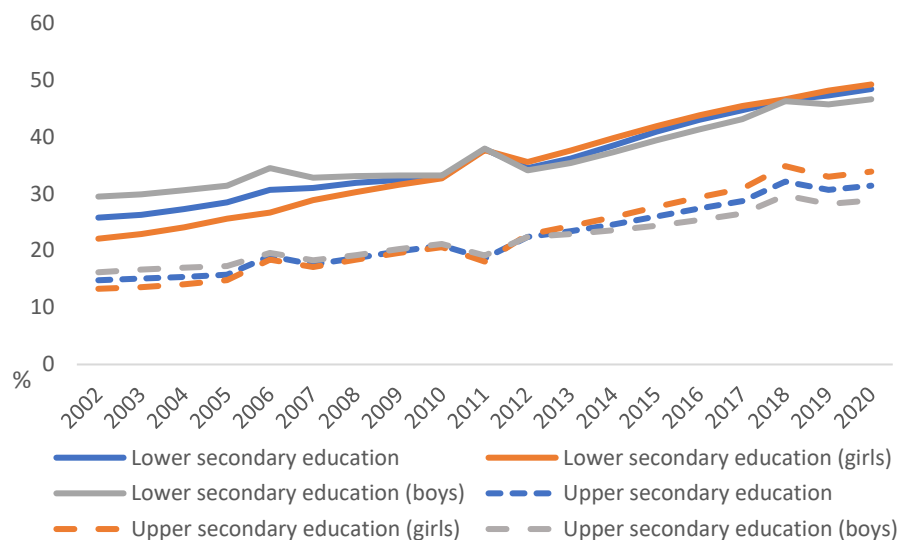
The figure below shows the completion rates for primary, lower secondary, and upper secondary education over the past 20 years. In 2020, the completion rates for primary education were 76.5%, 48.4% for lower secondary education, and 31.4% for upper secondary education respectively, which means that even primary education is still a long way from the Goal 4 of the Sustainable Development Goals (SDG 4) to be achieved by 2030, which is the completion of primary and secondary education for all boys and girls.

Figure 7.5 shows the completion rates by gender for lower and upper secondary education. The completion rates for girls and boys are not significantly different; in 2020, 49.2% of girls and 46.6% of boys completed lower secondary education, and 33.9% of girls and 28.8% of boys completed upper secondary education. The trend has been slightly higher for girls than boys since around 2012.



Source: JICA Research Team using data from UNESCO, Institute for Statistics.

Figure 5.4 Trends of Completion Rates



Source: JICA Research Team using data from UNESCO, Institute for Statistics.

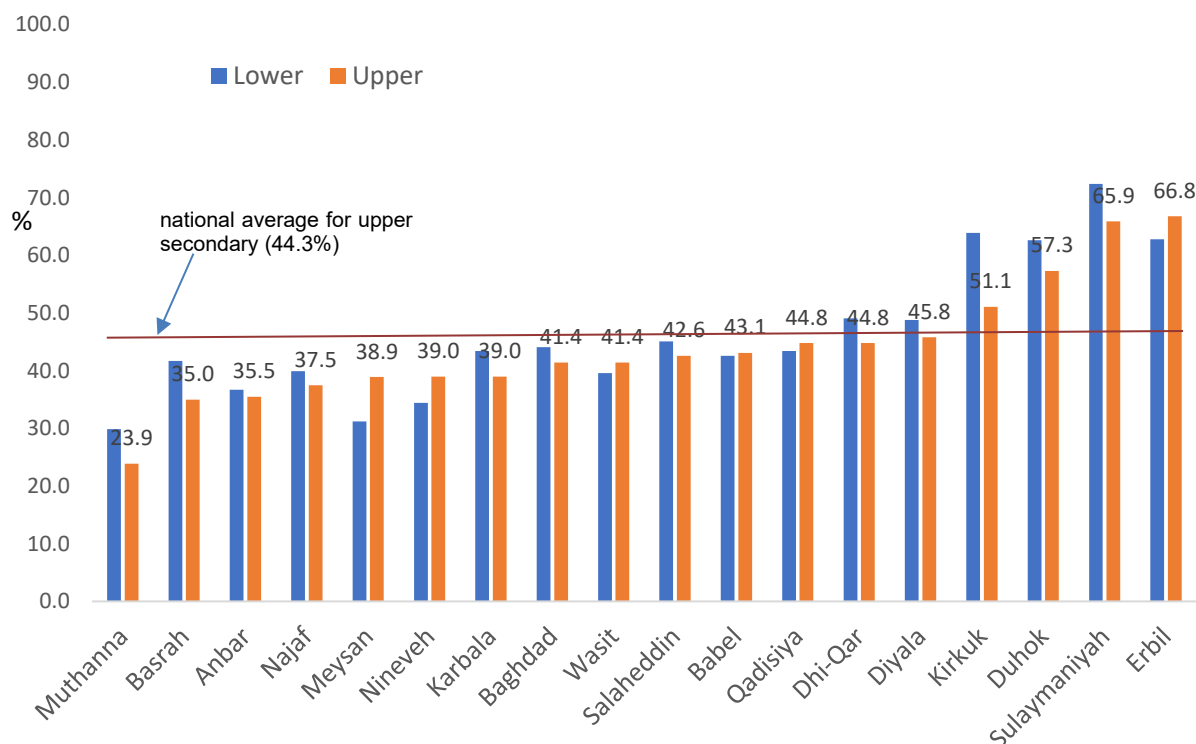
Figure 5.5 Trends of Completion Rates for Lower and Upper Secondary Education by Gender

Similar to attendance rates, completion rates for lower and upper secondary education by governorate in 2018, when MICS was conducted, are shown in the table below.

Table 5.4 Completion Rates by Governorate (Lower and Upper Secondary Education/2018)

		Units: %.							
	Dahuk	Nineveh	Sulaymaniyah	Kirkuk	Erbil	Diyala	Anbar	Baghdad	Babil
Lower	62.6	34.4	72.4	63.9	62.8	48.8	36.7	44.1	42.6
Upper	57.3	39.0	65.9	51.1	66.8	45.8	35.5	41.4	43.1
	Karbala	Wasit	Salaheddin	Najaf	Al Qadisiyah	Muthanna	Dhi-Qar	Meysan	Basrah
Lower	43.4	39.6	45.1	39.9	43.4	29.9	49.1	31.2	41.7
Upper	39.0	41.4	42.6	37.5	44.8	23.9	44.8	38.9	35.0
	KRI		South-central Iraq	Total					
Lower	65.9		42.3	46.4					
Upper	64.5		40.2	44.3					

Source: Iraq Multiple Cluster Survey 2018 Survey Finding Report.



Source: JICA Research Team using data from the Iraq Multiple Cluster Survey 2018 Survey Finding Report.

Figure 5.6 Completion Rates by Governorate (Lower and Upper Secondary Education/2018)

The trends by governorate are similar to the attendance rates discussed above, with completion rates more than 20 percentage points higher in the KRI than in south-central Iraq. Similarly, governorates such as Anbar, Nineveh, Muthanna, and Meysan have much lower completion rates than average, indicating a disparity between urban and rural areas, as is generally the case in developing countries.

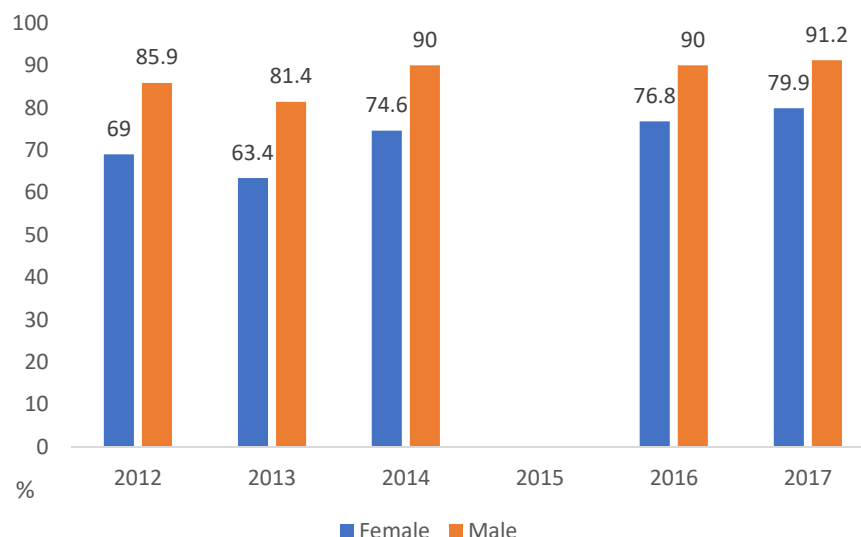
5.2 Adult Literacy Rate

The youth literacy rates aged 15 to 24 and adult literacy rates for those aged 15 and older are shown in Table 5.5 below. Figure 5.7 also shows the adult literacy rates for ages 15 and older by gender.

Table 5.5 Youth and Adult Literacy Rates

	2012	2013	2014	2015	2016	2017
15-24 years old (youth)	83.5	80.8	88.8	-	90.9	93.5
15 years and older (adult)	77.2	72.7	82.2	-	83.3	85.6

Source: UNESCO, Institute for Statistics.



Source: JICA Research Team using data from UNESCO, Institute for Statistics.

Figure 5.7 Adult Literacy Rates for Adults Aged 15 and Older, by Gender

Literacy rates for both youth and adults appear to have been increasing in recent years, but the most recent figures are unknown. The literacy rate for those aged 15-24 is higher than the overall literacy rate for those aged 15 and older, indicating that the adult literacy rate for those aged 25 and older is lower. In terms of numbers, 480,000 youths and 3.3 million adults were illiterate in 2017. Among adult illiterates, women have accounted for about 70% since 2014. When looking at the adult literacy rate for adults 15 years and older by gender, women are lower than men in all years (e.g., 91.2% for men and 79.9% for women in 2017, compared to 85.6% for both men and women), but the gender gap in each year has been narrowing since 2013.

Among adults, data on female literacy rates have been collected by MICS over time, and the table below shows the trends.

Table 5.6 Trends in Female Literacy Rates

	Units: %.		
	2006	2011	2018
Total	65.6	65.8	68.9
Urban	76.2	72.8	74.3
Rural	45.2	47.8	56.4
KRI	64.2	58.8	69.3
South-central Iraq	65.9	67.1	68.9

Note: Data for 2011 and 2018 are for ages 15-49; data for 2006 are for ages 15-24

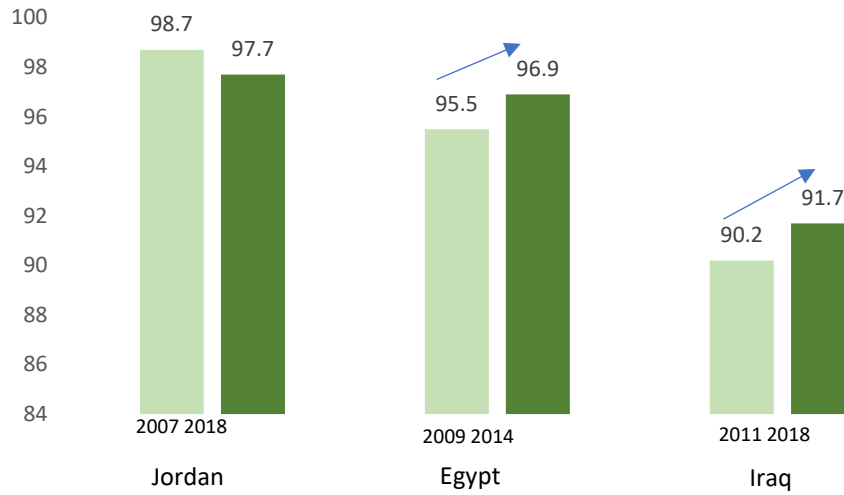
Source: Iraq Multiple Cluster Survey 2018 Survey Finding Report, Multiple Indicator Cluster Survey 2011, 2006.

The literacy rate for women aged 15-49 in 2018 was 68.9%. There is a significant difference in literacy rates between urban and rural areas, with rural areas having a low literacy rate of slightly more than half. By governorate, Maysan and Muthana in particular, have the lowest literacy rate, around 55% in 2018. As for female literacy rates, the differences between the KRI and central and southern Iraq are not so large.

5.3 Comparison with Other Countries on Basic Indicators

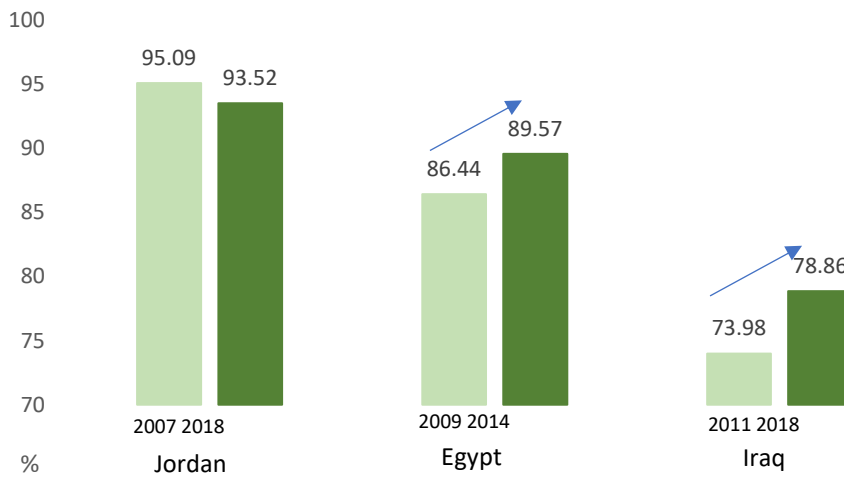
In order to understand how Iraq compares to its neighboring countries in terms of basic indicators such as school enrollment, attendance, completion, and literacy rates mentioned above, JICA survey team attempted to compare these indicators in Iraq with those in Egypt, Jordan, and Lebanon, which have similar GDP per capita. For Lebanon, only literacy rates were compared since data on enrollment, attendance, and completion rates for the most recent 20 years are not available.

While continuous data on gross and net enrollment rates are available for Jordan and Egypt until the most recent years, it is difficult to make comparisons for Iraq because, as noted above, the last statistics for Iraq are from 2007. Instead, a comparison of the attendance rates at each education stage in the three countries for the two most recent statistics is shown in the figure below, albeit at a fixed point in time.



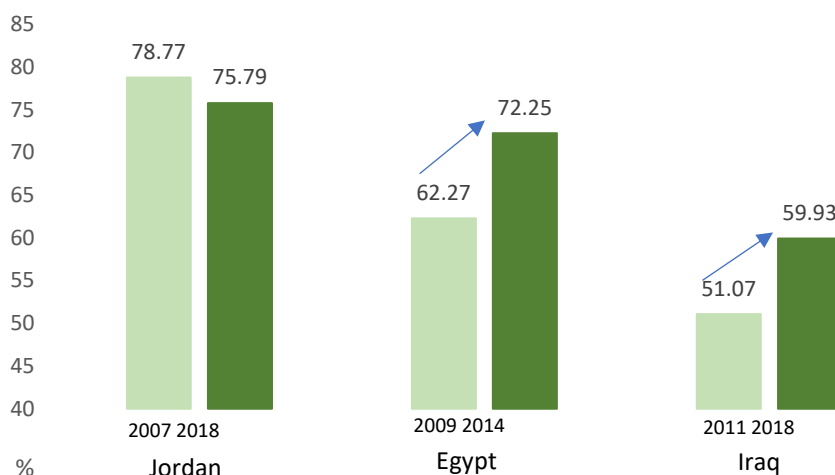
Source: JICA Research Team using data from UNESCO, Institute for Statistics.

Figure 5.8 Primary Education Attendance Rate



Source: JICA Research Team using data from UNESCO, Institute for Statistics.

Figure 5.9 Lower Secondary Education Attendance Rates

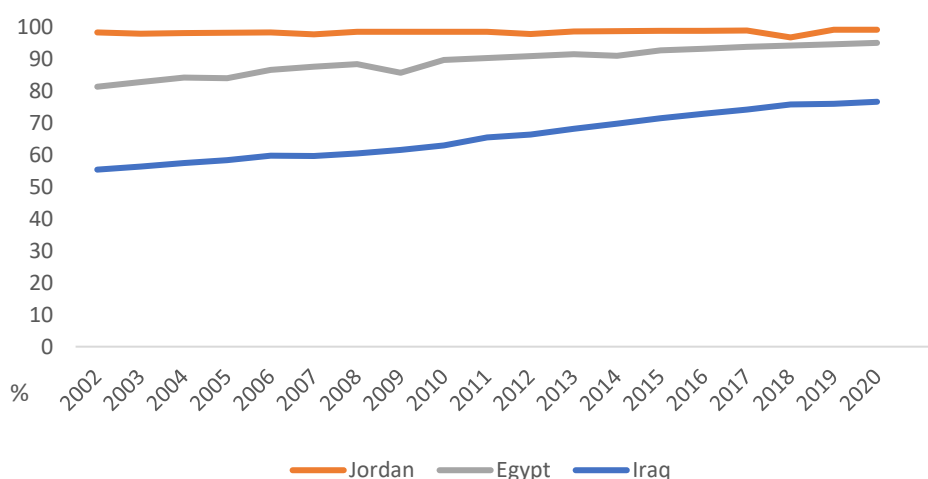


Source: JICA Research Team using data from UNESCO, Institute for Statistics.

Figure 5.10 Upper Secondary Education Attendance Rate

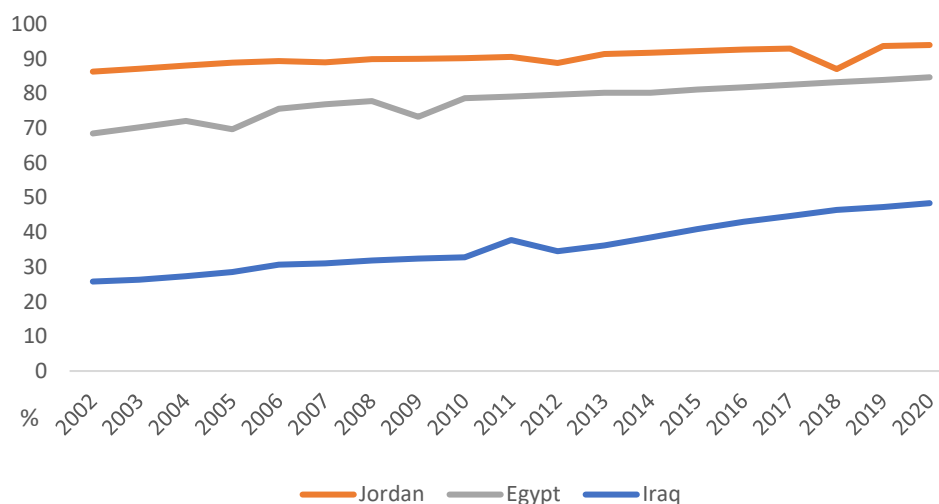
While there are no significant differences in primary education among the three countries, Iraq's figures are slightly lower than the most recent data from Jordan and Egypt, which are close to 100%. The distribution in attendance rates among countries increases as education stage moves up through lower and upper secondary education. Iraq's figures for both education stages are lower than the other two countries. For example, comparing data for Jordan and Iraq in 2018, Iraq is 14.66 percentage points lower for lower secondary education and 15.83 percentage points lower for upper secondary education. These figures are also lower than those of Egypt in 2014.

Next, with regard to completion rates for primary education, Jordan has remained at almost 100% for the past 20 years, and Egypt is gradually approaching 100%, while Iraq's completion rate in 2020 is 76.5%, indicating a large gap. For lower secondary education, Jordan has the highest completion rate, followed by Egypt and Iraq, and the difference in completion rates between Egypt and Iraq is larger than that for primary education (18.4 percentage points for primary education and 36.3 percentage points for lower secondary education). Although comparisons for upper secondary education are difficult because data over time are not available for Jordan and Egypt, the differences between the countries are not considered to be as large as for lower secondary education.



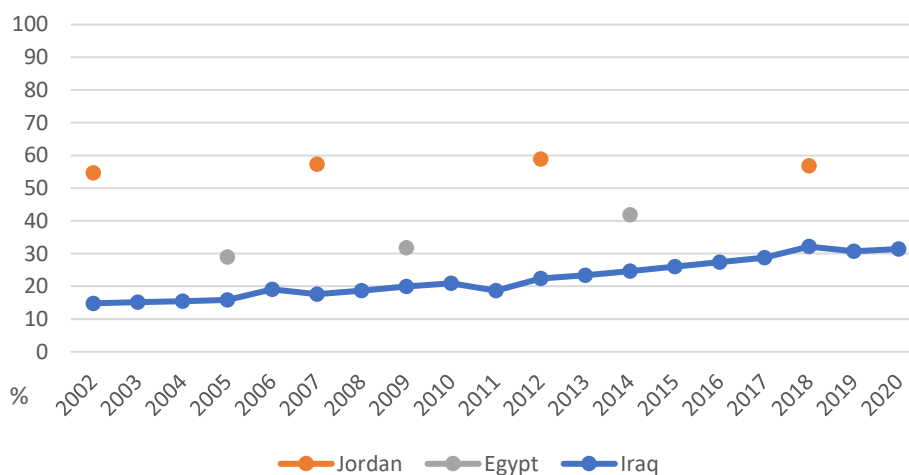
Source: UNESCO, Institute for Statistics.

Figure 5.11 Completion Rate for Primary Education



Source: UNESCO, Institute for Statistics.

Figure 5.12 Completion Rate for Lower Secondary Education



Source: UNESCO, Institute for Statistics.

Figure 5.13 Completion Rate for Upper Secondary Education

Finally, with regard to literacy rates, as of 2017 or 2018, the most recent year for which statistical data are available, Jordan and Lebanon had youth literacy rates of nearly 100% for those aged 15-24, while Iraq and Egypt had rates of 93.5% and 88.2%, respectively. As of 2018, Jordan and Lebanon had relatively high adult literacy rates of 98.2% and 95.1%, respectively. Adult literacy rates for Iraq and Egypt are 85.6% and 71.2%, respectively in 2017, showing that Egypt is the lowest. The difference in literacy rates between men and women is larger in Iraq than in Egypt for both youth and adults.

Table 5.7 Youth Literacy Rates (15-24 years) and Adult Literacy Rates for Ages 15 and Older in Each Country

		Youth literacy rate (%)	Adult literacy rate (%)
Jordan	2018	99.3	98.2
Lebanon	2018	100	95.1
Egypt	2017	88.2	71.2
Iraq	2017	93.5	85.6

Source: UNESCO, Institute for Statistics.

5.4 Expenditure in Education Sector

Regarding the Iraqi government's expenditure in the education sector, the most recent data available to compare with other countries is for 2016: education expenditure as a percentage of GDP was 4.5% in 2015 and 4.7% in 2016; education expenditure as a percentage of government expenditure was 13% in 2015 and 14% in 2016. These figures in Iraq were high relative to its neighboring countries, Jordan, Lebanon, and Egypt mentioned above.

Table 5.8 Education Spending as a Percentage of GDP and Government Expenditures

		Percentage of GDP (%)	Percentage of Government Expenditure (%)
Jordan	2015	3.5	11.3
	2016	3.5	12.2
Lebanon	2015	2.1	6.3
	2016	2.1	7.1
Egypt	2015	3.9	11.9
	2016	4.1	11.4
Iraq	2015	4.5	13
	2016	4.7	14

Source : World Bank, World Development Indicators.

A review of education spending since 2017 from the Iraqi MOF website shows a marked decline in education spending since 2017. MOE's expenditure in the government expenditure in 2017 was 1.7 trillion IQD, significantly lower than the 7.5 trillion IQD of the previous year. According to the World Bank's Public Expenditure Review Report on Iraq's Human Development Sectors, education-related expenditure has been decentralized to the governate level since 2017, and budgets have been allocated to the governates. According to the report, the share of education-related expenditure in government expenditure has been declining in recent years since 2017, and it is very difficult to accurately assess education expenditure in Iraq.

Table 5.9 Trends in Education Spending as a Percentage of GDP and Government Expenditures

Year	2015	2016	2017	2018	2019
Percentage of GDP (%)	4.8	4.9	4.4	3.8	3.9
Percentage of Government Expenditure (%)	12.3	13.6	13.4	12.5	9.7

Note: Although the sources of Table 5.8 and 5.9 are both World Bank, percentages of GDP and government expenditures in 2015 and 2016 are slightly different, and the reasons for this are unclear.

Source : World Bank, "Iraq Human Development Public Expenditure Review: Addressing the Human Capital Crisis -A Public Expenditure Review for Human Development Sectors in Iraq".

As shown in the table above, Iraq's education expenditure ratio has been declining in recent years, and its 9.7% of government expenditure in 2019 is below the MENA regional average of 14.0%. In addition, the country has not yet reached the international benchmark of 4-6% of GDP and 15-20% of government expenditure on education as described in the Incheon Declaration, adopted in Incheon, South Korea in 2015 as a common global education goal by 2030.

Looking at education expenditure in terms of recurrent and investment expenditure, almost all of it is devoted to recurrent spending, especially compensation for employees; in 2019, 93% of education expenditure was allocated to compensation for employees, 4.7% to non-salary recurrent spending, and 2.4% to investment spending, and this trend has continued in recent years. Investment spending on education is particularly low, accounting for only about 1% of the Iraqi government's investment spending since 2015 (in 2019, investment spending on education was 24 billion IQD out of total investment spending of 24.4 trillion IQD). Most of the investment spending is currently devoted to the oil and electricity sectors, and the significantly low investment spending on education means that there has been almost no spending on the construction or renovation of schools and classrooms, or on the purchase of equipment.

5.5 Educational Opportunities Other Than the Formal Education

As noted above, indicators of educational levels in Iraq are low compared to neighboring countries. Years of war and conflict, which have destroyed school infrastructure and hampered investment in education, have had a serious impact on access and quality of education.

Although the provision of informal educational opportunities seems to be mostly aimed at IDPs, there are informal educational opportunities as shown below.

- Education Cannot Wait (ECW): provides remedial courses to help secondary school age students to catch up academically. The program reduces the risk of dropping out during the transition to secondary education, helps students prepare for external examinations to obtain formal qualifications, and promotes skills to improve access to employment opportunities. The program also focuses on the integration of refugee and internally displaced children and youth.
- Provision of informal education programs by UNHCR's local partners: In KRI, the "Refugee Education Integration Policy " has been developed under the support of KRG and United Nations organizations, and efforts to enroll refugee and asylum seeker children in formal education programs to ensure that they receive the same quality of education as children of the host community will be implemented starting in 2022/23. In addition, the following informal education programs are offered
 - Catch-up classes for children coming out of camps to accompany formal education
 - Technical vocational training for out-of-school youth
 - Childcare development for preschool aged children
 - E-learning website accessible to children living in KRI
- Vocational training provided by Japanese NGOs: Peace Winds Japan, as an implementing partner of the United Nations Human Settlements Programme (UN-Habitat) and with funds from the Japanese Ministry of Foreign Affairs' Grant Assistance for Japanese NGO Projects, has been continuously providing vocational training for IDPs, returnees, and women and youth in host communities. In northern Iraq, the projects provide vocational training courses in home repair skills (electrical, plumbing), hairdressing and beauty, leadership, etc. for these individuals.

Chapter 6 Actual Conditions of Employment Agencies and Institutional Structure

6.1 Overview and Roles of Agencies Expected to Perform Job Placement Functions

In Iraq, agencies with job placement functions are limited and inactive. One important approach to promote employment among young people is to enhance the job placement function. The following is a description of the main existing job placement functions and services.

6.1.1 Public Employment Agencies

As described in Chapter 3, the Government of Iraq, in cooperation with the Iraqi Federal Public Service Council, has launched the "Tawtheef" job portal to promote the employment of new graduates and qualified employees in the public and private sectors.¹³⁹ Tawtheef is part of the Government of Iraq's program to combat unemployment and create employment opportunities in the public and private sectors in Iraq (see pages 3-9).

Some donors are working with the Iraqi government to promote employment, including a job matching project in Karbala Governorate, which is working with the private sector to promote youth employment with the support of UNDP.¹⁴⁰ In addition, the ILO is organizing a workshop with the Iraqi Ministry of Labor and Social Welfare and the Kurdistan Regional Government in 2022 to share best practices in job matching and to discuss its potential application in Iraq.¹⁴¹

The Federal Civil Service Council, in response to the previous crisis regarding public sector employment, announced that all public sector employment will be referred to the Federal Civil Service Council and managed collectively after the approval of the 2021 budget.¹⁴² The recruitment process for the civil service is as follows. Each year, ministries and public agencies submit vacancies to the Ministry of Finance and the Federal Council of Civil Service. The Council initiates an online application process where applicants can submit their applications in accordance with the law and specific instructions from the Council of Ministers. The list of potential employees is prepared by the universities and submitted to the MOHESR, which reviews the list and forwards it to the Federal Civil Service Council. Applications are then reviewed by the Office of the Federal Board of Supreme Audit.

Results of the screening are sent to the Federal Civil Service Council for scrutiny to ensure the number of higher education degree holders and new graduates who meet the requirements and are eligible for employment.¹⁴³ Candidates who are eligible for employment after the screening process are placed in vacant positions, taking into account their rank and year of graduation. In this process, the central ministry is hired first, followed later by other public institutions that are not affiliated with the ministry. The Federal Council of Civil Service will send a list of potential recruits to the Ministry of Finance and the ministries concerned. The ministries, in turn, confirm with the Council and the Ministry of Finance the actual date of arrival of each new employee.¹⁴⁴

In the event that there are no vacancies for medical and insurance personnel, the Federal Council of Civil Service may encourage the Department of the Treasury to hire new persons within the Department of Insurance who are eligible for employment.¹⁴⁵

¹³⁹ <https://gds.gov.iq/iraqi-government-launches-online-portal-to-help-job-seekers-find-employment-in-public-and-private-sectors/> 2022 As of August 10, the tawtheef site (<https://tawtheef.gov.iq/>) is inaccessible.

¹⁴⁰ <https://www.undp.org/arab-states/press-releases/employment-environmental-sustainability-and-public-sector-digitization-new-projects-launched-karbala-governorate>

¹⁴¹ https://www.ilo.org/beirut/media-centre/news/WCMS_835575/lang--en/index.htm

¹⁴² <https://www.ina.iq/124153--.html> the budget law for the year 2021 (Law no. 23 year 2021) Chapter 3 Article 12 SECOND.

¹⁴³ Based on Employment Law for Holders of Higher Degrees No. (59) for the year 2017, Law for the Employment of the First Graduates No. (67) for the year 2017

¹⁴⁴ <https://fpssc.gov.iq/> Notification of the start of the online application will also be posted on social media.

¹⁴⁵ Law No.6 of 2000 on the Apprenticeship of Medical and Health Professionals.

6.1.2 Private Employment Agencies

Table 6.1 lists the main private-sector institutions offering job matching services. Many of them are in the form of providing services to foreign companies and international organizations that are expanding into Iraq and offer a wide range of services, including not only human resource services but also outsourcing and consulting, to their clients. However, these services are not considered to be a good fit for graduates and inexperienced young job seekers, as they target personnel with knowledge and experience in specialized fields.

Table 6.1 Major Institutions Offering Job Matching Services

Organization name	Location	Summary
MSELECT Recruitment ¹⁴⁶	Baghdad, Erbil, Basra	Offers job and talent matching, HR outsourcing, training programs, and consulting. Also offers online training.
Shull Employment Solutions ¹⁴⁷	Erbil	HR Solutions Company. Offers recruitment and staffing matching, HR outsourcing, training programs, and consulting. Provides support for foreign companies entering the Japanese market.
Erbil manpower ¹⁴⁸	Erbil	Human resource matching services, real estate business, event management, business consulting
Air Swift ¹⁴⁹	Baghdad	Operating in 50 countries. Recruitment and personnel matching, consulting, support for foreign companies, outsourcing services
Silatech (International NGO)	Qatar	Online talent matching portal in the Middle East region. "Foras Ta3mal ¹⁵⁰ " was launched in Iraq. Currently operated by Erbil-based Rwanga Foundation ¹⁵¹

Source: JICA Research Team using information from the respective organizations' websites.

MSELECT has offices in the UK, Lebanon, UAE, Saudi Arabia, and Jordan, and Iraq, providing comprehensive human resource services primarily to major corporate clients. In addition to recruiting people with work experience and skills, the company provides HR outsourcing services and consulting, and its training business offers a wide range of courses, including leadership & management, marketing, financial accounting, and computer skills, in addition to courses specific to the oil and gas industry sector, to develop human resources and matching services.¹⁵²

At present, there are over 600,000 registered job seekers, as shown in Table 6.2 below. Those 18 years of age and older are eligible to register, and looking at the 25-34 age group, the majority have higher education (56,419 males and 66,798 females) than university undergraduates, yet many are registered at the primary and secondary education level. The range of unskilled workers to high-level technical personnel is wide and includes many youth and recent graduates. The company provides its clients with HR solutions, including a short list of candidates as well as job advertisements. Through its Training and Development Department, the company also offers training programs in English, computer skills, CV writing and interview skills that are useful for finding a job. On the other hand, MSELECT also offers the possibility of employment in foreign companies, and we were informed that about 70% of young people are seeking employment abroad.¹⁵³

Table 6.2 Registered Users of MSELECT's Job Matching Service (Number of Job Seekers)

Job Seekers	Primary		Secondary		Tertiary		Post BSc	
	M	F	M	F	M	F	M	F
18-24	6000	7,000	5,600	6,960	5,750	7,220	2,346	3,500
25-34	7,185	9,842	23,676	24,616	36,774	45,765	56,419	66,798

¹⁴⁶ <https://www.mselect.iq/>

¹⁴⁷ <https://shullsolutions.com/>

¹⁴⁸ <https://www.erbilmanpower.com/Default.aspx>

¹⁴⁹ <https://www.airswift.com/about/locations/iraq>

¹⁵⁰ <https://ta3mal.com/main/en/home> <https://jobs.foras-iq.ta3mal.com/>

¹⁵¹ <https://www.rwanga.org/>

¹⁵² <https://www.mselect.iq/>

¹⁵³ MSELECT Questionnaire Responses (September 13, 2022)

35-44	7,668	17,597	20,948	41,147	39,357	42,712	45,565	54,452
45 over	876	560	542	465	432	399	4,355	3,764
Foreign	532	476	487	370	3,800	4,500	6,000	3,500

Source: questionnaire responses by MSELECT, September 13, 2022.

MSELECT is also working with German Agency for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit, hereinafter referred to as GIZ). and the World Bank, as well as the CBI to initiate diverse financing support to SMEs and the informal sector affected by the COVID-19 pandemic.¹⁵⁴ Many of the clients who recruit for MSELECT are looking for people with work experience, according to the report. To address the issue of a skills gap among young people who do not meet market needs, MSELECT is implementing a training program. (See 7.3.2)

In addition, the Baghdad Chamber of Commerce and Industry holds job fairs in cooperation with local businesses¹⁵⁵, and private sector job placement efforts, although limited, are underway.

6.2 Functions of the University's Career Development Center (CDC)

According to interviews with the Ministry of Higher Education and Scientific Research (MOHESR), each public university has a graduate unit, which is supposed to play the role of a so-called Career Center, but in reality, it does not function well. In addition, Mosul University, Baghdad University, Basra University, and Kufa University have Career Centers, but they do not yet have the same qualifications and capacity as Career Centers in developed countries, so improving their functions is a challenge they are facing.¹⁵⁶ Expected functions of CDCs include providing appropriate career guidance and internship opportunities, as well as training in job search skills (CV writing, interviewing, etc.) as well as market-required skills (language, ICT, business skills, etc.).

Some universities and educational institutions are working with donor agencies to promote employment; with UNESCO, Career Centers have been strengthened in 13 TVET institutions, providing guidance to help graduates find employment and building relationships with employers.¹⁵⁷ The WFP's EMPACT program provides job readiness skills training to refugees, IDPs, and vulnerable young people. Training is conducted using facilities at Mosul University and in partnership with Mosul and Sulaymaniyah Universities.¹⁵⁸ In addition, the World Bank's Support to Tertiary Education Project is expanding university education to meet the demand for human resources, particularly in the renewable energy and environmental sectors, and is building partnerships with the private sector and international organizations to support employment. In addition, a pilot program to improve the employability of graduates is being implemented in 10 public universities with the cooperation of MOHESR.

The YANHAD project of the Agence Française de Développement (hereinafter referred to as AFD) is strengthening the capacity of Career Centers at Mosul and Nineveh Universities to network with the private sector, where there is a demand for employment, and to promote student employment by assigning career coordinators and career counselors.¹⁵⁹

Thus, to date, the public universities of Iraq have received support from several donors. The survey team interviewed CDC staff at Mosul University, which has received active support for CDC from AFD with the cooperation of MOHESR, and at Anbar University and Southern Technical University (STU), two of the universities currently receiving World Bank support, to gather information on CDC operations, student support, utilization, and challenges faced. The purpose of the survey was to gather information on CDC operations, student support, usage, and challenges faced by CDC staff.

Table 6.3 below provides a summary of each university CDC interviewed in this study.

¹⁵⁴ <https://www.mselect.com/blog/2022/06/field-researchers-project-with-giz-and-the-world-bank>.

¹⁵⁵ Interview with BCC (July 6, 2022).

¹⁵⁶ Interview with MOHESR (June 21, 2022).

¹⁵⁷ <https://en.unesco.org/fieldoffice/baghdad/tvet>.

¹⁵⁸ WFP Iraq Annual Country Report 2018-2021.

¹⁵⁹ In April 2022, the Youth Career Festival is being held together with MOHESR, Mosul University and others. <https://yanhad.org/en/news/youth-career-festival>.

Table 6.3 Overview of Major University CDCs

Name of University	Anbar University	University of Mosul	Southern Technical University (STU)
Region	West	North	South
Year Established	2016	2018	2016
Financial resources	Internal budget	Internal budget (project implementation is in YANHAD)	Internal budget
Number of staff	4 (4 males)	20 staffs (3 at HQ (1 male, 2 female), 17 at branches (12 male, 5 female))	20 staffs (3 at HQ, 17 total at each institution)
Actual support (2021)	4,370 (3,160 males and 1,210 females)	835 (495 male, 340 female)	Approx. 5,000 (number of participants in online workshops and trainings)
Main support activities	Internship support CV/cover letter writing assistance Mock interviews Mentoring	Internship support CV/cover letter writing assistance Mentoring Soft skills training Entrepreneurship training Marketing Online Job Search Design Thinking Training Other (workshops, etc.)	Internship support CV/cover letter writing assistance Mock interviews Mentoring

Source: JICA Research Team based on interviews with each university CDC.

6.2.1 Features of Support Provided by CDCs

While activities by university CDCs are limited in Iraq as a whole, the university CDCs interviewed are active in conducting various workshops and trainings for current students and graduates, despite the limited number of staff and project budgets.

In addition to job fairs, Mosul University also organizes entrepreneurship fairs, and the YANHAD project holds startup competitions. STU is offering 67 workshops and 24 training courses in 2021 at 11 institutions on campus, covering multiple topics, including CV and business skills necessary for employment, according to the information provided by STU.¹⁶⁰

6.2.2 Challenges and Prospects

Anbar University plans to strengthen its ties with alumni through the expansion of its database and the establishment of the Alumni Association, and to enhance its job placement assistance by providing training commensurate with the labor market.¹⁶¹ Mosul University does not have sufficient tracking of graduates currently, thus, the university will need to expand its database and introduce an information management system for student information and post-graduation employment status.

On the other hand, at least for the CDCs of the universities interviewed, there is no special budget for the establishment of CDCs, and all of them were established with internal budgets, which means that their project budgets are limited. Therefore, they expressed a desire to plan training programs to develop skilled human resources commensurate with the labor market through donor partnerships, and to identify employment conditions and trends through the introduction of a higher education information management system (HEMIS) that can track graduates and be used in support activities for students.

6.2.3 Networking with Private companies and others

Some of the CDCs interviewed offer training and workshops not only at their universities alone, but also in cooperation with other institutions. Many students also participate in job fairs held at some of the

¹⁶⁰ Interview with STU (August 18, 2022).

¹⁶¹ Anbar University Questionnaire Responses.

universities.

Anbar University has been conducting trainings in partnership with the private sector, and in 2021, 45 trainings and workshops are being conducted for students and alumni. Students' employment status is maintained in a database, and we strive to provide training courses that address skills commensurate with the demands of the labor market. In addition, the Division of Qualification and Employment conducts surveys of labor market job trends to understand employers' intentions and to provide training.

Mosul University also works with the private sector, which is a potential employer related to the graduates' field of expertise. In addition, according to STU, MOHESR has agreed to accept university student internships at major companies such as Asiacell and Zain and is working to revitalize the internship program.

6.3 Actual Situation of Employment of Youth (Results of Interviews with Business Entities)

In Iraq, the socio-cultural context is dominated by a practice called *wasta*, in which candidates are recruited through referrals from relatives, acquaintances, and other sources. The number of companies that take the form of recruiting to a wide public is limited, and without better connections, it tends to be difficult for young people to find employment. This trend was observed in a UNESCO survey of companies, which found that many companies tend to place more emphasis on social relationships than on work experience or technical skills when hiring.¹⁶²

Regarding the skill level of graduates from universities and technical training schools, there are significant issues such as the skill level not matching the working level, or the knowledge acquired in school is outdated and not practical. However, while many firms express concerns and issues regarding the lack of skills for manager-level employees, there is a trend that there is little recognition of the skills gap for worker-level employees because their expectations are not high. This is common across all industry sectors.

As in many other countries, the occupational population engaged in the informal sector is seen to be large, especially among the younger generation, who often take up seasonal work such as street vendors, construction workers, food service, and agriculture to earn a living.

However, while companies tend to emphasize social relations such as *wasta* in their hiring, small changes are occurring in the trend of employment of young people in Iraq, as the idea of fairness rather than referrals is emerging among new companies and start-ups today. Some businesses¹⁶³ are actively recruiting young people and recent graduates and focusing on youth development, providing their own training and upgrading their skills, or recruiting them according to criteria without any consideration of *wasta*. Table 6.3 shows the companies that indicated in the interviews that they do not specifically utilize *wasta* and conduct selection according to their own selection criteria.

Table 6.4 Main Interviewed Companies that Do Not Specifically Use Wasta

Company Name	Establishment	Number of employees (male/female)	Business	Recruitment Policy
Iraq Space Center	2016	7 / 25	Providing education and training courses for the public and private sectors	General recruitment and selection based on resumes. Gender-neutral, new graduate hiring available. Training provided; no <i>wasta</i> .
The ground of blue flower general trading company	2009	15/11	e-solutions, engineering, education tech, VR, pharmaceuticals	Online recruitment and university database. 40% new graduates hired. Training provided, no <i>wasta</i> .
Nakhla	2018	28/6	Agri-tech. Palm production and processing and solution services.	Online recruitment. After screening, multiple interviews are required. Training provided, no <i>wasta</i> .
TechGigz Store	2019	5/0	Online sales of tech products and digital	Social Media Recruitment. Interviews after screening. Training provided, no <i>wasta</i> .

¹⁶² UNESCO (2019) "Assessment of the Labour Market & Skills Analysis: Iraq and Kurdistan Region-Iraq."

¹⁶³ Interviews with Iraq Space Center (July 27, 2022), blue flower general trading company (July 27, 2022), Nakhla (July 23, 2022), ECO Life (July 20, 2022), TechGigz Store (July 25, 2022), Saydo Inc (July 26, 2022), IoT Kids (July 24, 2022).

			products. IPTV ¹⁶⁴ services	
Saydo.Inc	2021	4/1	FMCG (Fast Moving Consumer Goods) value chain digitization services	Referrals and social media recruiting; Wasta is not considered, and even with referrals, we hire people with the right skills and emphasis on fairness. Training provided.
IoT Kids	2016	4/5	Online and offline ICT training and e-learning for children	Accept interns and accumulate them in the database. Contacted and interviewed when available. No wasta.
ECO Life	2019	1/4	Plastic alternatives, environmentally friendly hygiene products, personal care products	Social Media Recruitment. There are referrals, but wasta is not utilized in the selection process. Training is provided based on the understanding that a large skills gap is an issue.

Source: JICA Research Team based on interviews with each company.

Although this trend is still considered to be only a small portion of the companies in reality, the growth of companies, especially those adopting new business models that utilize ICT, could contribute to the promotion of employment of young people in Iraq.

According to MSELECT, wasta has been declining in recent years.¹⁶⁵ Given the growth of talent matching services such as MSELECT, as companies gradually tend to hire those who are genuinely competent, it can be said that a change in Iraq's employment environment for youth is taking place.

6.4 Issues Related to the Job Placement Function

According to the MOHESR, job placement services for pharmacy graduates are provided to public institutions¹⁶⁶ and although the government's job placement activities for university graduates are not exhaustive, they are being implemented. However, there is generally no such program for public university graduates, and very often graduates are unable to find work.

The Baghdad Chamber of Commerce (BCC) points to the importance of professional skills training, employment assistance to the private sector, job fairs, and job matching. In addition, job placement assistance is also essential in Iraq to help IDPs (internally displaced people) return to their hometowns and rebuild destroyed businesses.¹⁶⁷

¹⁶⁴ Delivering TV images using Internet IP technology

¹⁶⁵ Interview with Mselect (Sept. 1, 2022)

¹⁶⁶ Interview with MOHESR (June 21, 2022)

¹⁶⁷ Interview with BCC (July 6, 2022)

Chapter 7 Actual Conditions of the Entrepreneurial Environment in the Republic of Iraq in General

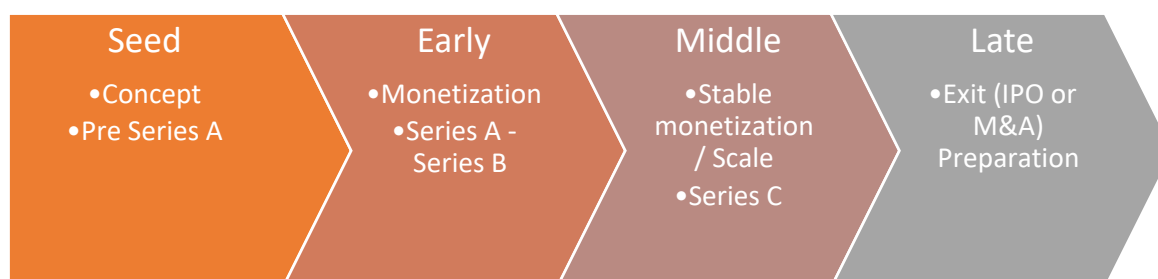
7.1 Basic Information on the Status of Start-ups

7.1.1 Understanding of Entrepreneurship and Start-ups in the Survey

Although young Iraqis still have a strong desire to work in public institutions as a stable occupation, interest in entrepreneurship by young Iraqis is gradually increasing, partly due to the high hurdles to employment in public institutions and private companies. In light of the recent dynamic trend in start-up support and collaboration, this chapter describes the so-called start-up ecosystem in Iraq with young people's enterprises.

In general, a startup is "a fast-growing startup or project that creates a market or business model from scratch on the strength of an advanced technology or technique (technology) or idea".¹⁶⁸ Regardless of the number of years in business, it is a growing business that aims to develop a new business model or market and exit (M&A or IPO) in a short term.¹⁶⁹ In contrast, a small business generally does not develop new markets or business models and aims for steady success rather than rapid growth.¹⁷⁰

The growth stages in the life cycle of a startup company are shown in Figure 7.1 below.



Source: crew.

Figure 7.1 Growth Stages of Start-up Companies

Figure 7.1 above is a general idea of the growth stages of a start-up company, with support and financing planned for each stage as appropriate.

On the other hand, the startup hub, KAPITA has collected diverse opinions on the definition of a startup in Iraq and summarized its characteristics as follows:¹⁷¹

- **Providing solutions to problems in the community, being a long and difficult road to take and a field with great financial potential**
- **High risk, but high growth potential**
- **Emphasis on the importance of innovation**

Based on the above, since Iraqi startup support organizations also work with unregistered companies as startups, the term "startup" in this study refers to entrepreneurship in a broad sense, not limited to registered or unregistered companies.

However, entities that generally do not intend to solve new problems, do not intend to finance and grow, and operate on a small scale in existing markets rather than new ones (so-called small microenterprises) are basically not included in the scope of startups in this survey.

¹⁶⁸ Creww <https://creww.me/tips/startupventure>

¹⁶⁹ The Todai IPC defines startups as having the following characteristics: (1) innovation (creating value by introducing new ideas, technologies, etc. to products, services, systems, organizations, business models, etc. to have a significant impact on society and bring about change), (2) growth curve (J curve aiming for rapid growth in a short period of time), (3) goal (Exit: M&A or IPO), (4) Organization (human resources aiming for rapid growth in a short period of time), (5) Parties involved (stakeholders: VCs, angel investors, etc.), and (6) Employee incentives (capital gain). <https://onl.tw/chtrTY>

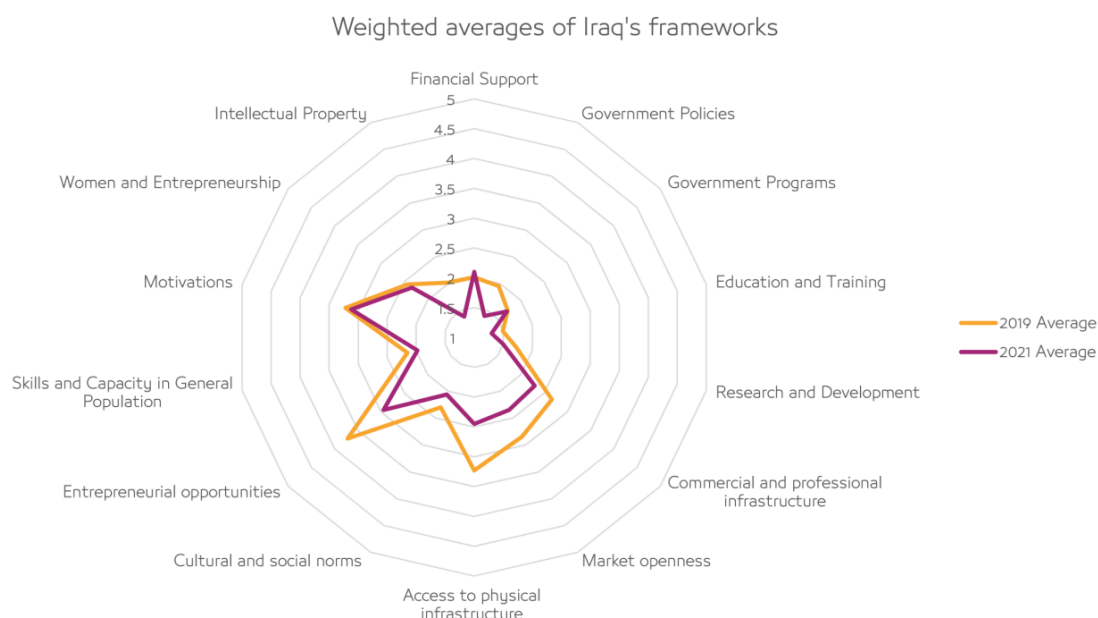
¹⁷⁰ For example, existing business models such as beauty salons and restaurants.

¹⁷¹ KAPITA, "Iraqi Entrepreneurs' Journey: An In-Depth Analysis" v1.0, 2020

7.1.2 Overview of the Entrepreneurial Environment and Start-up Ecosystem

The Iraqi economy has been hit hard by the drop in oil prices in 2020 and the pandemic caused by COVID-19, which has severely limited economic activity.¹⁷² In this context, there are high expectations for the promotion of the private sector and the development of employment and economic growth through the encouragement of innovative entrepreneurship in order to break away from the unbalanced and fragile economic structure dependent on oil.

According to the Startup Ecosystem Survey by KAPITA, a startup support organization, based on the impact of COVID-19¹⁷³, the startup ecosystem in Iraq exhibits the following characteristics.



Source: KAPITA "Iraqi Startups' Ecosystem Monitor" V2.0 2021
 (Note: On a 5-point rating scale "0" = Completely Untrue and "5" = Completely True).

Figure 7.2 Startup Ecosystem in Iraq: Survey Results 2019 and 2021 Comparison

As seen in Figure 5.1, while generally declining in 2021 from 2019 levels, many challenges remain in Iraq's startup ecosystem. However, despite the overall low level, motivation and entrepreneurial opportunities are slightly higher than the other items.

Table 7.1 Startup Ecosystem Characteristics

	item	feature	Score (2021)
1	Financial Support	<ul style="list-style-type: none"> IPOs, bank loans, equity financing, government grants, and venture capital remain low across the board, while personal funds other than founders are important Oil price hikes and COVID-19 affected the financial sector, tightening conditions for bank borrowing, etc. 	2.12
2	Government Policies	<ul style="list-style-type: none"> Low level of procedures, taxation, and local and central government support for starting a business More extensive legislation for the public sector due to the large number of state-owned enterprises, and challenges in legislation for entrepreneurship and the private sector. 	1.46
3	Government	<ul style="list-style-type: none"> Lack of government support and many are provided by the private 	1.70

¹⁷² World Bank "Iraq Economic Monitor: Protecting Vulnerable Iraqis in the Time of a Pandemic, the Case for Urgent Stimulus and Economic Reforms" Fall 2020

¹⁷³ KAPITA "Iraqi Startups' Ecosystem Monitor" V2.0 September 2021 The study follows the sampling methodology of the GEM (Global The survey follows the sampling methodology of the GEM (Global Entrepreneurship Monitor) and is based on interviews with 30 selected experts in each field.

	Programs	<p>sector or donors. Government officials who provide support for entrepreneurship also lack capacity in dealing with business.</p> <ul style="list-style-type: none"> On the other hand, science parks and business incubations are increasing. An information portal, eRegulations¹⁷⁴, has been launched as an information support site for entrepreneurs in Baghdad. 	
4	Education and Training	<ul style="list-style-type: none"> Entrepreneurship is not emphasized in education. Critical thinking and creative thinking curricula that foster entrepreneurship are not emphasized in primary and secondary education On the other hand, there is also support for training for entrepreneurship at some vocational and university levels¹⁷⁵ 	1.37
5	Research and Development (R&D)	<ul style="list-style-type: none"> The environment that facilitates the introduction of new technologies and knowledge into new businesses is not yet conducive. Challenges exist in access to R&D, government subsidies, engineering support, and knowledge transfer. Lack of support for commercialization of research results at universities and research institutes 	1.57
6	Business Infrastructure	<ul style="list-style-type: none"> There is a significant lack of services provided by financial institutions. Although, the situation is relatively good in the ecosystem, there are challenges in accessing accounting services, subcontractors and suppliers, and consultants 	2.33
7	Market Openness	<ul style="list-style-type: none"> New market development remains a challenge, but the situation is relatively good. In recent years, consumer goods and BtoB products and services have been changing and showing growth potential 	2.35
8	Infrastructure	<ul style="list-style-type: none"> The situation is relatively good in terms of securing means of communication and access to utilities such as gas, water, and electricity. Service supply is unstable and there are many issues regarding infrastructure facilities such as roads. 	2.45
9	Cultural and Social Norms	<ul style="list-style-type: none"> There is little emphasis on self-sufficiency, autonomy, and personal initiative, and a sociocultural tendency to avoid accepting the risks involved in starting a business. Despite the increase in startups and innovative entrepreneurship, young people still tend to choose a path of stability 	2.07
10	Entrepreneurial Opportunities	<ul style="list-style-type: none"> Access to information on business opportunities, positive among other ecosystem elements on the increase in entrepreneurial opportunities over the past 5 years Challenges remain in conjunction with access to education and training opportunities and technology. 	2.95
11	Skills and Capacity in General Population	<ul style="list-style-type: none"> General public capacity for entrepreneurship and business is not high, but there is a lot of optimism about entrepreneurship Lack of information about starting a business 	1.98
12	Motivation	<ul style="list-style-type: none"> Expectations for entrepreneurship are high, and successful entrepreneurs have an image of social status and respect. 	3.13
13	Women and Entrepreneurship	<ul style="list-style-type: none"> Women's labor participation has always been low and relatively low Entrepreneurial support for women is still limited. There are particular challenges with financing. 	2.35
14	Intellectual Property	<ul style="list-style-type: none"> There is a legal system to protect intellectual property rights, but there are operational challenges. Pirated goods are available and there is a lack of trust in respect for patents, copyrights, and trademarks 	1.39

Source: JICA Research Team based on KAPITA "Iraqi Startups' Ecosystem Monitor" V2.0 September 2021.

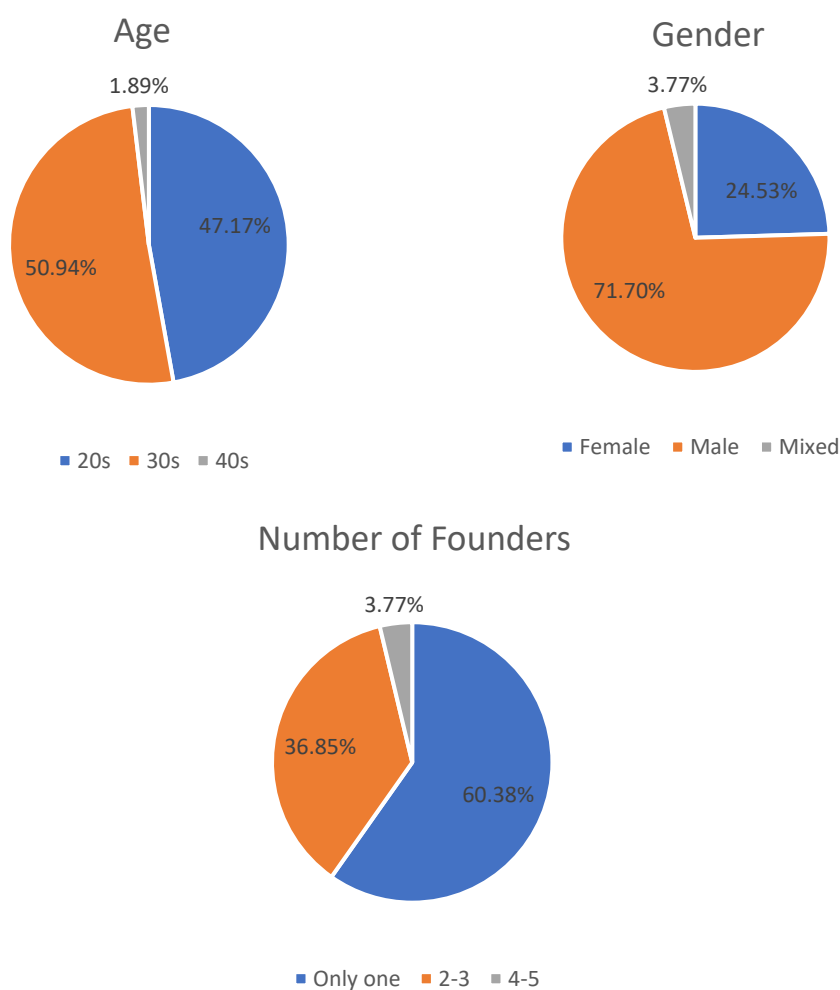
¹⁷⁴ <https://baghdad.eregulations.org/>

¹⁷⁵ Baghdad Business School (<https://bbs.iq/>), etc.

7.1.3 Characteristics and Trends of Start-up Companies

According to KAPITA's research, start-ups in Iraq are characterized by (1) majority of lone male entrepreneurs, (2) the nature of the business is separate from their educational background, and (3) while starting their own business, they focus on other occupations to support their own businesses and build their track record. The survey also found that the majority of male entrepreneurs in Iraq are not interested in starting their own businesses. Based on the study, the characteristics of Iraqi start-ups are summarized as follows.

Figure 7.3 below shows the main characteristics of entrepreneurs. Entrepreneurs are generally perceived to be highly educated individuals in their 20s and 30s, and while this is in fact the case, there are also many in the mid-30s to early 40s age group. In terms of gender balance, women tend to be relatively underrepresented, but this is due to a variety of issues, including social constraints, lack of technological and economic resources, and lack of online data essential for understanding the market.¹⁷⁶



Source: JICA Research Team using data from KAPITA "Iraqi Entrepreneurs' Journey V2.0: New Trends and Insights" April 2022.

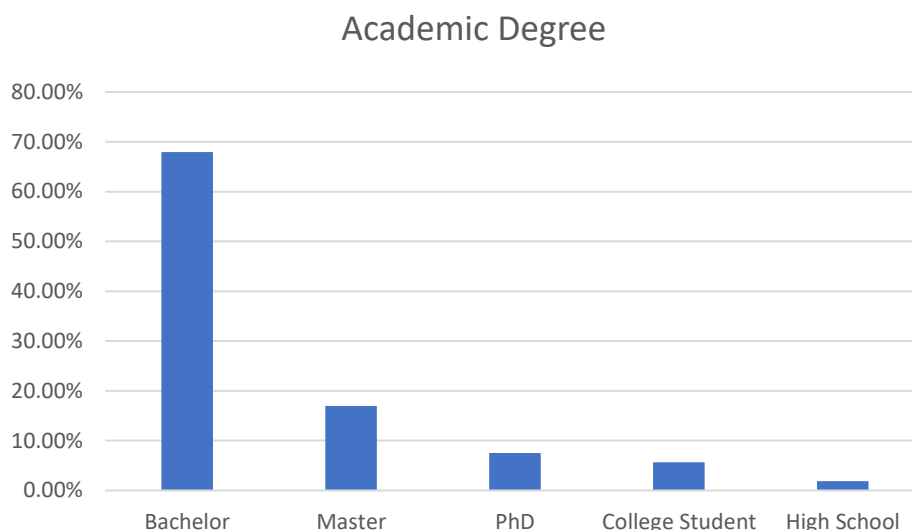
Figure 7.3 Characteristics of Start-up Firms (Entrepreneurs)

Looking at the relationship between the entrepreneurs' academic backgrounds and areas of specialization, etc., and their company sectors, 67.92% of the entrepreneurs have an undergraduate degree. In general, it is said that startups from more educated groups are more likely to succeed, but in Iraq, respondents with applied science (medicine, engineering) backgrounds were the most numerous among the respondents. This may be

¹⁷⁶ KAPITA "Iraqi Startups' Ecosystem Monitor" V2.0 September 2021".

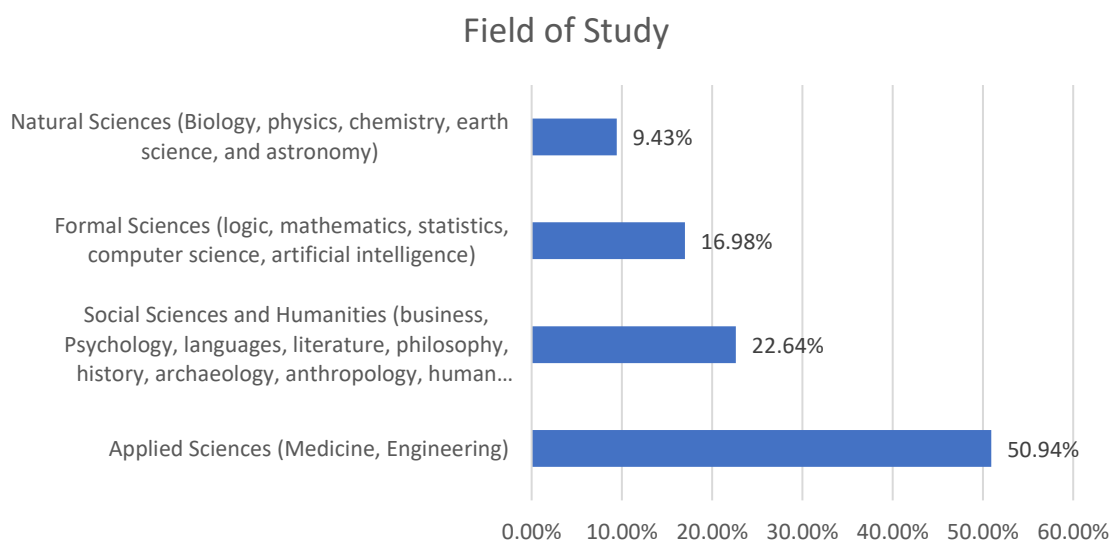
due to the fact that high achievers in secondary education go into the applied sciences and are socially privileged.¹⁷⁷

Entrepreneurship is not emphasized in the Iraqi educational system, and it is difficult to foster motivation and knowledge of entrepreneurship in school education. Currently, efforts to spread entrepreneurship and entrepreneurial knowledge among young people and university students are expanding. Examples include the Scaleup academy by KAPITA, described in 7.3.2, The Metro and The Academy by The Station Iraq, and training projects by MSELECT.



Source: JICA Research Team using data from KAPITA “Iraqi Entrepreneurs’ Journey V2.0: New Trends and Insights” April 2022.

Figure 7.4 Academic Degree of Entrepreneurs



Source: JICA Research Team using data from KAPITA “Iraqi Entrepreneurs’ Journey V2.0: New Trends and Insights” April 2022.

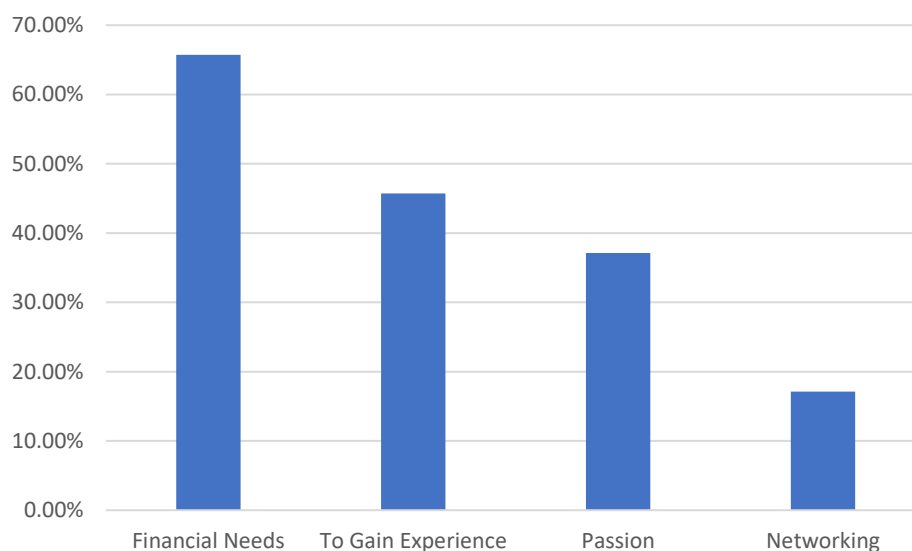
Figure 7.5 Field of Study of Entrepreneurs

Only 30.19% of the respondents are entrepreneurs in a specialized field related to their own academic background. The results also show that the main sources of knowledge and information are self-study

¹⁷⁷ KAPITA “Iraqi Entrepreneurs’ Journey V2.0: New Trends and Insights” April 2022.

(75.92%) previous work experience (57.55%) events and workshops (51.02%) online courses (48.16%) and academic research (37.96%).¹⁷⁸

A further notable trend among entrepreneurs is that many are engaged in other occupations in addition to their own businesses. In the same survey, 62.26% were engaged in other occupations, while 37.74% were not. The most common reason for this was due to financial needs (65.71%), followed by the need to gain experience (45.71%). The pattern is more solid, as many respondents are working in other occupations to gain income and work experience while growing their businesses until they are able to start a business and turn a profit, or until they are able to focus on their own business.



Source: JICA Research Team using data from KAPITA "Iraqi Entrepreneurs' Journey V2.0: New Trends and Insights" April 2022.

Figure 7.6 Main Reasons for Engaging in Other Occupations (multiple responses)

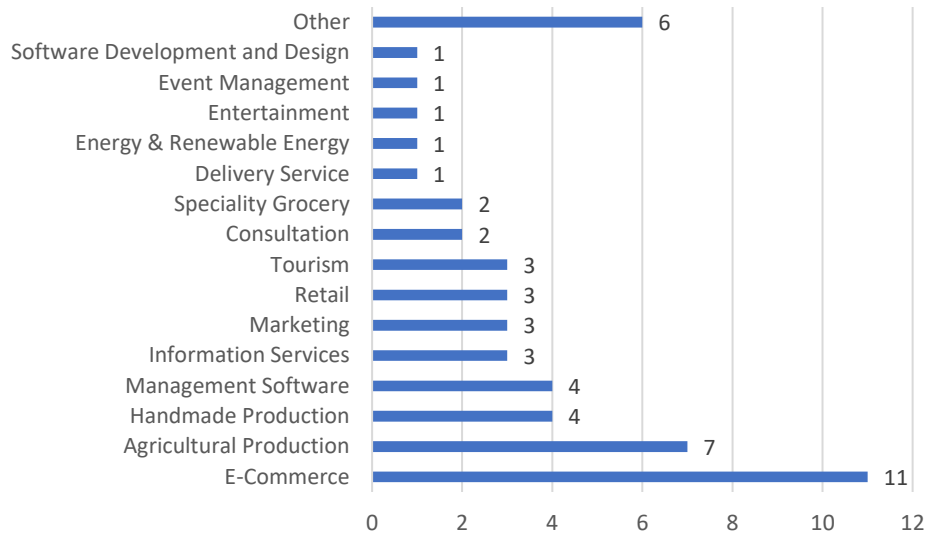
The most common reasons for starting a business were "to become self-employed" (66.04%), "to solve a problem (no existing solutions)" (52.83%), "need to improve current services/products" (50.94%), and other social issues. Many of the reasons were derived from solving social issues or developing new markets. Some also responded "financial need" (24.53%) and "because I am a serial entrepreneur" (18.87%).¹⁷⁹

The most common type of start-ups is e-commerce, as shown below. In Iraq, interest in e-commerce has increased in recent years, and retail startups are becoming more established. In addition, there is a trend toward more startups in the agricultural sector, indicating a growing interest in this area.

In addition, 49.06% of companies utilize both online (social media, web, etc.) and offline (stores, etc.), while 47.17% of start-ups are online-only, indicating that online utilization is very important for start-ups to develop new markets and innovative business models. This shows that the use of online is very important for startups to develop new markets and innovative business models.

¹⁷⁸ The most important is calculated by specific weight, with 5 points for the most important and 4 points for the second most important.

¹⁷⁹ KAPITA "Iraqi Entrepreneurs' Journey V2.0: New Trends and Insights" April 2022" (multiple responses).

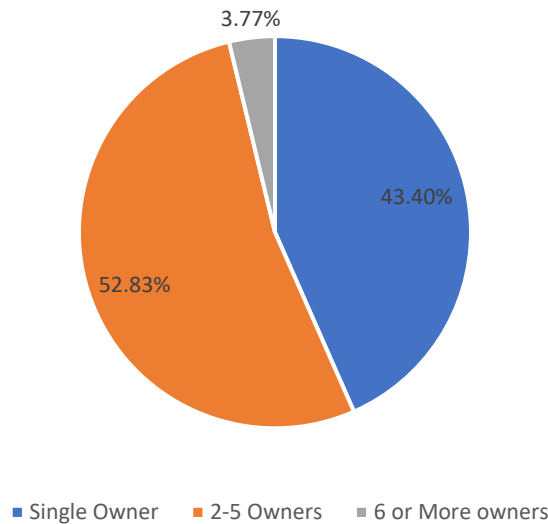


Source: JICA Research Team using data from KAPITA "Iraqi Entrepreneurs' Journey V2.0: New Trends and Insights" April 2022.

Figure 7.7 Types of Start-up Companies

One point worth noting here is the number of start-up company owners and the composition of their teams. Although the focus tends to be on the entrepreneur as an individual, many entrepreneurs actually run their businesses with a co-founder or team, sharing business ideas, complementing each other's skills, and taking other measures to efficiently develop businesses that would be difficult for one person to run alone.

Moreover, it is not only the case that one entrepreneur founds one business and is engaged exclusively in it, but there are also many cases of serial entrepreneurs who have founded or continuously operate multiple businesses, or at least work somewhere to gain income and work experience until their business is stable. The startup ecosystem in Iraq, in particular, is still underdeveloped in many areas, and it is evident that aspiring entrepreneurs are making a variety of innovations.

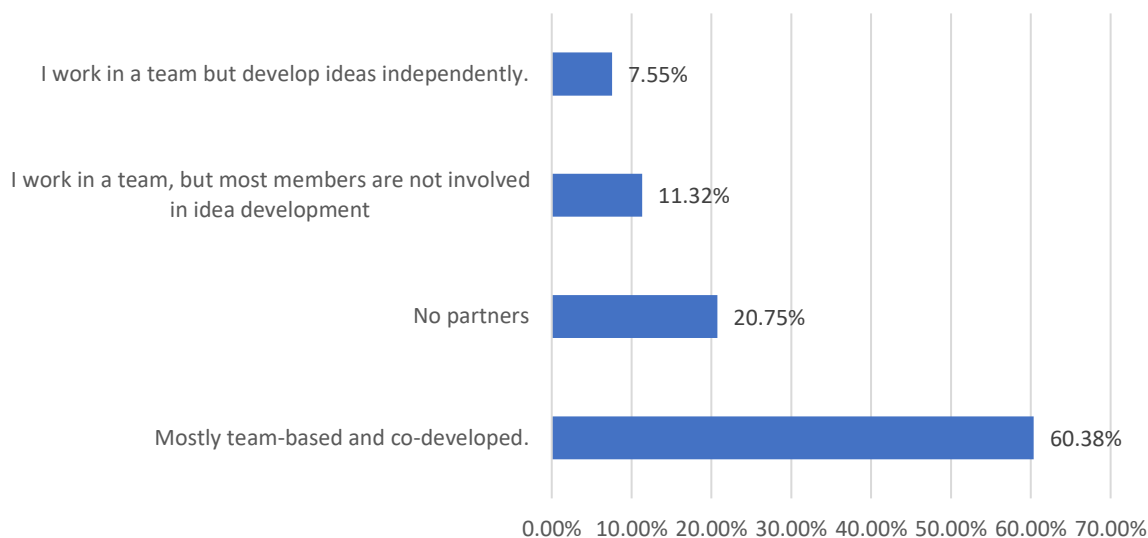


Source: JICA Research Team using data from KAPITA "Iraqi Entrepreneurs' Journey V2.0: New Trends and Insights" April 2022.

Figure 7.8 Number of Start-up Company Owners

Figure 7.9 below shows the type of teams that start-ups are developing, with 60.38% of start-ups collaborating on business development with their teams, indicating that partners and teams are very important to entrepreneurs. Note that the most common way to gather team members is through acquaintances/introductions (73.08%), followed by social media (50%) and web searches (23.08%), with

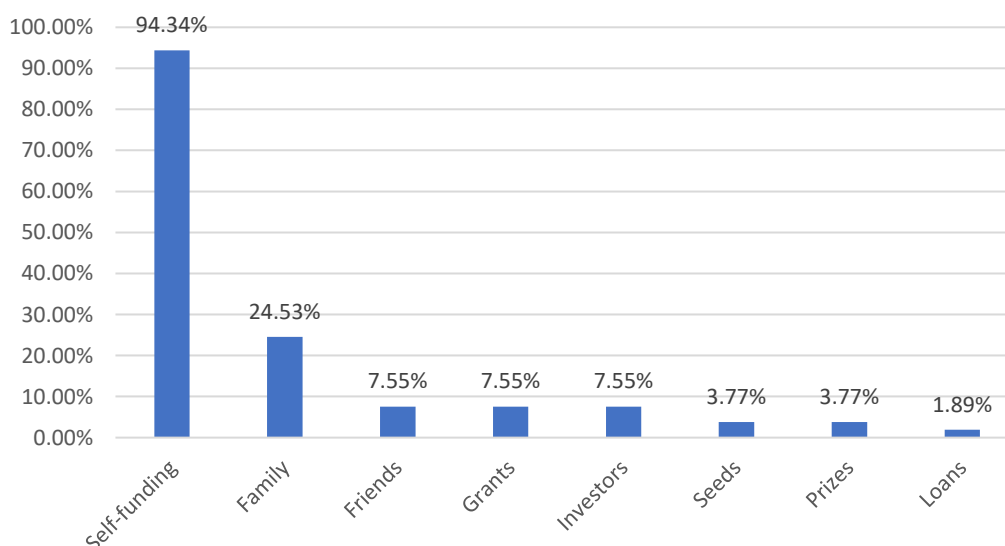
only a few (5.77%) using recruitment firms.¹⁸⁰ In addition to social media, he uses competitions, hackathons, networking events, and other opportunities to find co-founders and team members. They also utilize private group pages on Facebook for recruitment, as well as LinkedIn and Instagram. In addition, when special skills are needed, they often utilize networking.



Source: JICA Research Team using data from KAPITA "Iraqi Entrepreneurs' Journey V2.0: New Trends and Insights" April 2022.

Figure 7.9 Teamwork in a Start-up Business

Start-ups are overwhelmingly self-financed. This is due to the fact that the entrepreneurial ecosystem in Iraq is not yet mature and opportunities to receive investment are limited. Under such circumstances, several new investment projects have been launched, as described below, and are in the early stages of gradually increasing the availability of funding for start-ups.



Source: JICA Research Team using data from KAPITA "Iraqi Entrepreneurs' Journey V2.0: New Trends and Insights" April 2022.

Figure 7.10 Startup Financing (multiple responses)

¹⁸⁰ KAPITA "Iraqi Startups' Ecosystem Monitor" V2.0 September 2021"

The most common challenges for scaling startups are funding (73.58%), followed by customer acquisition (54.72%) and partnerships (30.19%).¹⁸¹

7.2 Current Status of Legal System, ICT Infrastructure, and Access to Finance Related to Entrepreneurship

7.2.1 Overview of Systems Related to Entrepreneurship and Business

Institutional reforms in the business sector in 2018 have made it easier to start a business, as multiple registration procedures have been consolidated and the time required to register a company has been reduced. In addition, the credit registry¹⁸² is now in place and access to finance has improved. However, the lack of regulations to protect intellectual property can be a disincentive to new business development, and laws and regulations targeting new growth areas such as e-commerce are not yet in place.¹⁸³

The key institutions in the policy-making process related to business in Iraq are the Council of Representatives (Congress, Legislature: Unicameral Legislature), the Prime Minister's Office (PMO: Prime Minister's Office), and the Council of Ministers Secretariat (COMSEC: Secretariat of the Council of Ministers). In addition, the Ministry of Planning (MOP) oversees the Iraqi government's fiscal policy and conducts socioeconomic planning and statistical management, while the Central Statistical Organization (CSO) collects and manages national-level statistical data on business.

On the financial side, the Central Bank of Iraq (hereinafter referred to as CBI) is positioned as an independent national institution that oversees Iraq's monetary policy and manages the country's foreign exchange reserves. In addition, the National Investment Commission (NIC) is responsible for promoting investment and issuing investment licenses.¹⁸⁴

7.2.2 Major Policies, Legislation and Strategic Plans for Entrepreneurship and Business

The main policies and legislation pertaining to the Iraqi business environment are listed in Table 7.2 below. The procedures for registering a company are described in Section 7.4 below.

Table 7.2 Major Policies, Legislation, and Strategic Plans Related to Entrepreneurship and Business

Iraq Vision 2030 (Iraq Vision 2030)
The Ministry of Planning has developed the Iraq Vision 2030, which emphasizes the SDGs and mentions entrepreneurship as a long-term priority for the education sector and as a means of job creation in the private sector. ¹⁸⁵
National Development Plan (NDP) 2018-2022 (National Development Plan 2018-2022)
Roadmap for addressing national challenges, with a focus on revitalizing the private sector and improving the investment climate Improving the business and investment climate as key priorities. ¹⁸⁶
Private Sector Development Strategy (2014-2030)
Emphasizes the importance of economic diversification and states that the action item is to "establish a fund to provide seed capital, soft financing, and loan guarantees to promote private sector business expansion, new company formation, competitiveness, and entrepreneurship and innovation." ¹⁸⁷
Investment Law 13 of 2006¹⁸⁸
All sectors except oil and gas and banking
Company Law 21 of 1997 and Registration Instructions No. 196 of 2004¹⁸⁹
Laws and Regulations for Registration of Companies in Iraq

Source: GIZ "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report" and Iraqi government website.

¹⁸¹ KAPITA "Iraqi Entrepreneurs' Journey V2.0: New Trends and Insights" April 2022

¹⁸² The World Bank (2020) "Doing Business 2020: Economy Profile Iraq."

¹⁸³ GIZ "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report."

¹⁸⁴ From GIZ "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report" and the respective organizations' websites

¹⁸⁵ Ministry of Planning, GOI "VISION2030"

¹⁸⁶ National Development Plan (NDP) 2018-2022

¹⁸⁷ Private Sector Development Strategy (2014-2030)

¹⁸⁸ Microsoft Word - The Investment Law No amended.docx (investpromo.gov.iq)

¹⁸⁹ Company-Law-21-of-1997_-Registration-Instructions-No1.-196-2004-En.pdf (investpromo.gov.iq)

7.2.3 Financial Access Environment

(1) Overview of Access to Finance

The Central Bank of Iraq (CBI) has launched a strategic plan (2016-2020)¹⁹⁰ that emphasizes the need to promote financial inclusion and is working to improve the investment and financial access environment.

According to the World Bank (World Bank), 89%¹⁹¹ of the Iraqi population does not own a bank account. Cash-on-delivery remains the norm, and this poses a significant challenge for start-ups. Promoting financial inclusion is essential, as it is a factor that, combined with existing logistical challenges, also makes scaling start-ups difficult. Furthermore, the lack of international electronic payment options makes it very difficult to expand internationally without a foreign bank account. Iraq is still disconnected from the international financial system.¹⁹² This creates a high hurdle for remittances from abroad and is a disincentive for start-up companies to expand into foreign markets.

In addition, the main source of financing for entrepreneurs is often from their own savings or from family and friends, and access to bank loans and investors is still a major challenge for many entrepreneurs.

(2) Status of Bank Loans

Currently, there are 54 banks operating in Iraq, 7 of which are state-owned¹⁹³, 15 are foreign-owned, and 11 specialize in Islamic banking.¹⁹⁴ To improve access to finance, the CBI launched a financing project in 2015 for small and medium enterprises (SMEs) specializing in agricultural, industrial, and commercial activities.¹⁹⁵

The '1 Trillion Dinars Initiative'¹⁹⁶ by CBI is a financing scheme for SMEs implemented with the aim of promoting SMEs and employment and developing local products and services. Particular priority is given to innovative businesses by young entrepreneurs who have previously had difficulty in obtaining financing.¹⁹⁷

The establishment of the Iraqi Company for Bank Guarantees (ICBG) has facilitated SME lending in the country; ICBG guarantees repayment of up to 75% of SME loans from private commercial banks and also conducts credit screening of companies. However, this screening process targets SMEs that already have an established business model, and it is often difficult for startup companies that do not yet have a business model to obtain financing.¹⁹⁸

Equity investment options currently face high hurdles. Lack of market data and an underdeveloped regulatory environment make it difficult for investors and entrepreneurs to agree on risk and opportunity levels, and only limited investments are currently being realized. In addition, startups are rarely approached as investors because potential wealthy individuals have ties to political and military groups and lack knowledge of sound startup investment.¹⁹⁹ Currently, accelerator KAPITA has established the Iraqi Angel Investment Network and Fund, but trading is limited to the Iraqi Stock Exchange (ISX).

The financial assistance options accessible primarily to start-ups are discussed below.

(3) Development of Mobile Payments and E-payments

Meanwhile, mobile payment and e-payment services are being expanded in Iraq. In recent years, Asia Hawala²⁰⁰, Zain Cash²⁰¹, and Fast Pay²⁰² have launched their services, and significant progress is expected

¹⁹⁰ Central Bank of Iraq "Strategic Plan for 2016-2020."

¹⁹¹ The World Bank (2018) "Iraq Economic Monitor" Spring 2018.

¹⁹² GIZ "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report".

¹⁹³ Rafidain Bank, Rasheed Bank, Industrial Bank, Agricultural Cooperative Bank of Iraq, Real Estate Bank of Iraq, Bank of Iraq, Trade Bank of Iraq.

¹⁹⁴ <https://www.m-partners.biz/en/research-reports/financial-services/emerging-iraqi-banking-sector/>

¹⁹⁵ GIZ "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report".

¹⁹⁶ <https://gds.gov.iq/iraqi-government-finance-schemes-to-support-smes-and-business-innovation/> <https://tamwil.iq/bigform.html>

¹⁹⁷ Most of the funds were transferred to private banks through CBI as loans to startups and SMEs at a low interest rate of 7%, but in reality most of the funds are inaccessible due to strict regulations. (GIZ "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report").

¹⁹⁸ GIZ "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report".

¹⁹⁹ GIZ "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report".

²⁰⁰ <http://asiahawala.iq/English/index.html>

²⁰¹ <https://www.zaincash.iq/>

²⁰² <https://www.fast-pay.iq/>

from startup companies using mobile payments in the future. In addition, the Qi Card²⁰³ debit card and Zain WalletCard²⁰⁴ prepaid card services will encourage startups to develop new online services as they expand their online shopping options.

Financial inclusion and the dissemination of payment methods services are key elements for the growth of start-up companies.

7.2.4 Overview of ICT Infrastructure Environment

As of January 2021, 75% of the population has access to the Internet, 61.4% of them actively use social media, and 98.4% have access to a mobile connection. In addition, e-commerce is a growth area, but limited financial access is hampering its growth, as only 22.7% of the population 15 years and older have an account at a financial institution, 13.5% shop and pay online, and 1.8% have a credit card.²⁰⁵

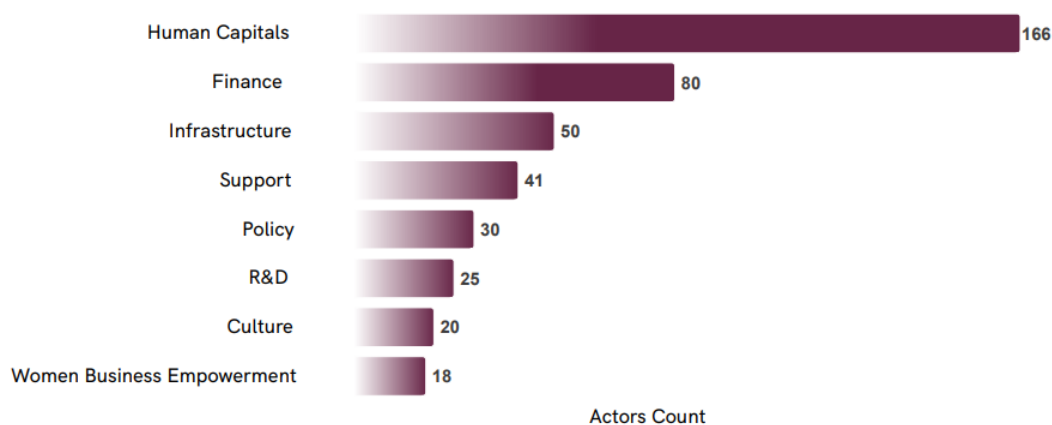
Currently, the demand for ICT skills is very high across sectors, and most companies need ICT skills. Many of the new start-ups are fintech and e-commerce related, and the development of an ICT infrastructure environment is inevitably the foundation for start-up promotion.²⁰⁶ In addition, since the COVID-19 pandemic, the demand for these technological services that enable contactless commerce has been very high, and this is another factor that will help promote startups.

7.3 Current Status of Support Organizations and Funding for Start-up Companies

Currently, efforts are underway to complement and promote the startup ecosystem from many angles, including startup support and funding opportunities in Iraq.

7.3.1 Start-up Ecosystem Mapping

The 2022 KAPITA study categorizes the startup ecosystem into eight areas: 1) ecosystem supporters, 2) finance, 3) human resources, 4) R&D, 5) policy, 6) culture, 7) women-specific initiatives, and 8) digital infrastructure. In Iraq, there are 380 actors working in the eight areas, many across multiple sectors.²⁰⁷ Figure 5.10 shows the number of actors in each sector, with support to human resources dominating, followed by financial assistance. In addition, the number of activities dedicated to women's business empowerment tends to remain small compared to the overall number of activities, and this is an area that will need to be strengthened in the future.



Source: KAPITA (2022) "Mapping the Iraqi Entrepreneurial Ecosystem Growth Domains, Involved Actors, and Leading Programs" V 1.0 2022.

Figure 7.11 Distribution of Actors by Startup Ecosystem Category

²⁰³ <https://qi.iq/english/home>

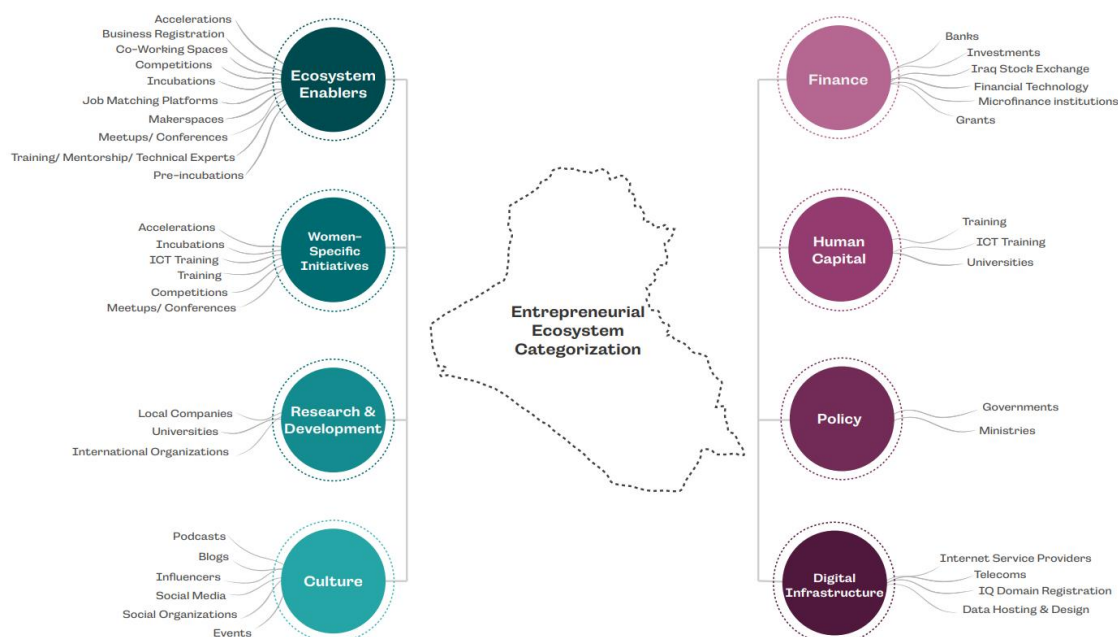
²⁰⁴ <https://www.zaincash.iq/features/walletcard.html> Partner with international brand MasterCard. prepaid card that can be recharged through the Zain Cash app.

²⁰⁵ <https://datareportal.com/reports/digital-2021-iraq>

²⁰⁶ Major fintech and e-commerce companies include Miswag, Orisdi, Switch, and Neo; GIZ "Mapping the Tech and Entrepreneurial Ecosystem in Iraq Mission and report".

²⁰⁷ KAPITA (2022) "Mapping the Iraqi Entrepreneurial Ecosystem Growth Domains, Involved Actors, and Leading Programs" V 1.0 2022.

Figure 7.12 provides further information on the above classification of the startup ecosystem in Iraq and what actors are classified as such.



Source: KAPITA (2022) "Mapping the Iraqi Entrepreneurial Ecosystem Growth Domains, Involved Actors, and Leading Programs" V 1.0 2022.

Figure 7.12 Startup Ecosystem Categories in Iraq

Based on the above, the main institutions and their activities are described below.

7.3.2 Overview of Major Start-up Support Organizations

Activities related to start-up support are more likely to take the form of collaboration among a truly diverse range of actors, including governmental organizations, educational institutions, international organizations, bilateral aid agencies, NGOs, and major private companies, rather than single institutions. In Iraq, where the economy has been stagnant due to soaring oil prices and the restrictions on economic activities imposed by COVID-19, as mentioned above, the movement toward start-up support and collaboration after 2020 is dynamic.

Table 7.3 shows a list of major start-up support organizations. Of these, details are provided based on interviews with mainly (1) KAPITA and (2) The Station, which are engaged in dynamic activities. MSELECT, which is discussed in section (3), is a general human resource service company, but we included it in this section because it is actively promoting projects similar to those of start-up support organizations.

Table 7.3 Major Startup Support Organizations

Location	Name of Organizations
Baghdad	KAPITA
	The Station
	Fikra Space
	Culture Center
	Iraq Space Center (ISC)
Basra.	Science Camp
Erbil	TechHub
	Re:Coded
Mosul	Mosul Space
Sulaymaniyah	The Lab:Suli / Five One Labs
	Takween Accelerator

Source: GIZ "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report".

In order to identify trends in the general situation of start-up support and partnerships in Iraq, 7.3.2 describes the activities of the main start-up support organizations, 7.3.3 describes the main activities of partnerships by type of organization, and 5.3.4 describes activities focused on financial support.

(1) KAPITA Business Hub

A private sector development company focused on private sector development, primarily empowering small and medium enterprises through investment, research, incubation/acceleration, and market development programs.

Table 7.4 KAPITA Business Hub

Organization			
History and Background	Founded in 2019; Orange Corners Incubation program and Scaleup academy Acceleration program established; Iraqi Angel Investors Network (Iraqi Angel Investors Network) launched in 2020.		
Vision	The firm that forms the core engine in developing the private sector in Iraq to accelerate the growth of ecosystems and entrepreneurs in order to cause an overall growth and development to take Iraqi startups and SMEs to the next level, provide job opportunities and contribute in stabilizing Iraq.		
Mission	Empower the human capital to excel in startups and SMEs through incubation and acceleration to provide access to capital, better data and research about the Iraqi market, and create new opportunities to the investors.		
Membership	27 individuals (70% male, 30% female)		
Partner	GIZ, Embassy of the Netherlands in Iraq, Asiaccell		
Target Stage	Seed, Early, Growth, Scale, Exit Phases		
Scope of Support	<table border="0"> <tr> <td> <ul style="list-style-type: none"> ■ Development of products and services ■ Improve existing products and services ■ Research and Development ■ Production Support ■ Sales and marketing support ■ Business Training/Soft Skills </td> <td> <ul style="list-style-type: none"> ■ Mentorship ■ Matching ■ Networking ■ Registration ■ Fundraising Support </td> </tr> </table>	<ul style="list-style-type: none"> ■ Development of products and services ■ Improve existing products and services ■ Research and Development ■ Production Support ■ Sales and marketing support ■ Business Training/Soft Skills 	<ul style="list-style-type: none"> ■ Mentorship ■ Matching ■ Networking ■ Registration ■ Fundraising Support
<ul style="list-style-type: none"> ■ Development of products and services ■ Improve existing products and services ■ Research and Development ■ Production Support ■ Sales and marketing support ■ Business Training/Soft Skills 	<ul style="list-style-type: none"> ■ Mentorship ■ Matching ■ Networking ■ Registration ■ Fundraising Support 		
Main Support Programs	<ul style="list-style-type: none"> ■ Orange Corners Baghdad Incubation program to encourage startup ideas to pitch and develop into established projects to help those in need. Training, networking, professional consulting, mentorship, and funding support, funded by Netherlands Embassy. ■ ScaleUp Academy An acceleration program designed to help entrepreneurs grow their businesses beyond the ideation and formation stages by equipping them with the right know-how and power to understand and overcome any challenges they face through project execution. 		

Source: JICA Research Team based on interviews with KAPITA (July 13, 2022) and KAPITA website.

The following is a summary of points obtained through interviews with KAPITA.

■ **Challenges for Start-up Companies**

Recognizing that access to capital, availability of skilled human resources, and financial infrastructure (lack of interest in e-payments) are major issues for start-ups in Iraq, KAPITA established the Iraq Angel Investor Network to further increase interest in e-payments and other financial infrastructure. The company is conducting programs and communications to further increase interest in e-payments and other financial infrastructures.

■ **Ecosystem Development Initiatives**

In the startup ecosystem, they also recognize the lack of exit strategies and opportunities, weak coordination among startup supporters, and lack of focus on sectors with high growth potential as challenges, and therefore, KAPITA have implemented training programs to improve skills, coordinated with other

supporters meetings and signing MoUs. They are also raising awareness of sectors with high potential, such as agriculture.²⁰⁸

(2) The Station Iraq

Table 7.5 The Station Iraq

Organization			
History and Background	Established in 2018 as the first independent non-governmental and non-profit organization. Laying the foundation for Iraqi youth with innovative ideas to get their first foot in the business world and private sector; active in Baghdad, Mosul and Erbil.		
Vision	To build an ecosystem comprised of aspiring entrepreneurs and artists, thriving to make a life, not just a living. We envision a future driven by a generation of innovators, risk takers, and leaders.		
Mission	Enhancing the involvement and participation of youth in the development of the entrepreneurship ecosystem and private sector by empowering local initiatives through business support services, capacity building training, and networking.		
Employee	46 (including 16 women)		
Membership	50 organizational members, 20 individuals (57% male, 43% female)		
Membership Fee	220,000 IQD for the Plus package and 180,000 IQD for the Basic package; may be subsidized by private sponsors or donors.		
Partner	Zain, Asiacell, Al Handal International Group, National Bank of Iraq, Earthlink EU, UNESCO, French Embassy, British Council, GIZ, Dutch Embassy, German Embassy		
Target Stage	Pre-seed, Seed, Early, Growth		
Scope of Support	<table border="0"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> ■ Ideation ■ Development of products and services ■ Improve existing products and services ■ Sales and marketing support ■ Business Training/Soft Skills </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> ■ Mentorship ■ Networking ■ Registration </td> </tr> </table>	<ul style="list-style-type: none"> ■ Ideation ■ Development of products and services ■ Improve existing products and services ■ Sales and marketing support ■ Business Training/Soft Skills 	<ul style="list-style-type: none"> ■ Mentorship ■ Networking ■ Registration
<ul style="list-style-type: none"> ■ Ideation ■ Development of products and services ■ Improve existing products and services ■ Sales and marketing support ■ Business Training/Soft Skills 	<ul style="list-style-type: none"> ■ Mentorship ■ Networking ■ Registration 		
Main Support Programs	<ul style="list-style-type: none"> ■ The Incubator (GIZ support, Baghdad, Erbil) Incubation is offered as a package. Pre-incubation begins with idea design, followed by prototyping, business development, and monetization during the incubation phase. Mentorship, business training, and networking support are also provided. ■ The Academy (Baghdad, Mosul, Erbil) - Training for university students and recent graduates: A wide range of training tailored to their needs and career goals. - After completion of theoretical learning, participants will be placed in an internship in partnership with a company. - Capacity building for companies: Provides training and development packages to improve the soft and technical skills of employees. We also help them acquire the essential skills they need to scale up. ■ Creative Space (supported by National Bank of Iraq, Baghdad, Mosul) Support the professional development of creators and artists and provide opportunities to highlight the talent, art and culture that Iraq has to offer. Provide space for artists and creators. Host a variety of events, including music. ■ The Metro (Baghdad, Mosul, Basra) The program is being implemented for college students in order to emphasize the importance of promoting the participation of young people in the development of the private sector. - Awareness sessions: sessions on various topics such as marketing, innovation, problem solving, how to find a project, etc. to raise awareness among college students. 		

²⁰⁸ Interview with KAPITA (July 13, 2022).

	<p>- Career Planning: There is a gap between the labor market and graduates. Through vocational training, students search for potential career paths, how to find appropriate entry-level jobs, and train skills for specific industries.</p> <p>- Accepted university students to visit The Station and introduce its activities.</p> <p>■ The Train (GIZ support: Basra) Expanding services to new regions and governorates in Iraq with different business ecosystems. Preparing to build the capacity of young people in governorates with underdeveloped ecosystems to participate in incubation programs in order to address different needs and challenges and incorporate different ecosystems into their projects. Preparing the ground for The Station to initiate ecosystem development programs in the governorates.</p> <p>■ Isnad (CIPE²⁰⁹ Support: National) Activating the role of the private sector and initiating activities and research aimed at supporting small and micro enterprises through legislation.</p>
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Source: JICA Research Team based on interviews with The Station (May 10, 2022) and The Station website, etc.

The following is a summary of key points obtained through interviews with The Station.

■ Challenges for Start-up Companies

The Station identifies three main challenges for startups in Iraq: registration, access to capital, and best practices. To address these challenges, The Station provides affordable coworking space, reduce the burden of high overhead costs in the early stages, and allow startups to grow and expand until they are ready to move out. In addition, they are committed to creating best practices in the services and programs they offer and making their business model as effective as possible.

Through its comprehensive network of partners in the international community and private sector, it also serves to identify and guide potential options for startups, including training programs, pitch contests, grant assistance, investor links, networking opportunities, and bank financing.

■ Ecosystem Development Initiatives

There are numerous challenges currently facing the ecosystem, including funding, company registration, new ideas, and organizations that are overly dependent on donor funding.

Funding challenges relate to the ability of startups to apply for funding. There is a disconnect between startups and the investor community because the number of investment-ready startups is relatively small and there is a lack of understanding of what is required for receiving investment. In addition, many start-ups are not registered, and investors tend to shy away from risk. Co-working spaces are not recognized as valid locations under the corporate registration system, a situation that weighs heavily on the financial burden on early-stage startups.

While it is important to conduct regular ideation sessions targeting young people and putting them into actionable ideas, such services are limited to major cities. Many agencies rely on international donor funding and fail to adopt a sustainable business approach, which could be severely impacted if there is a decrease in available funding. The Station is a business through private sector partnerships and collaboration with the international community model to balance this. It is able to operate without relying on donor support through space utilization and memberships. It also offers policy advocacy, networking opportunities, and other programs as needed.²¹⁰

(3) MSELECT

MSELECT has offices in the UK, Lebanon, UAE, Saudi Arabia, and Jordan, in addition to Iraq, and provides comprehensive human resource services primarily to large corporate clients. In Iraq, the company started its services in 2012 and provides support for business development in Iraq, business outsourcing, as well as training programs for public and private sectors.²¹¹ It is also involved in the operation of Erbil's co-

²⁰⁹ Center for International Private Enterprise.

²¹⁰ Interview with The Station (May 10, 2022).

²¹¹ The service menu includes recruitment, human resources outsourcing, training, HR consulting, and business process outsourcing. Interview with MSelect (September 1, 2022).

working space TechHub and the online newsletter Bite Tech²¹², helping to expand the startup ecosystem in Iraq.

As for startup support-related projects, the company is responsible for the implementation of the incubation program Orange Corners, an initiative of the Dutch government. The Orange Corners Innovation Fund (OCIF), which works with the Orange Corners program, is a partnership between Orange Corners and GroFin, with the cooperation of Asiacell, a leading telecommunications company, to provide startup company financing.²¹³

Furthermore, based on the knowledge of skill gaps and needs obtained through the job matching program, the company is conducting its own training programs for young people.

■ Human resource development business for fresh graduates and youth

The company is engaged in a skills training program based on its awareness of the problem that the skills of new college graduates and young adults are not commensurate with the market, especially in the IT field, which tends to be outdated. Furthermore, in cooperation with educational institutions such as Baghdad University and NGOs, the company provides business knowledge training and internship programs at companies to prepare students for employment. Regarding educational institutions, we mainly work with CDC for public universities, while private universities work with AUIS. Programs for students in cooperation with universities are offered free of charge.

In 2020, the e-learning platform zaneen will be launched, offering a service that anyone in Iraq can use from anywhere for free or at a low cost.²¹⁴ Zaneen²¹⁵ offers a wide range of business-related courses, many of which are accredited by international institutions.²¹⁶ MSELECT itself also hires mostly new graduates for its own positions, but provides in-house training to compensate for the lack of skills.

■ Initiatives to establish VC and developing legal and regulatory frameworks

MSELECT is a founding member of the Iraqi Angel Investors Network, but currently there are not enough laws in Iraq that contemplate VC business, and financial support for startups is limited. Therefore, starting in 2021, 51labs and Orange Corners are working together with legal experts to prepare a roadmap for the development of the law and submit it to the government for consultation.²¹⁷

(4) Other Major Support Activities

The Baghdad Chamber of Commerce (hereinafter referred to as "BCC") has established an International Organization Department and an Entrepreneurship Department, and is working to provide training opportunities with domestic and international organizations. At present, the program has trained approximately 3,000 entrepreneurs and more than 1,000 ready-to-work professionals, as well as 450 women's courses in cooperation with the World Bank, the International Trade Center, and GIZ.²¹⁸

7.3.3 Activities of Organizations by Classification and Current Status of Partnerships with Start-up Hubs

The main startup hubs and support organizations currently active in Iraq base their programs on a number of partnerships. The forms, relationships, and number of partnerships vary greatly, and yet there have been remarkable new developments in recent years.

The following is a description of the current status of startup support and collaboration activities and partnerships in recent years, broken down by organization type. Note that some of the descriptions may overlap because of the collaboration among them.

²¹² <https://bitetech.ghost.io/>.

²¹³ <https://www.orangecorners.com/news/grofin-iraq-partners-with-orange-corners-erbil-to-offer-training-and-finance-to-young-local-entrepreneurs/>.

²¹⁴ <https://www.mselect.com/blog/2020/09/why-elearning-will-succeed-in-iraq>.

²¹⁵ <https://www.zaneen.io/learn>.

²¹⁶ 5,500 courses offered so far, of which about 1,500 are free. Interview with MSelect (Sept. 1, 2022).

²¹⁷ Interview with MSelect (Sept. 1, 2022).

²¹⁸ Interview with the BCC (July 6, 2022).

(1) Universities and Institutions of Higher Education

Table 7.6 shows the main programs related to entrepreneurship support by universities and higher education institutions. Programs dedicated to entrepreneurship training are still limited and do not meet the needs. However, there have been moves to increase training opportunities for students, such as American University offering courses for entrepreneurs and the The Station offering training courses for university students, and further development is expected.

The American University of Iraq Sulaimani (AUIS) has also established an incubation center to provide business assistance to undergraduate, graduate, and recent graduates.²¹⁹

Table 7.6 Major Programs by Universities and Institutions of Higher Education

Educational institution	Program Contents, etc.
American University of Iraq Sulaimani (AUIS)	Launching an entrepreneurship initiative and incorporating entrepreneurship courses into the curriculum.
The American University of Iraq - Baghdad (AUIB)	Program focused on entrepreneurship as a non-profit university opening in 2020.
Dijlah University College (Baghdad)	Organized an entrepreneurial competition. Also established an in-house investment fund to support graduate innovation.
University of Mosul	Career Development Center collaborates with co-working space Mosul Space to co-develop training on entrepreneurship and technology.

Source: GIZ "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report" and each organizations' websites.

(2) Private Companies and Organizations

Table 7.7 shows programs of startup support and collaboration by major corporations, and other programs. Private companies are involved in the form of sponsorship but may also provide physical support. Many of these programs are part of their CSR activities.

Table 7.7 Activities by Major Firms

Company Name	Program Contents, etc.	Partner
Asiacell	CSR activities include sponsorship of entrepreneurship support programs	KAPITA and others
Zain	Supporting the startup ecosystem	The Station and others
Earthlink	Internet service provider; invests in ICT startup IoT Kids in February 2022	KAPITA / Iraqi Angel Investors Network, GIZ
General Electric	"Iraqi Micro Businesses Initiative" Supporting entrepreneurship at220	KAPITA

Source: GIZ "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report" and other organizations' websites.

In recent years, the case for startup support and collaboration in Iraq has been very dynamic, and the players are diverse, including both domestic and foreign companies. Among them, the presence of Zain and Asia Cell, two major telecommunications companies, is particularly significant and distinctive.

Zain, a leading mobile and telecommunications company operating in seven countries in the Middle East and Africa region, works with the startup hub The Station and tends to provide physical support, such as providing space and training, rather than financial support. In contrast, Asiacell, a mobile Internet company providing services in Iraq, is unique in that it works with the startup hub KAPITA and provides startup support primarily through funding. The main programs of both companies are described below.

■ Zain

Zain, a leading telecommunications company in the Middle East region, has been operating in Iraq since 2005 and has signed a MoU with The Station to actively support start-ups and entrepreneurs in 2021.²²¹

²¹⁹ <https://www.american.edu/kogod/research/innovation/dev-incubator.cfm>.

²²⁰ <https://laffaz.com/ge-partner-kapita-iraqi-entrepreneurship-ecosystem/>.

²²¹ <https://the-station.iq/blog/53>.

Collaborating with American University in Baghdad²²², Baghdad University²²³, Al Rafidain University²²⁴, and the University of Basrah in conducting training courses. It is also working through the Zain Innovation Center (ZINC) to develop programs and initiatives for university students, graduates, start-ups and small business owners.²²⁵

Zain is committed to employing young people and supporting entrepreneurship, and actively recruits university graduates for its own recruitment and offers a 6-month internship program.²²⁶

■ **Asiacell**

Assisted KAPITA in establishing Orange Corner. Provided program participants with the knowledge and guidance they needed to expand and grow their existing startups; formed a strategic partnership with KAPITA to collaborate on the program.²²⁷ KAPITA has also signed an MoU with the United Nations Development Program (hereinafter referred to as UNDP) to provide Accelerator with the knowledge and guidance needed to expand and grow existing startups. and the Accelerator Lab to support young entrepreneurs and start-ups pioneering innovative business solutions to local challenges.²²⁸

In addition to the above, Careem has signed a MoU²²⁹ with Baghdad Business School, which provides skills training for companies, to accept interns.

(3) Development Partners

Startup support and partnership programs by major development partners (bilateral aid agencies and international organizations) are very active and new developments are being observed continuously. Many of the activities take a partnership-based format with local start-up hubs and private companies. Table 5.8 below briefly describes the main programs.

Table 7.8 Programs by Major Development Partners (Bilateral Aid Agencies and International Organizations)

Organization name	Program Contents, etc.	Partner
GIZ	Youth Initiative Program (YIP)/ Startups and Coding ²³⁰ provides youth, especially women, with the skills they need to compete in the labor market, as well as a basic understanding of the entrepreneurial and business fields and basic coding concepts	The Station (Baghdad)
	INTILAQ Competition (2018). Aimed at young people to develop startup companies, with the winner participating in a pre-acceleration program	Zain Baghdad University, Technology University, Alnahreen University, Diglah college
	Part of the Private Sector Development & Employment Promotion (PSD) Project, INTILAQ 2023 will be implemented.	BMZ, EU
UNDP	Innovation for Development Program ²³¹ youth and organizational skill building in the areas of innovation, entrepreneurship, and the SDGs. Organize capacity building sessions and workshops for youth and related institutions across the country to strengthen the ecosystem.	Government of Iraq, and Kurdistan Regional Government

²²² Exchanged MoUs and provided skills training in communication, negotiation, finance, public relations, public speaking, etc.

²²³ Focus on the basics of entrepreneurship, supporting young people's ideas and aspirations, and training them to further develop their skills and be ready for the job market.

²²⁴ Workshops for new graduates.

²²⁵ <https://www.iq.zain.com/en/zain-iraq-furthers-its-community-service-outreach-during-h1-2021-through-plethora-initiatives>.

²²⁶ Interview with Zain (Aug. 14, 2022).

²²⁷ <https://kapita.iq/content/issue/kapita-and-asiacell-fortify-their-strategic-partnership-2021>.

²²⁸ <https://www.undp.org/iraq/press-releases/asiacell-and-undp-iraq-join-efforts-support-youth-employment-and-entrepreneurs>.

²²⁹ <https://bbs.iq/news-and-events/8>.

²³⁰ <https://www.giz.de/en/worldwide/83225.html>.

²³¹ <https://www.undp.org/iraq/innovation-development>.

	The Youth Leadership Programme ²³² creates regional networks working in the fields of youth, innovation and sustainable development.	
	UNDP Accelerator Labs	Asiacell Ministry of Higher Education and Scientific Research Ministry of Labor and Social Affairs
Dutch Embassy	Orange Corner Programme for the development of start-ups is implemented in 14 cities around the world. In Iraq, the program is implemented in partnership with KAPITA and Asiacell. Supporting entrepreneurs is one of its economic support priorities.	KAPITA, Asiacell
Netherlands Enterprise Agency	Provides support to entrepreneurs, NGOs, and various organizations.	
Expertise France	Working on three themes: youth, entrepreneurship, and mental health; supporting students at Mosul and Nineveh Universities through the YANHAD project ²³³ to promote youth civic participation and support entrepreneurship and economic empowerment.	EU Mosul/Nineveh University Takween Accelerator
ILO	Promoting employability and decent work principles as part of post-conflict reconstruction; Start and Improve Your Business (SIYB) programme workshop in KRI in 2021. ²³⁴ Enterprise skills training for young people, migrants and vulnerable groups.	
	Improved Business Development Support Services and Entrepreneurship Education targeting MSMEs and Youth for the creation of Decent Work Opportunities in the KRI of Iraq ²³⁵ in the KRI. Entrepreneurship Support and Business Development Services (BDS). Promoting entrepreneurship education by introducing ILO Know About Business (KAB) entrepreneurship education training at technical and vocational training centers under the Ministry of Labor and Social Affairs (MOLSA).	GIZ, MOLSA
	Financial Inclusion Program. ²³⁶ SMEs promote financing for startups.	Government of the Netherlands, CBI, Iraqi Company for Banking Guarantees
IOM	Entrepreneurial support. Conducting training and other activities in the KRI. ²³⁷	Five One Labs
UNITAR	UNITAR Iraq Fellowship Programme ²³⁸ . A capacity-building-focused training programme that provides social entrepreneurship skills to Iraqi youth. Training in both hard and soft skills.	UNITAR Hiroshima Office (Japan)
USAID	Supporting entrepreneurs in areas such as financing (Nomou Fund ²³⁹), incubation mainly targeting internally displaced persons and others in Erbil (Top Mountain ²⁴⁰), and entrepreneurship education.	GroFin et al.
	Implemented the "Absheer" ²⁴¹ entrepreneurship program,	The Station

²³² <https://www.undp.org/iraq/youth-leadership-programme>

²³³ <https://yanhad.org/en/about-expertise>

²³⁴ https://www.ilo.org/beirut/media-centre/news/WCMS_774613/lang--en/index.htm

²³⁵ https://www.ilo.org/beirut/projects/WCMS_759225/lang--en/index.htm

²³⁶ https://www.ilo.org/beirut/publications/WCMS_775892/lang--en/index.htm

²³⁷ <https://www.iom.int/news/startup-bootcamp-begins-entrepreneurship-all-programme-northern-iraq>

²³⁸ https://unitar.org/sites/default/files/media/file/unitar_ho_-_iraq_fellowship_programme_-_flyer.pdf

²³⁹ <https://iraq.nomou-mena.com/investors/>

²⁴⁰ <https://www.topmountain.co/this-is-content/>

²⁴¹ <https://the-station.iq/blog/199?lang=en&fbclid=IwAR1k2TopOnAEcoVr1gC98v6Sr6R-wuzSiv-wyS-GSc7xC7vCwrYdLAZO9h8>

	part of the Tahfeez program. (See 8.3.1)	
World Bank	Financing Innovative Startups and Small and Medium Enterprises Project ²⁴² Implementation. Programs include private sector reform, digitalization, and support for women entrepreneurs.	

Source: GIZ "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report" and other organizations' websites.

(4) Governmental Agencies

MOLSA has signed an MoU with UNDP to work together to promote sustainable economic growth and employment opportunities. The initiative includes supporting small businesses in Iraq and creating a start-up ecosystem to promote entrepreneurship.²⁴³

7.3.4 Trends in Financial Support

(1) Overview of Financial Support

As noted above, many start-ups start their businesses with their own funds. The main types of financial support available to start-ups, excluding self-financing, are categorized as (1) acceleration programs, (2) pitch competitions, (3) business loans/funds, (4) angel investors/venture capital, and (5) government funds.²⁴⁴ The current financial support trends in Iraq are described below.

Each has its own requirements for use and the size of the funding amount does not necessarily meet its needs, and there is a need to fill the gap in the financial options available to startups in need of funds.

In addition, many companies are still conducting business as unregistered due to difficulties with registration procedures and requirements, and there is a lack of access to finance. In recent years, within the immature startup ecosystem, there has been a diverse movement regarding financial support, and a wide range of organizations are attempting to solve existing problems.

1) Acceleration Program

The startup guidance, networking opportunities, and the chance to receive pre-seed/seed funding make them suitable for startups in the concept/idea validation stage. Both offer small-scale funding options for seed and early-stage start-ups, along with training, networking, and other support.

Table 7.9 Major Acceleration Programs

Program	summary
Takween Pre-accelerator / Takween Accelerator	Launched by AUIS and the YANHAD Project
Levant Pre-seed Accelerator (Founder Institute) ²⁴⁵	Founder Institute's Early-Stage Accelerator in Silicon Valley
Orange Corners Baghdad	KAPITA, Netherlands Embassy; also provides financial support.
Five One Labs Startup Incubator	Incubation and seed funding provided
Wastepreneur Incubator	Cewas Middle East and Black Forest Solutions established with support from GIZ. 10 months of incubation and funding for waste management and environmental sectors.

Source: JICA Research Team from Iraqi Innovators (<https://iraqtech.io/5-ways-for-startups-to-get-funding-in-iraq/>) and the websites of various organizations.

2) Pitch Competition

For startups, participating in a pitch competition, even if it is a small amount, has the potential to raise funds, and at the same time, it is a good way to promote their company and to build network. It also has the advantage of opening up the new funding possibilities that are necessary as the company develops its business.

²⁴² <https://projects.worldbank.org/en/projects-operations/project-detail/P150928>

²⁴³ <https://reliefweb.int/report/iraq/ministry-labour-and-social-affairs-and-undp-partner-boost-employment-opportunities-iraq>

²⁴⁴ <https://iraqtech.io/5-ways-for-startups-to-get-funding-in-iraq/>

²⁴⁵ <https://iraqtech.io/silicon-valleys-founder-institute-officially-launches-pre-seed-startup-accelerator-in-iraq/>

They are frequently held in a variety of formats, including those organized by startup hubs with their partners. A major one is Ruwwad Al Iraq²⁴⁶, conducted by INNOVEST Middle East.

3) Business Loans/Funds

A variety of actors provide financial support to startups in the form of loans and grants. Although the business sector and target audience are limited and there are requirements for receiving funds, start-ups can take advantage of these services.

In addition, a new initiative by the ILO is providing loan guarantees to SMEs in the range of 100,000 USD to 250,000 USD.

Table 7.10 Major Business Loans/Funds

Small and Medium Enterprise Loans	
Nomou Iraq Fund ²⁴⁷	Provides medium-term risk capital to SME entrepreneurs in Oman, Jordan, Iraq, and Egypt. Supported 128 SMEs and 1,180 entrepreneurs. 70 million USD in approved loans to date.
North Iraq Investment ²⁴⁸	GroFin. Loans and technical assistance to small and medium-sized enterprises (SMEs) with potential for job creation under the Middle East and North Africa Investment Initiative (IRAQ MENA II). Provided loans from 100,000 to 2 million USD to each company, including startups.
Tamwil Initiative (CBI/PMO)	A national initiative led by the Central Bank of Iraq (CBI) to provide small and medium-sized loans to local entrepreneurs.
Donor	
IOM	Enterprise Development Fund ²⁴⁹ focuses on culture, renewable energy, agriculture, and technological innovation. Since its launch in 2018, EDF has supported nearly 1,000 projects and created 4,975 jobs.

Source: JICA Research Team based on Iraqi Innovators (<https://iraqtech.io/5-ways-for-startups-to-get-funding-in-iraq/>) and the websites of each organization.

4) Angel Investor/Venture Capitalist

In order for startups to raise scale-up financing, startup hubs as well as diverse institutions are linking up with investors and expanding access to financial options, as shown in Table 7.11. Through these activities, some startups have been successful in raising significant funding.

Table 7.11 Summary of Major Financing Programs, etc.

Name of Program/Scheme, etc.	Summary
Investment	
Iraqi Angel Investors Network ²⁵⁰	KAPITA's Initiative. Iraq's first angel group to support entrepreneurs and revitalize the private sector. Investments are tailored to the needs of the startups, but 7 investments of 100,000USD in size have been made in the past, with a light 1.2 million USD investment.
Iraq Tech Ventures	Linkage of potential investors with business opportunities in Iraq by providing low-cost investments for start-up companies.
Innovest ²⁵¹	Investment firm focused on high-potential startups in the Middle East region. Supporting the Iraqi ecosystem through pitch competitions and events.
Iraq Venture Partners ²⁵²	Primarily an early-stage fund. Targets technology start-up growth companies. Investments in each stage are also made in coordination with other programs. 100,000USD scale.
Al-Handhal Group	Low-interest loans to start-up companies
Five One Invest	An initiative by Five One Labs. Creating more efficient investment

²⁴⁶ <https://ruwwadaliraq.com/Home/Winners>

²⁴⁷ <https://iraq.nomou-mena.com/>

²⁴⁸ <https://nii.grofin.com/>

²⁴⁹ <https://edf.iom.int/>

²⁵⁰ <https://iraqangels.net/about/>

²⁵¹ <https://innovest.org/>

²⁵² <https://iraqventurepartners.com/>

	decisions and matching opportunities for local investors and improving access to capital for entrepreneurs to scale.
Venture Capital	
Asia Frontier Capital Iraq Fund	Invest in listed stocks of companies with major business activities in Iraq.
Euphrates Fund	Invest in Iraqi companies listed on the Iraqi Stock Exchange (ISX)
Northern Gulf Partners Fund	Investment firm offering financial advisory services

Source: GIZ "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report" and other organizations' websites.

5) Governmental

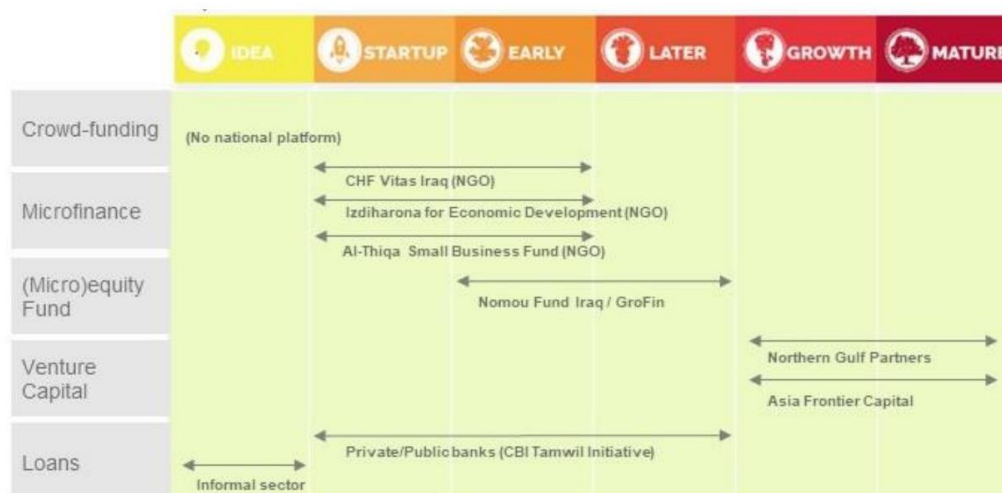
The Central Bank of Iraq (CBI), under the name '1 Trillion Dinars Initiative', is part of the Iraqi government's strategy to promote economic growth, create new job opportunities, and produce local products and services, with a special focus on supporting small and medium-sized enterprises.²⁵³ Loans of 5 to 50 million IQD each will be provided to startups and SMEs through private banks at 7% interest. However, due to the strictness of the requirements, this has hardly been realized.

In addition, an initiative to support new and existing businesses in accessing financial services as an initiative to assist displaced host communities is being implemented in cooperation with the ILO²⁵⁴.

(2) Financial Support According to Growth Stage

As shown in Figure 7.12, the financial support and services needed will naturally vary depending on the growth stage (business stage) of the startup company.²⁵⁵ Note that the financial support described in Figure 7.13 below is limited to a part of these services.

In the case of Iraq, many start-ups are in the idea to early stage, and the options available to Early-stage start-ups are important, so this section does not specifically address investment rounds after Middle and Later stages in this section.



Source: GIZ, "Mapping of the Tech and Entrepreneurial Ecosystem in Iraq Mission and report".

Figure 7.13 Funding by Growth Stage of Start-Up Firms

(3) Trends in Start-up Funding

The following table lists startup companies in Iraq that have recently succeeded in raising significant funding. Although the size of the fundraising varies, it is clear that investors who see the growth potential of some startups tend to continue to focus on growing companies.

²⁵³ <https://gds.gov.iq/iraqi-government-finance-schemes-to-support-smes-and-business-innovation/>

²⁵⁴ <https://reliefweb.int/report/iraq/ilo-and-central-bank-iraq-launch-new-financial-initiative-supporting-youth-and-small-and>

²⁵⁵ On funding rounds for startups. <https://biz.moneyforward.com/ipo/basic/305/> However, this does not necessarily match the current state of startup support in Iraq due to differences in ecosystem conditions.

Table 7.12 Major Recent Financing Successes

Company Name	Type of Business
Orisdi ²⁵⁶	E-commerce
Baly. ²⁵⁷	Super-application ²⁵⁸
Nakhla ²⁵⁹	Agri-tech
IoT-Kids ²⁶⁰	ICT Education for Children
Alsaree3 ²⁶¹	Last-mile delivery service
TipTop ²⁶²	Q-commerce ²⁶³
Miswag ²⁶⁴	E-commerce
KESK ²⁶⁵	Green Solutions
Teami ²⁶⁶	Medical CRM (Customer Relationship Management)

Source: Iraqi Innovators, KAPITA, and survey team compiled by each organization's website.

On the other hand, while the startup ecosystem includes many young people, the ability to find growing businesses is still limited, with many investments in startups founded by founders in their 30s and 40s²⁶⁷

In 2020, KAPITA established the Iraqi Angels Investors Network (IAIN), the country's first angel investment group comprised of Iraqi businessmen and entrepreneurs, etc. IAIN's mission is to support Iraq's entrepreneurship ecosystem and revitalize the country's private sector. An increasing number of companies have actually succeeded in raising capital through IAIN, indicating that a mechanism to encourage start-ups in Iraq is essential.

In recent years, interest has grown, especially from UAE-based investment groups, mostly Iraqis living abroad; telecom companies such as Earthlink and Korek have also invested in startups, but some, like Zain, are keen to start their own businesses rather than investing in existing startups. In addition, regional investment groups are increasingly interested in attracting startups to Iraq and are currently conducting market research. There are also reports of Jordanian and Egyptian investors interested and making visits.²⁶⁸

Many NGOs and international organizations offer small grants, but the amounts required are usually small in scale, and it was noted that such initiatives lack reliable evaluation tools and there is often a large disconnect between the entrepreneurial ecosystem and the reality of their projects.²⁶⁹

Note that according to interviews with The Station, there are multiple challenges for those seeking investment in Iraq, including outdated registration rules that place a heavy burden on businesses from the start, the need to register to receive investment, and investment preparation programs.²⁷⁰

²⁵⁶ <https://iraqtech.io/orisdi-signs-six-figure-deal-with-al-sharqiya-tv/>

<https://iraqtech.io/iraqi-e-commerce-startup-orisdi-raises-new-round/> Iraqi Angel Investors Network facilitated and successfully raised funds.

²⁵⁷ <https://www.wamda.com/2022/01/rocket-internet-backed-iraqi-super-app-baly-raises-105-million>

²⁵⁸ An integrated application that integrates apps with various functions within a single smartphone app that serves as a platform, and has scenes of use in all aspects of daily life.

²⁵⁹ <https://www.kapita.iq/content/issue/nakhla-iraqi-agri-tech-company-receives-its-first-investment-euphrates-ventures>

²⁶⁰ <https://www.kapita.iq/content/issue/iot-kids-secures-equity-investment-earthlink-telecommunications-iraqs-largest-isp-through-iraqi-angel-investors-network>

²⁶¹ <https://iraqtech.io/alsaree3-raises-3-5m-in-additional-bridge-round/>

²⁶² <https://iraqtech.io/q-commerce-startup-tiptop-raises-5-million-to-expand-in-iraq/>

²⁶³ Quick commerce (quick commerce) is electronic commerce (EC) with a delivery mechanism that allows delivery within 30 minutes of ordering.

²⁶⁴ <https://iraqtech.io/miswag-closes-1-6-million-pre-series-a-round/>

²⁶⁵ <https://iraqtech.io/kesk-raises-six-figure-seed-funding/>

²⁶⁶ <https://iraqtech.io/iraqs-teami-raises-first-investment-round/>

²⁶⁷ Interview with KAPITA (July 16, 2022)

²⁶⁸ Interview with The Station (May 10, 2022) Note that when The Station was honored at the Global Entrepreneurship Congress in Saudi Arabia, many Saudis were surprised and interested in its development, but were concerned about the security (geopolitical) (geopolitical situation).

²⁶⁹ Interview with The Station (May 10, 2022)

²⁷⁰ The Station also provides training opportunities to such startups to bridge the gap and helps them network with investors to understand their perspectives and reflect their needs. The Station also engages in policy advocacy to provide recommendations to support startups. Currently, banks such as Ashur Bank and the National Bank of Iraq are also offering low-interest loans to startups, according to a hearing with The Station (May 10, 2022).

7.3.5 Current Support Options for Women Entrepreneurs

The number of investments in businesses by women entrepreneurs is still small.

The Station operates an independent women's incubation program, but there is no problem with the number of women who apply to the entrepreneurship program. According to participants, many of them report that their families tend to be initially reluctant to participate in the program, but their attitudes change during the program. This consideration is important in order to attract female participants to the program. However, there are differences from city to city due to local socio-cultural backgrounds.²⁷¹

The success of women entrepreneurs in IT, handmade, filmmaking, environment, etc. is diverse. Rather, it is important to focus on ways to ensure that such female founders have access to the same opportunities (mentorship/acceleration services) as male founders.²⁷²

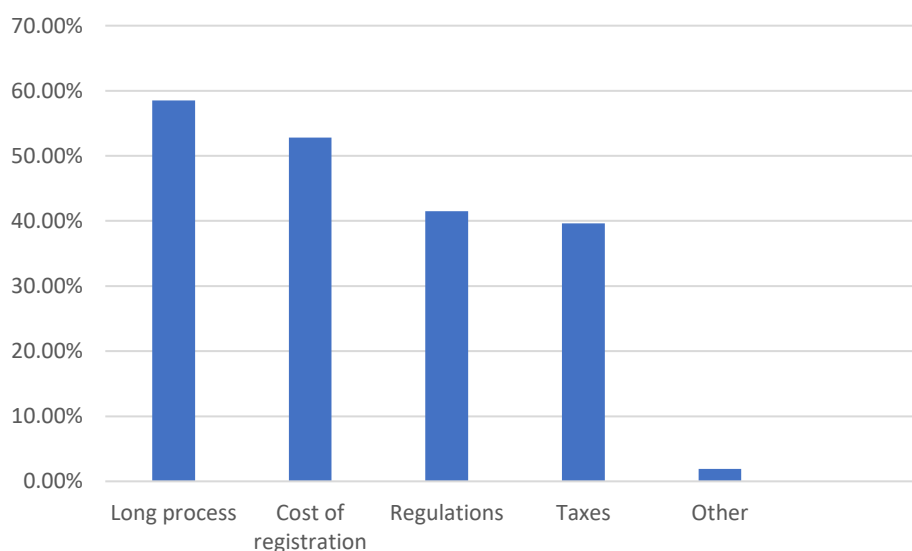
7.4 Procedures for Starting a Business

7.4.1 Issues Related to Registration of Start-up Companies

There are many unregistered start-up companies in Iraq. This is mainly due to the complex and time-consuming registration process and the preference to avoid taxation at an early stage. Registering a company in Iraq is a costly and time-consuming process, made even more difficult by the lack of laws regulating online and technology companies. eCommerce sites, SaaS, and applications are not considered businesses under the law and cannot be registered as such. Entrepreneurs establishing technology start-ups often do not have protection based on legal registration²⁷³.

According to the survey of start-up companies, 28.30% have registered, 49.06% have not registered but plan to do so in the near future, and 22.64% have not registered and have no plans to do so. Although only a limited number of companies have actually registered their companies, half of the companies want to register their companies. The most common reasons for registering were legal reasons (48.78%), to enable partnerships (46.34%), branding (39.02%), and other (2.44%).

In addition, it was found that startups are aware of the challenges associated with registration, as shown in Figure 5.13. More than half of the companies (58.49%) pointed out the length of the procedure, and the cost of registration was also considered a burden. (Multiple responses)



Source: JICA Research Team based on KAPITA "Iraqi Entrepreneurs' Journey v.2: New Trends and Insights" (2021).

Figure 7.14 Challenges to Registration

²⁷¹ Interview with The Station (May 10, 2022).

²⁷² Interview with The Station (May 10, 2022).

²⁷³ GIZ, "Mapping the Tech and Entrepreneurial Ecosystem in Iraq Mission and report".

7.4.2 Procedures and Development of Corporate Registration in Iraq

The procedures for registering a company in Iraq are shown in Table 7.13 below.

Table 7.13 Procedures for Business Registration

stage	Contents
Step 1	Register the trade name
Step 2	Obtain the trade name letter
Step 3	Obtain the company's capital letter
Step 4	Submitting an online application
Step 5	Register the company
Step 6	Capital deposit withdrawal
Step 7	Post-registration procedures

Source: KAPITA "Iraqi Entrepreneurs' Journey v.2: New Trends and Insights" (2021).

By registering, a company is considered an independent and legitimate organization (legal entity), which allows it to freely carry out economic activities and to be subject to all the country's laws²⁷⁴. While there are many challenges for unregistered start-up companies, they are becoming more convenient, as evidenced by eRegulations Baghdad²⁷⁵, which has been launched by several international partners. It is becoming more convenient to understand the registration process online and acquire guidance on obtaining documents, investment services, tax-related procedures, etc.

KAPITA provides basic and specific startup-related knowledge and content on registration procedures as a resource for startups. The advantages of registration and Issues of Not Registering are presented in Table 7.14 for entrepreneurs in the context of Iraqi start-ups.

Table 7.14 Benefits of Registration and Issues of Not Registering

Advantages of Registration
1. The uniqueness of the company's special trade name and the distinguished brand in the market prevent the intellectual theft.
2. Mergers within companies and partnerships with banks and investment companies as well as regional and international institutions are made possible.
3. Rights of all partners are guaranteed.
4. Potential partnership with other supporting companies.
5. Obtaining a license to establish company's headquarters and facilities to manufacture goods, products or other services of the company.
6. Target clients find registered companies to have more credibility.
Issues of Not Registering
1. Legal prosecution due to fraud or unlicensed work makes it impossible for unregistered companies to freely practice any economic activity.
2. The contract that was agreed upon by the company founder(s) shall not be regarded legally valid until it gets certified by the registrar.
3. Mergers and partnerships between companies are infeasible.
4. Likelihood of intellectual theft.
5. Unregistered companies reflect less credibility to clients.

Source: KAPITA "Roadmap 2 Start-up: Iraq Guide: Your Guide to Registering a Startup in Iraq".

The Baghdad Chamber of Commerce (BCC) is participating in the establishment of an online single window registration system for the Federation of Chambers and Registrar of Companies. In addition, to address the registration difficulties faced by entrepreneurs, the BCC has the ability to make it easier than usual for simple companies²⁷⁶ to register. Normally, to register a company, it starts with the BCC, goes through the Federation of Chambers of Commerce, then through the registrar, and then back to the BCC for further review, with different documents required for each. In the case of a simple company, it is considered

²⁷⁴ Registering a company has a variety of benefits, such as preventing infringement of intellectual property rights of brand names, allowing partnerships with companies and banks, allowing the establishment of a head office, and attracting customers KAPITA (2021)

²⁷⁵ <https://baghdad.eregulations.org/>

²⁷⁶ A company with two to five partners, as defined in the Simple Company Law of Company Registration Law No. 21 of 1997.

a legal entity once its incorporation contract has been approved by a notary public and filed with the registrar in accordance with the BCC. This exempts the company from the requirement to have a certified public accountant, lawyer, and social insurance, and the registration fee is lower and the procedure is faster than usual. By registering through the BCC, the BCC also assists simplified companies and start-ups in resolving issues in negotiations with government agencies.²⁷⁷

7.5 Issues Related to the Entrepreneurial Environment and Initiatives Needed in the Future

Based on the above, the following is a summary of the initiatives needed in the future, along with issues related to the entrepreneurial environment in Iraq. This section will be further analyzed in the Final Report based on continued field research.

7.5.1 Challenges

(1) Challenges in the Start-up Ecosystem

Five One Labs²⁷⁸ presents the following challenges for the startup ecosystem (but primarily for tech-focused startups in the KRI).

Table 7.15 Challenges in the Startup Ecosystem

<p>■ Challenge 1: Online business does not legally exist in Iraq. Registering a business in Iraq is not possible because there are no laws regulating online or technology businesses, so e-commerce sites, SaaS, applications, etc. are not legally considered businesses and cannot be registered. Entrepreneurs establishing tech startups are often left without the protection and freedom that comes with being legally registered.</p>
<p>■ Challenge 2: The digital technology skills gap in Iraq increases the time and cost of launching a technology startup. Digital technology and literacy are important for entrepreneurs, both inside and outside Iraq, but the skills gap in the Middle East, particularly in Iraq, poses a challenge for startup founders in the country.</p>
<p>■ Challenge 3: The cost of starting a business is high and there are limited ways to raise funds to cover it. Lack of regulations governing tech businesses means that entrepreneurs have to consult and go back and forth with multiple ministries and chambers of commerce, which can make registration more expensive as startups can be interpreted as different types of businesses, which affects costs.</p>
<p>■ Challenge 4: Cash-on is still the norm. Mobile payments and other services are starting to launch, but cash still dominates. There are still many challenges in electronic payments that can cause headaches and risks for tech startups.</p>
<p>■ Challenge 5: Lack of international electronic payment options makes international expansion difficult without a foreign bank account. Iraq is still cut off from the international financial system due to sanctions and money laundering risks. It is very difficult to receive money from abroad in Iraq, although prepaid cards can be used to pay for some services online.</p>

Source: JICA Research Team using information from Five One Labs website.

As for issue 1, there is no category in Iraq for registering business models that utilize new technologies such as e-commerce and apps, so currently they are registered as general technology solutions providers or technology trading companies, and technically, the e-commerce platform itself is not legally registered. The lack of an appropriate category means that many businesses will register in the above areas, but with substantially different service offerings. It is hoped that this point will be improved in the future in accordance with the situation.

In response to this situation, e-marketing & trading has been created as a new field of corporate registration in 2020. The sector covers new business forms, including e-commerce and various online businesses. However, many start-ups do not register as this new field, but instead register as a general trading company and include a clause in their registration documents about the use of technology in their business. The reason

²⁷⁷ Interview with BBC (July 6, 2022) They also said that they offer a 25% discount on registration fees for simple companies (small capital, 2-5 employees, registered in the owner's name) and start-up companies. However, he stated that this procedural method has not been sufficiently publicized.

²⁷⁸ <https://fiveonelabs.org/blog/2019/26/the-5-challenges-to-tech-entrepreneurship-in-iraq09>

behind this was that the tax authorities would impose higher taxes if the company registered as e-marketing & trading.²⁷⁹ It was also mentioned that despite the creation of the new field, many startups still choose to register as the aforementioned general technology solution providers. Therefore, it can be said that the tax rate is the main decision factor in the selection of the field of registration, rather than the possibility that it will cause some problems.

In addition to the above, the challenges of the startup ecosystem in Iraq are largely due to difficulties in registration procedures and access to finance, and many organizations and institutions are working to resolve these issues.

(2) Challenges for Start-up Companies

Regarding the various challenges faced by the start-ups themselves, we would like to summarize the main points as follows, based on the discussion in this chapter.

1) Attitudes Toward Entrepreneurship Among Youth

With regard to youth, it is important to first appeal to the broader community about the possibilities of private enterprise, as the idea that public jobs can provide sustainable income still persists. Diversification of the entrepreneurial community to include all social strata should also be a priority so that entrepreneurship is not perceived as a middle-class-only concept.

2) Finance

Currently, many start-ups are self-funded to begin with, making it difficult for them to scale up. Access to capital is the key to success for start-ups.

3) Registration

Although many entrepreneurs wish to register their start-up companies, many are hesitant to do so due to the length of time required for the procedure and the complexity of the process. Once registered, a startup can expand its business by obtaining financing, expanding partnerships, and so on.

4) Securing Team Members

Building a team is both important and a challenge for many start-ups. Many founders work with members who have skills in areas different from their own, and their resilient and innovative approach is an advantage over a lone entrepreneur or a team with similar skills.²⁸⁰

5) Expansion of Education and Training Opportunities

Many entrepreneurs are starting businesses in fields different from their own academic backgrounds, and the gap between educational institutions and the skill sets needed to be an entrepreneur is a challenge.

7.5.2 Initiatives Needed in the Future

(1) Potential Areas for Future Development and Measures to Address the Skills Gap

It has been noted that agriculture and e-commerce are the two areas where startups are expected to expand in the future.²⁸¹ In fact, recent investments tend to be in e-commerce and delivery startups that can grow, create jobs, and attract investment. Donor-driven initiatives in the agricultural sector are also useful in seeking to expand the supply chain, as there is great potential in this area. It is important to note, however, that this is

²⁷⁹ The tax office would tax a profit margin of 50% and a tax of 15% of the profit margin, or 7.5% of business income. However, if registered as a general trading company, the profit margin would be considered 20%, and 15% of this 20% would be taken into account for tax purposes, so that taxation would be 3% of business income.

²⁸⁰ KAPITA "Iraqi Entrepreneurs' Journey v.2: New Trends and Insights" (2021).

²⁸¹ Hearing before KAPITA (July 16, 2022).

not a one-size-fits-all approach, and that there may be areas that are more important, taking into account the diverse local issues and available infrastructure in each city.²⁸²

In addition, it is desirable to expand business-oriented programs by educational institutions and establish business support programs and other programs to fill the skills gap in practical aspects and to increase knowledge and awareness of entrepreneurship. To promote women's entrepreneurship, enhancing academic training opportunities and financial support opportunities for women, which are currently lacking²⁸³, would also be effective in increasing entrepreneurial opportunities for women.

(2) New Corporate Initiatives Targeting Women

Many of the companies interviewed²⁸⁴ offer internship opportunities, and Iraq Space Center in particular plans to offer capacity-building sessions for women and girls who cannot afford the cost of attending training. Computing, a software startup that aims to mainstream coding, offers training opportunities and internships, especially for women, through its coding courses.²⁸⁵

(3) Gender Sensitization in Possible Future Cooperation

■ Role Models for Women's Leadership

In a society where women's leadership is not welcomed, a woman in leadership at one large company points out that it is important to build a strong team to deal with risks and unstable situations without getting caught up in the negative aspects and difficulties of women's employment and entrepreneurship. Female leaders are also able to make more collaborative decisions and take positive leadership roles than men.²⁸⁶ It would be useful to establish a proactive collaborative network with women leaders and entrepreneurs, and to work with existing private companies, startup hubs, and other donors so that leaders of such companies can serve as role models and contribute to raising awareness of women's employment and entrepreneurship.

■ Women-specific Activities and Considerations for not Separating Men and Women

A campaign to raise awareness about entrepreneurship specifically for women and a one-day workshop/training will create opportunities for more women to obtain information. Although skills training and various types of support are provided, the possibility of cooperation during the awareness phase is highly significant, as there are limited opportunities to access information prior to that time. In addition, since startup support is biased toward certain cities such as Baghdad, the program will first be expanded to Basra and other areas where there have been relatively few initiatives to raise awareness and expand opportunities for access to information.

However, training targeting women has been conducted to some extent, and it is important to devise ways to benefit women more, as they are less likely to receive services due to various factors. On the other hand, there is an opinion that specializing in women may make them feel as if they are inferior to men, even though they are doing business on an equal footing with men.²⁸⁷ Therefore, it is necessary to give due consideration to the need for women-specific programs, and if possible, to devise ways to obtain a certain level of female participants for programs that are implemented without separating men and women, while ensuring that women are not excluded.

In some cases, when men and women participate in the same program, interaction is created, resulting in building teams and co-founding businesses. Without consideration, women tend to be in a situation where they do not have access to information and cannot receive support, but it is also necessary to understand the point that excessive consideration is counterproductive. In addition, despite evidence of the current lack of gender equality, it is important to first provide gender-sensitive support for solving team formation and fundraising issues, as having a male co-founder may make fundraising easier.

Furthermore, the limited number of women in the judges at pitch events and in the management class on the investment side is said to be one of the factors that make it difficult for women entrepreneurs to raise

²⁸² Hearing on The Station (May 10, 2022).

²⁸³ KAPITA "Iraqi Entrepreneurs' Journey v.2: New Trends and Insights" (2021).

²⁸⁴ Zain, The ground of blue flower general trading company, Iraq Space Center, Teami, IOT Kids.

²⁸⁵ <https://www.computiq.tech/>

²⁸⁶ KAPITA "Business Landscape: International Women's Day: Breaking the Bias", April 2022, Issue6, Asiaccell.

²⁸⁷ KAPITA "Business Landscape: International Women's Day: Breaking the Bias", April 2022, Issue6.

funds. It was also pointed out that increasing the number of women would double the investment in women entrepreneurs.²⁸⁸

■ Creating Opportunities/Internships

To begin with, there is a strong perception that science, technology, engineering and mathematics (STEM) fields are for men, and this socio-cultural background inhibits women from entering the ICT field and the technology field in general. With the recent digitization of business as usual and the increasing number of businesses utilizing new innovative technologies, it will be very important to expand employment and entrepreneurial possibilities by supporting the success of women. Through digital inclusion, bridge the gender gap and ensure that women have access to the same resources and opportunities as men.

It is also useful to have mentors and advisors at the university level who can contribute to solving various issues that prevent women from fulfilling their roles in society.

7.5.3 Possibilities for Cooperation in Improving the Entrepreneurial Environment in Iraq

Based on the findings of this chapter, the following development of cooperation possibilities can be considered. The classification of [1] to [3] is not necessarily a step-by-step process, but may in fact be combined depending on the situation. In addition, since many of the initiatives are being undertaken by existing actors, it is necessary to identify partner institutions and plan projects tailored to their needs.

The following [1] "Awareness and Basic Programs for Entrepreneurship" is listed below as an area of high need and importance and relatively few initiatives by other donors. Even if there is a program to support entrepreneurship, it is important to first make more young people and women aware and interested in entrepreneurship as an option in addition to employment, in order to encourage them to use the program.

In addition, since support programs for entrepreneurship are still limited in regions other than Baghdad and Erbil, it would be a good idea to implement such programs in each region to lay the groundwork for future regional expansion. (See details in Chapter 10, Proposed Cooperation Opportunities.)

Through [1], we will raise basic awareness and broaden the range of aspiring entrepreneurs, and then provide more substantial support by implementing [2] "incubation and acceleration" as a support measure (including financing) for actual early-stage startups. In the ecosystem, [3] "Policy and Institutional Advocacy" can be considered, as the institutional environment is essential for strengthening the entrepreneurial environment. However, in all [1] to [3], it is very important to fully exchange information, discuss, and coordinate existing efforts by the local startup hub and other donors in cooperation with local partner institutions, etc., as various efforts are already underway as described above.

Table 7.16 Development of Cooperation Possibilities for the Improvement of the Entrepreneurial Environment and Promotion of Entrepreneurship

[1] Awareness raising and basic program for entrepreneurship (details in Chapter 10)	
Objective	Raise awareness of entrepreneurship and increase the number of potential entrepreneurs and users of support services through the dissemination of information on entrepreneurship
Activities	<ul style="list-style-type: none"> • <u>Awareness Campaign</u>: In collaboration with startup support organizations, organize events to disseminate information on entrepreneurship (including promotion of women's entrepreneurship) to raise awareness and awareness. • <u>Info Sessions and Basic Training</u>: Trainings and seminars on basic information about entrepreneurship. Collaboration with startup hubs, donors, and university CDCs. • <u>Pre-incubation programs</u>: Pre-incubation programs such as brainstorming, ideation, business-oriented boot camps, etc.
[2] Incubation and Acceleration	
Objective	Developing pathways to develop and fund start-up companies
Activities	<p>As part of the JICA branding, in collaboration with partner institutions, a cohort of programs tailored to the growth stage of the startups</p> <ul style="list-style-type: none"> • <u>Incubation</u>: Training courses, mentoring, boot camps, demo-day, networking • <u>Acceleration</u>: Training courses, mentoring, pitch events for potential investors and partners • <u>Funding</u>: Follow up and support the status of investment matching, and consider

²⁸⁸ KAPITA "Business Landscape: International Women's Day: Breaking the Bias", April 2022, Issue6.

	linkage with funding programs for SMEs.
[3] Policy and advocacy	
Objective	Legal and institutional environment for strengthening the startup ecosystem
Activities	<ul style="list-style-type: none"> ▪ Formation of an <u>advisory group</u> including national and international legal experts, government agencies, international organizations, start-up hubs, private companies, educational institutions, etc. ▪ Building donor coordination through donor group discussions ▪ Develop and implement a roadmap and implementation plan <p>*Consider implementation in full consultation with stakeholders in cooperation with existing initiatives.</p>

Source: JICA Research Team.

Chapter 8 Employment Intentions of the Youth

8.1 Questionnaire Survey of University Students on Regarding Their Intentions of Employment and Entrepreneurship

In this survey, a questionnaire survey was conducted mainly among university students in order to ascertain the actual conditions pertaining to employment and entrepreneurship among young people and their intentions after graduation from university. One of the reasons for the high unemployment rate among young Iraqis may be that it is difficult for university students to find a job or start a business as a new graduate. Through this survey, the Survey Team ascertains and analyze what challenges university students actually face in finding a job or starting a business, and what kind of support they need. The survey will also confirm the sector (public or private), industrial field, and entrepreneurial intentions of the students, clarify mismatches with employers, analyze the causes of the unemployment rate among young people and women in the country, and consider future support measures. The survey was conducted with the cooperation of MOHESR by sending an online questionnaire form to students at 16 public universities, and over 7,000 valid responses were received during the two-week survey period from June 20 to July 4, 2022.

8.1.1 Questionnaire Structure and Questions

The questionnaire asked questions in five parts. The first part asked about the basic information of students, such as age, gender, stage of education university and major. The second part asked about their post-graduation intentions (employment, starting a business, continuing studies, etc.), desired place of employment (Iraq, Gulf countries, Europe, US, etc.), priority factors in deciding on a job (salary, social security, satisfaction, etc.), experience in internships and job training, and self-assessment of soft skills such as leadership and communication. In the third part of the survey, students who answered "finding job in the public sector" and "finding job in the private sector" in the "intentions after graduation" question were asked about the tools they use in their job search, the types of support they receive and need, which industry sector they hope to work in, and the challenges they face in finding a job. In the fourth part of the survey, students who answered "start your own business" in the "intentions after graduation" question were asked about the types of support they would like to receive and the challenges they would face, as well as in what areas they would like to start their own business. Finally, the Survey asked about ideas for improving the current situation and the university students' perceptions regarding the number of students who could find a job after graduation.

Table 8.1 Structure of the Questionnaire Survey

Part	Question No.	Content of Questions
Part 1	Q1-5	Age, gender, stage of education, university and major
Part 2	Q6-12	Post-graduation intentions, desired place of employment, important factor upon choosing an occupation, whether or not the students have job training/experience, whether or not job training/experience will help them find a job, self-assessment of soft skills.
Part 3	Q13-19	<For respondents who answered "find a job in the public or private sector" in the "intentions after graduation" question> Means of job searching, desired industry, whether or not they hope to find a job in an industry related to their major, support they can obtain/need in job searching, and challenges in job searching.
Part 4	Q20-23	<For respondents who answered "Start your own business" in "intentions after graduation" question> Support they can get/need for starting a business, challenges in starting a business, and what kind of business they hope/plan to start.
Part 5	Q24-26	University students' perception of the number of new graduates who can find a job, ideas for improving the current state of employment and entrepreneurship, and willingness to participate in focus group discussions.

Source: JICA Research Team.

8.1.2 Method of Selecting Target Universities

16 of the 36 public universities under the jurisdiction of MOHESR were selected for this survey. Universities in the KRI were excluded from the study because they are not under the jurisdiction of MOHESR.

In selecting the universities, after consulting with MOHESR, the Survey Team considered the balance between the level of the university and the region in which they are located to prevent bias in the survey sample, and selected universities with a variety of faculties to prevent bias in the faculty. The level of the universities was determined based on their scores in the Iraqi Ranking of Universities²⁸⁹ published annually by MOHESR.

Table 8.2 Universities Surveyed in the Questionnaire

Name of University	Governorate	Level	Location	Responses
Baghdad University	Baghdad	Highly Competitive	Central	451
University of Babylon	Babylon	Highly Competitive	Central	17
University of Kufa	Najaf	Highly Competitive	West	319
Al Nahrain University	Baghdad	Competitive	Central	244
Karbala University	Karbala	Competitive	Central	233
Al-Muthanna University	Muthanaa	Competitive	South	2
Iraqi University	Baghdad	Competitive	Central	1851
Northern Technical University	Nineveh	Less Competitive	North	102
Anbar University	Al Anbar	Less Competitive	West	1351
Kirkuk University	Kirkuk	Less Competitive	North	505
University of Misan	Misan	Less Competitive	East	2
Al-Qasim Green University	Babylon	Less Competitive	Central	346
University of Mosul	Nineveh	Less Competitive	North	1411
University of Information and Communication Technology	Baghdad	Less Competitive	Central	7
Southern Technical University	Basrah	Least Competitive	South	68
Sumer University	Dhi Qar	Least Competitive	South	1

Source: JICA Research Team.

Of the 7,048 valid responses, 6,910 were from students at the above-mentioned surveyed universities. However, due to the sharing of the online survey form among students, there were 138 responses from students at universities and vocational training schools that were not covered by the survey.

8.1.3 Focus Group Discussions

Based on the results of this survey, multiple focus group discussions (FGDs) were held with groups of students in September 2022 to conduct background interviews regarding trends and issues highlighted in the survey results for further issue analysis. Specifically, the Survey Team asked questions regarding background and reasons for their choices regarding "intentions after graduation", how they plan to find a job, and the specific support they can get from their university, especially the university's Career Center, and held discussions on issues related to finding a job and starting a business, and analyzed the support needed.

The FGDs were conducted in four 90-minute sessions, divided into two groups: those who chose "finding

²⁸⁹ The MOHESR evaluates and publishes a ranking of universities every year. It evaluates the level of the university as a whole and the level of its faculties. Criteria for evaluating universities as a whole include quality and institutional accreditation, international recognition, effectiveness of scientific research, contribution to the community, use of resources, level of faculty, level of students, and international diversity. The evaluation criteria for faculties include quality of education and program accreditation, effectiveness of scientific research, level of faculty, level of students, etc.

a job in the public or private sectors" and those who chose "start their own business" in the "intentions after graduation" section. The groups were further divided by gender, taking cultural practices into consideration. In order to avoid deviation among the above groups and the students' majors, the Survey Team selected students who could be judged to have a good understanding of the intent of the open-ended questions, and to have diverse views on issues such as employment and entrepreneurship. In addition to current students, participants included those who had already graduated from university and were employed, as well as those who had entered a master's program after several years of job hunting following their bachelor's degree. Seven students participated in the group of job-seekers and nine in the group of entrepreneurs.

8.2 The Profile of University Students

This section describes the profile of the university students.

Of the 7,048 valid responses, 3,988 (57%) were from women and 3,060 (43%) were from men. By age, students aged 18-24 were the most numerous, accounting for 66%, followed by those aged 25-29 (26%), and those aged 31-34 and 35 or older, each accounting for about 4%. In terms of the stage of education, 91% of the respondents were bachelor's degree students, 6% were master's degree students, and only 1% were PhD students. Some responses came from technical collages affiliated with universities, and some came from institutions of higher education not included in the survey, as noted above. 153 responses (2%) came from vocational students.

By major, the science had the largest number of students (1,612), followed by the education (1,173), the engineering (916), humanities (916), and medicine, pharmaceutical and veterinary medicine (438).

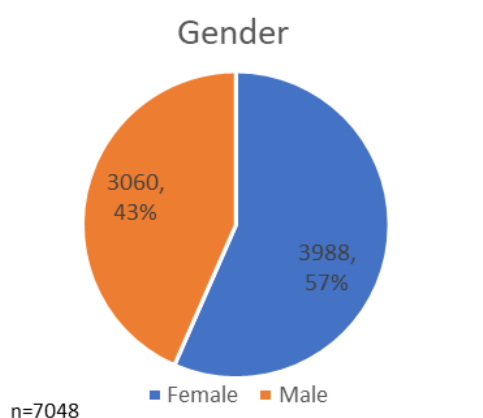


Figure 8.1 Percentage of Respondents by Gender

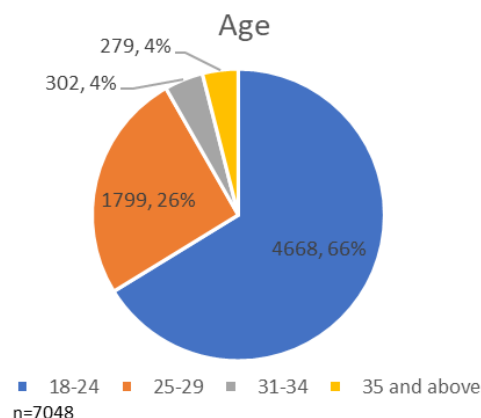


Figure 8.2 Distribution of Respondents' Ages

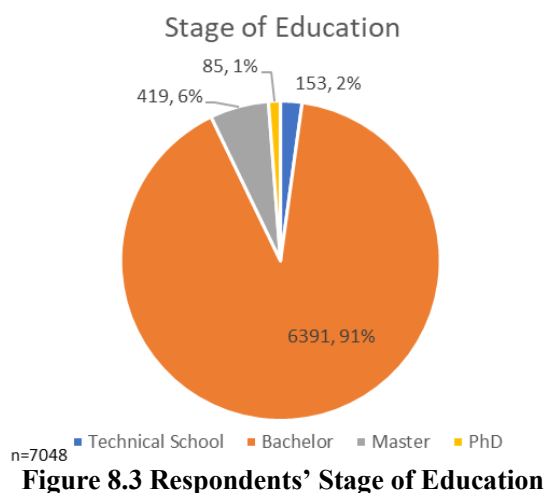


Figure 8.3 Respondents' Stage of Education

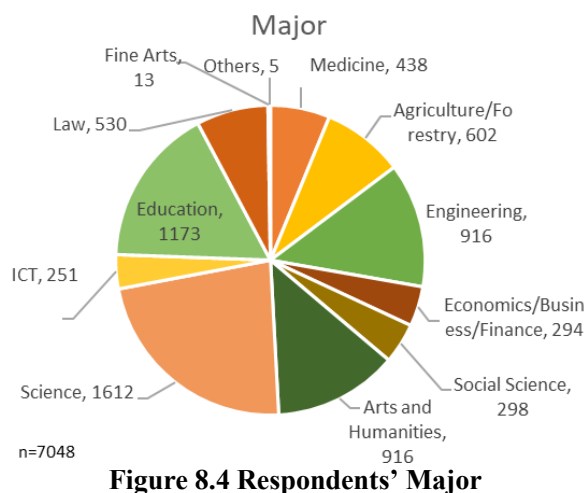


Figure 8.4 Respondents' Major

Source: JICA Research Team based on the results of the questionnaire survey.

In terms of the distribution of major by gender, the science had the largest percentage of both male and

female students, at 20% and 25%, respectively. Education (22%) was the next most common for women, while 9% of men were students of the same faculty, and engineering (21%) was the next most common for men, while 7% of women were students of the same faculty, indicating a difference between men and women in their choice of major.

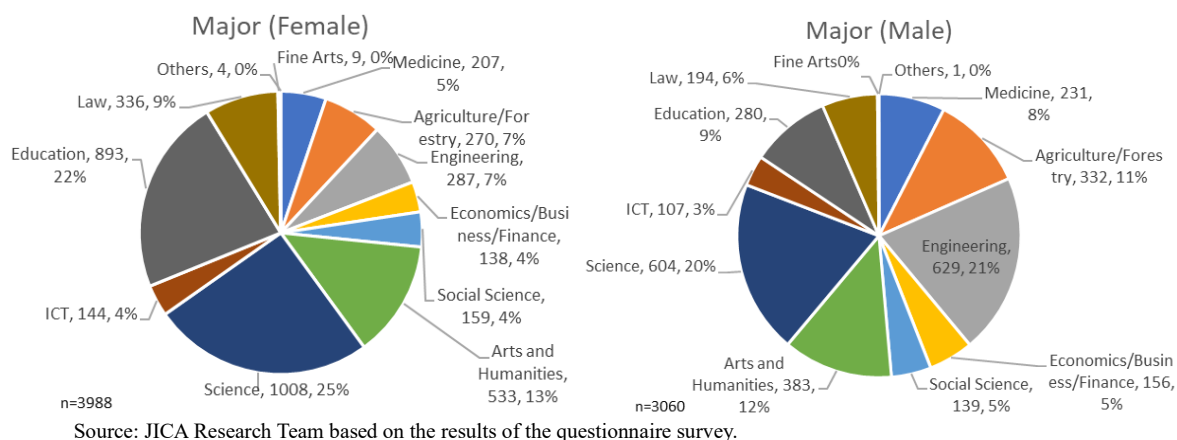


Figure 8.5 Distribution of Major, by Gender

The table below shows the distribution by region and university level. In terms of regional distribution, responses from universities located in the central region around Baghdad, such as Baghdad University and Iraqi University, topped the list with 3,149 (44.7%), followed by 2,018 (28.6%) from universities located in the north, such as Mosul University. The difference in the proportion of male and female responses between the western and northern regions can be attributed to the fact that more males responded from Anbar University (western region) and more females responded from Mosul University (northern region).

By university level, the largest number of responses (3,724 or 52.8%) came from Less Competitive universities, followed by Competitive universities (2,330 or 33.1%). The distribution of male and female respondents by university level is nearly equal and does not differ.

Table 8.3 Distribution of Respondents by Region and University Level

	Male		Female		Total	
	Count	%	Count	%	Count	%
By Region						
Central	1381	19.6%	1768	25.1%	3149	44.7%
East	1	0.0%	1	0.0%	2	0.0%
West	968	13.7%	702	10.0%	1670	23.7%
North	602	8.5%	1416	20.1%	2018	28.6%
South	32	0.5%	39	0.6%	71	1.0%
By Level						
Highly Competitive	339	4.8%	448	6.4%	787	11.2%
Competitive	984	14.0%	1346	19.1%	2330	33.1%
Less Competitive	1631	23.1%	2093	29.7%	3724	52.8%
Least Competitive	30	0.4%	39	0.6%	69	1.0%
(Others)	76	1.1%	62	0.9%	138	2.0%

Source: JICA Research Team based on the results of the questionnaire survey.

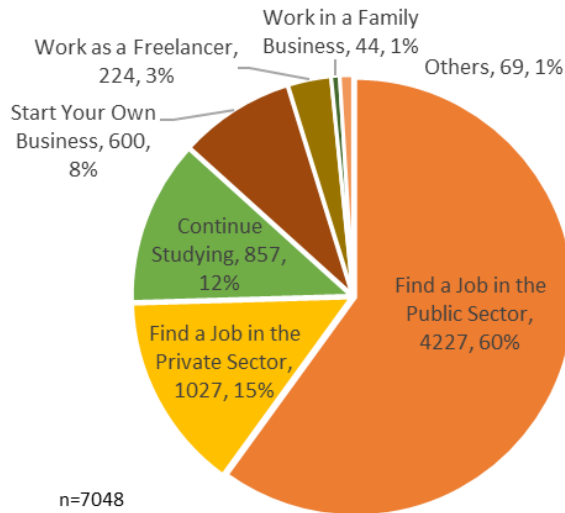
8.3 Intentions After Graduation, Experiences, and Self-evaluations of University Students

8.3.1 Intentions After Graduation

When students were asked about their intentions after graduation, 4,227, or 60%, of the students indicated that they wanted to work in the public sector. This was followed by 1,027 students who wanted to find a job in the private sector, which is about a quarter of those in the public sector, and shows that about 80% of those

who intend to find a job preferred the public sector. This result indicated a high degree of dependence on the public sector. The next largest number of students (857 or 12%) wished to continue their studies, and the fourth largest number (600 or 8%) wanted to start a business.

Intentions after Graduation



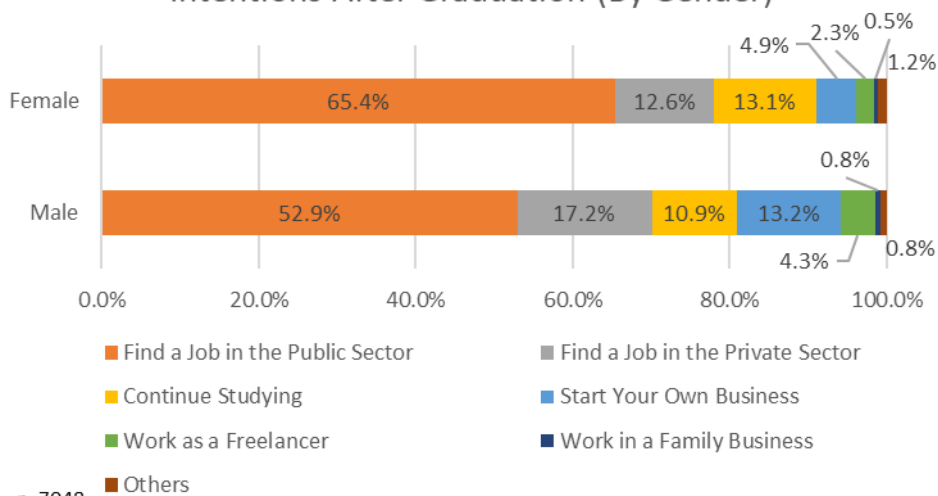
Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.6 Students' Intentions After Graduation

Looking at the intentions after graduation by gender, it is clear that women are more likely to seek employment in the public sector (65.4% of women and 52.9% of men), while men are more likely to seek employment in the private sector (12.6% of women and 17.2% of men). This may be due to the fact that the public sector is more inclusive, with less discrimination between men and women, and that it offers more stable jobs, shorter working hours, and better childcare leave and social security than the private sector.

There is also a significant difference between men and women in terms of their intention to start a business. While 13.2% of men want to start a business, only 4.9% of women do. The differences between men and women may be due to differences in attitudes toward risk-taking, the fact that men are the breadwinners in Iraq due to cultural practices and are more serious about entrepreneurship, and the fact that women have less social credibility, face higher barriers in raising capital, and have more limited networking opportunities due to customary constraints on their behavior.

Intentions After Graduation (By Gender)

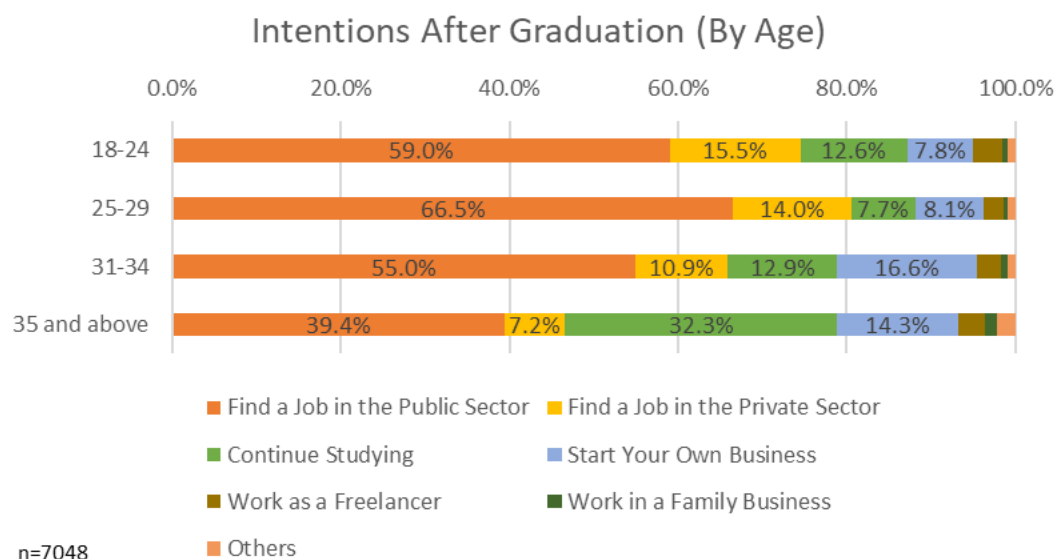


n=7048

Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.7 Students' Intentions After Graduation, by Gender

By age, the higher the age of the respondents, the lower their intention to find a job and the higher their desire to continue their studies or start a business. In addition, among those who intends to find a job in the public and private sectors combined, a higher percentage of those who are older desire to work in the public sector.



Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.8 Students' Intentions After Graduation, by Age

The table below shows intentions after graduation by major. For those wishing to work in the public sector, the results show that the number of students from the faculties of Social Science, Humanities, and Education is higher than the average (60%), while the number of graduates in Information and Communication Technology (ICT) is much lower than average. The opposite is true for those wishing to work in the private sector, with students in Information Technology (ICT) (31.1%) and Engineering (29.0%) exceeding the average (14.6%), indicating that their intention is oriented toward the private sector. In terms of entrepreneurship, students of Medicine, Agriculture/Forestry, and ICT have higher percentage than the average (8.5%). This indicate that the students with these majors are interest in becoming a practicing physician or farm manager after graduation, as well as in tech start-ups.

Table 8.4 Intentions After Graduation, by Major

Intentions After Graduatuon	Find a Job in the Public Sector		Find a Job in the Private Sector		Continue Studying		Start Your Own Business		Work as a Freelancer		Work in a Family Business		Others	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Medicine	205	46.8%	75	17.1%	59	13.5%	73	16.7%	17	3.9%	4	.9%	5	1.1%
Agriculture/Forestry	352	58.5%	79	13.1%	52	8.6%	85	14.1%	22	3.7%	7	1.2%	5	.8%
Engineering	430	46.9%	266	29.0%	70	7.6%	108	11.8%	26	2.8%	9	1.0%	7	.8%
Economics/Business	157	53.4%	72	24.5%	24	8.2%	26	8.8%	11	3.7%	0	.0%	4	1.4%
Social Science	193	64.8%	25	8.4%	53	17.8%	15	5.0%	7	2.3%	2	.7%	3	1.0%
Arts and Humanities	620	67.7%	74	8.1%	133	14.5%	47	5.1%	25	2.7%	5	.5%	12	1.3%
Science	1049	65.1%	199	12.3%	177	11.0%	108	6.7%	54	3.3%	10	.6%	15	.9%
ICT	97	38.6%	78	31.1%	20	8.0%	38	15.1%	14	5.6%	3	1.2%	1	.4%
Education	785	66.9%	101	8.6%	192	16.4%	56	4.8%	26	2.2%	2	.2%	11	.9%
Law	331	62.5%	56	10.6%	72	13.6%	43	8.1%	20	3.8%	2	.4%	6	1.1%
Fine Arts	4	30.8%	2	15.4%	4	30.8%	1	7.7%	2	15.4%	0	.0%	0	.0%
Others	4	80.0%	0	0.0%	1	20.0%	0	0.0%	0	.0%	0	.0%	0	.0%
Legend	Exceeds the Average				Lower than the Average									

Source: JICA Research Team based on the results of the questionnaire survey.

By university location and level, there was not as clear a trend as in the case of major, however students in the less competitive universities were less likely to seek employment in the private sector or start their own

businesses, while t more likely to prefer employment in the public sector, indicating a tendency toward stability. A similar trend was observed in the southern region, as both “least competitive” universities are located in this region. In addition, students from universities located in the central and western regions are slightly less likely than those from other regions to seek employment in the public sector, while students from those universities seems to prefer employment private sector are slightly more than those from other regions. This may be due to the fact that there are more private sector companies in the central region, especially in Baghdad, than in other regions, and in the western region, many private companies are involved in post-conflict reconstruction projects in Anbar, and there are more job opportunities in the private sector there than in other regions. In addition, the percentage of students who wish to work in the private sector is relatively high in the “competitive” universities, however, this might be since the largest number of responses (1,851) in the survey is from the Iraqi University, which is classified as "competitive", and is located in Baghdad, where are many private companies.

Table 8.5 Students’ Intentions After Graduation, by Region and Level

Intention After Graduation		Find a Job in the Public Sector		Find a Job in the Private Sector		Continue Studying		Start Your Own Business		Work as a Freelancer		Work in a Family Business		Others	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
		Region	Central	1,864	59.2%	479	15.2%	418	13.3%	254	8.1%	90	2.9%	14	0.4%
East	0		0.0%	0	0.0%	0	0.0%	2	100.0%	0	0.0%	0	0.0%	0	0.0%
West	993		59.5%	260	15.6%	175	10.5%	151	9.0%	58	3.5%	15	0.9%	18	1.1%
North	1,256		62.2%	250	12.4%	247	12.2%	168	8.3%	67	3.3%	12	0.6%	18	0.9%
South	46		64.8%	9	12.7%	5	7.0%	4	5.6%	6	8.5%	0	0.0%	1	1.4%
Level	Highly Competitive	486	61.8%	114	14.5%	77	9.8%	77	9.8%	20	2.5%	3	0.4%	10	1.3%
	Competitive	1,340	57.5%	398	17.1%	303	13.0%	186	8.0%	66	2.8%	12	0.5%	25	1.1%
	Less Competitive	2,288	61.4%	478	12.8%	460	12.4%	312	8.4%	129	3.5%	26	0.7%	31	0.8%
	LeastCompetitive	45	65.2%	8	11.6%	5	7.2%	4	5.8%	6	8.7%	0	0.0%	1	1.4%
(Other)		68	49.3%	29	21.0%	12	8.7%	21	15.2%	3	2.2%	3	2.2%	2	1.4%
Legend		Exceeds the Average				Lower than the Average									

Source: JICA Research Team based on the results of the questionnaire survey.

When the Survey Team asked students about their intentions after graduation in the FGDs, many of them cited stability, availability of social security systems and shorter working hours as the reasons for seeking employment in the public sector. In addition, the FGDs also revealed that students perceive the private sector as “unstable”, as they do not know when private companies will withdraw from Iraq due to the instability in the country. Furthermore, many students chose the public sector partly because private companies do not hire new graduates and tend to require about three years of work experience, while the public sector does hire new graduates.

On the other hand, some students prefer the private sector because it offers more opportunities for growth and career opportunities related to their own interests and concerns than the public sector. In the FGDs, while students were looking for jobs related to their interests, many students chose the public sector because of the availability of new graduate employment and the social security system.

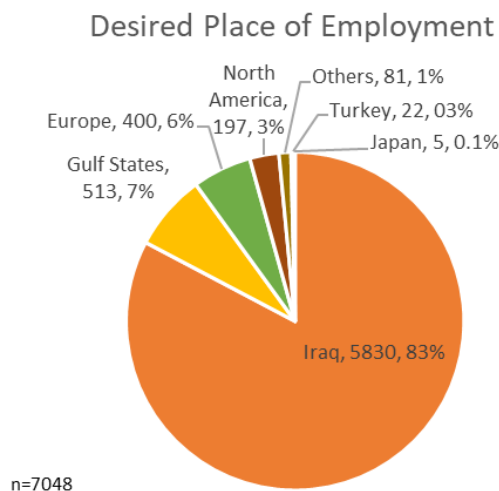
When students who intend to "start their own business" after graduation were asked the reason, some cited personal growth, passion for a field of interest, or solving social issues, while others chose entrepreneurship due to a lack of job opportunities or low wages. The latter was especially true for the female group, with some students who had sought employment in both the public and private sectors after earning their bachelor's degree but without success, and who now wanted to start their own businesses. In many cases, students got the idea of starting a business from friends or acquaintances who had done so, or from exposure to startups on social networking sites, etc. In some cases, students were advised by their university professors to start a business because there were few job opportunities, or they learned about entrepreneurship through classes in the faculty of Economics/Business/Finance.

8.3.2 Most Important Factors in Selecting Occupation, and Desired Place of Work

The survey asked students about their preferred place of employment and the most important factors in their choice of occupation.

Regarding the desired place of employment, 83% of the students indicated that they would like to work in Iraq, followed by the Gulf States (7%) and Europe (6%). There was no gender difference in the ranking of

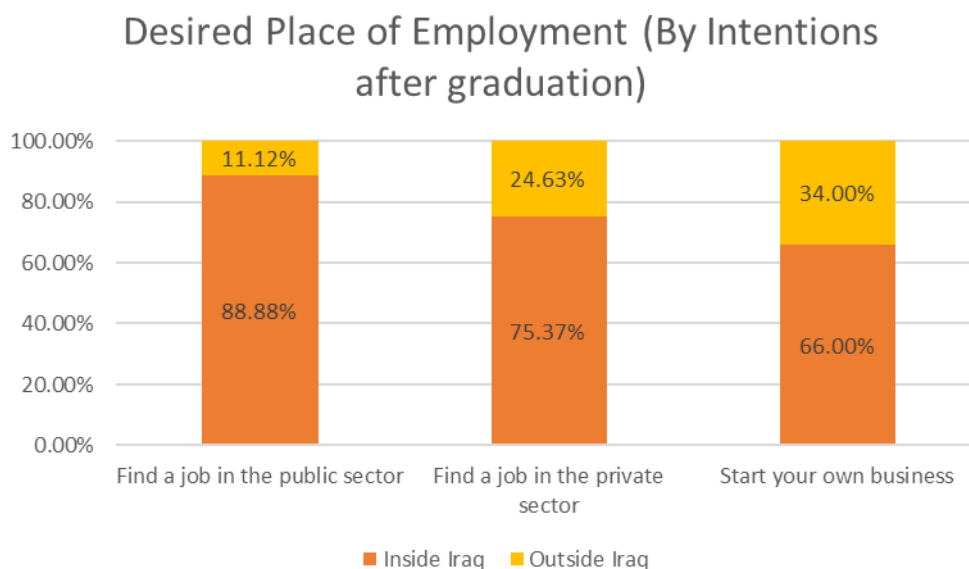
desired place of employment, but women were more inward-looking, with 75.9% of male respondents indicating that they would like to work in Iraq, while 88.0% of female respondents indicated that they would like to work in Iraq.



Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.9 Student's Desired Place of Employment

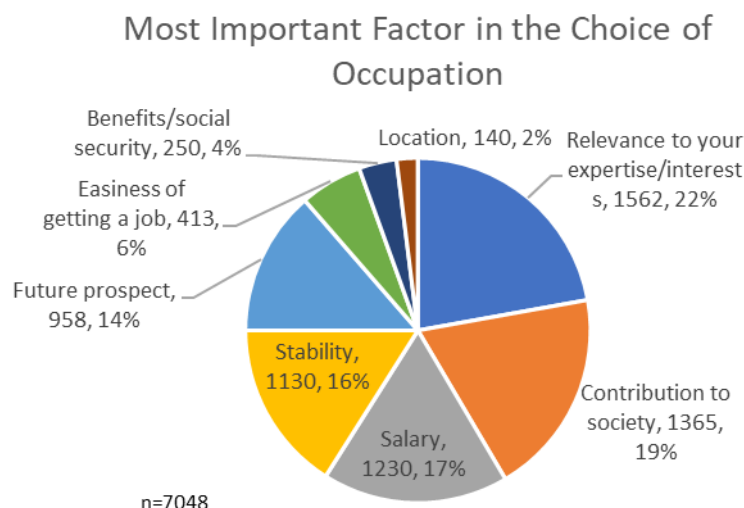
By "intention after graduation" nearly 90% of those who intend to "find a job in the public sector" wanted to work in Iraq, while 24.63% of those who intend to "find a job in the private sector", and 34.0% of those who intend to "start a business" wanted to work outside Iraq, indicating that students with a higher orientation toward the private sector were more outward-looking. This is due to the unstable image of the private sector in Iraq and the lack of support and opportunities for entrepreneurship in Iraq, as indicated by the students' responses in the FGDs.



Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.10 Student's Desired Place of Employment (By intentions after graduation)

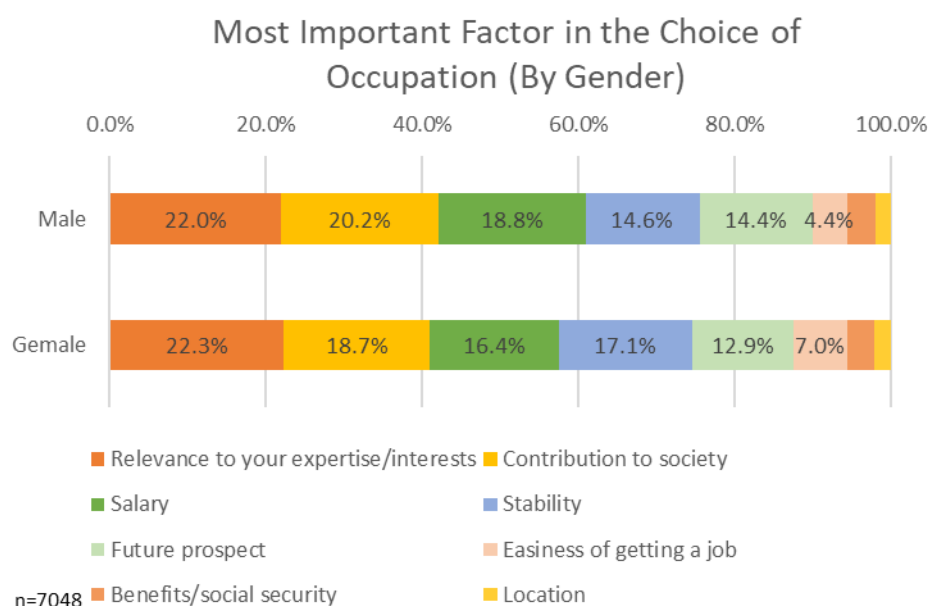
The most important factor for students in choosing a career was "relevance to your expertise/interests" at 22%. This was followed by "contribution to society" (19%), salary (17%), and stability (16%).



Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.11 Most Important Factor in the Choice of Occupation

The ranking of the most important factors by gender was generally the same, but women ranked "contribution to society," "salary," and "future prospects" slightly lower than men, while "stability" and "ease of finding a job" ranked slightly higher, indicating differences in values between men and women.



Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.12 Most Important Factor in the Choice of Occupation, by Gender

8.3.3 Vocational Training and Experience

Students were asked whether they had any internships, vocational training, part-time jobs, or other work experience, and whether they thought these experiences would be useful in their future job search.

Of the 5,709 valid responses to this question²⁹⁰ (multiple responses allowed), the most common response for both men and women was "no" job training or experience, at 37.8% and 59.8% respectively, with a

²⁹⁰ Responses that selected "none" in duplicate with the training and experience options were inconsistent, so these responses were excluded and considered valid responses.

larger percentage of women having no training or job experiences than men. This was followed by "vocational training" (26% in total) and "full-time or part-time work experience" (18.3%), with only 5% of students having had "internships" and 0.1% having received "entrepreneurship-related training".

On the other hand, 56.4% of students have taken informal online or short courses in computer skills, languages, etc., with women, taking more of these courses.

When students were asked at the FGD about their vocational training and experience, three of the seven participants who intend to "find a job" had internship experience and one had received vocational training in the private sector. Other students indicated that they had attended workshops or participated in informal forms of training, such as online trainings. However, students generally agreed that they lacked the specialized training needed to find employment.

Among the students who intend to "start a business," 5 out of 9 had received entrepreneurship-related training, including: as part of a university course (Economics/Business/Finance students, 1), incubator training (1 person), UNDP training (1 person), taking Google online courses (1 person), taking online courses at a business school (1 person). One of the participants was already working in the retail industry and had experience in business and management. The other three students had no training opportunities or experience.

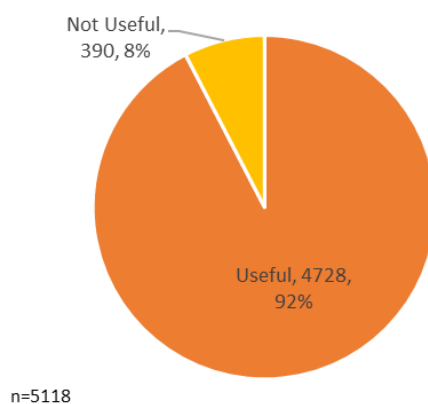
Table 8.6 Students' Vocational Training / Experience

Vocational Training and Experience	Male		Female		Total	
	Count	%	Count	%	Count	%
Internship	139	5.4%	144	4.6%	283	5.0%
Vocational Training	861	33.4%	622	19.8%	1,483	26.0%
Full-time or Part-time job experience	600	23.3%	444	14.2%	1,044	18.3%
Entrepreneurship-related training	3	0.1%	3	0.1%	6	0.1%
None	972	37.8%	1,875	59.8%	2,847	49.9%
Other Trainings (computer skills, languages etc.)	1,182	45.9%	2,038	65.0%	3,220	56.4%
Total	2,574	-	3,135	-	5,709	-

Source: JICA Research Team based on the results of the questionnaire survey.

When asked if the students think that above trainings would be useful in their job search, 92% responded "useful". When students who answered "not useful" were asked about the reason, the most common responses were that the training was inadequate, that there was little connection between the training and the career they wanted (or their current studies), and that there were few job openings, and the training would not help them find a job.

Usefulness of Training in Getting a Job



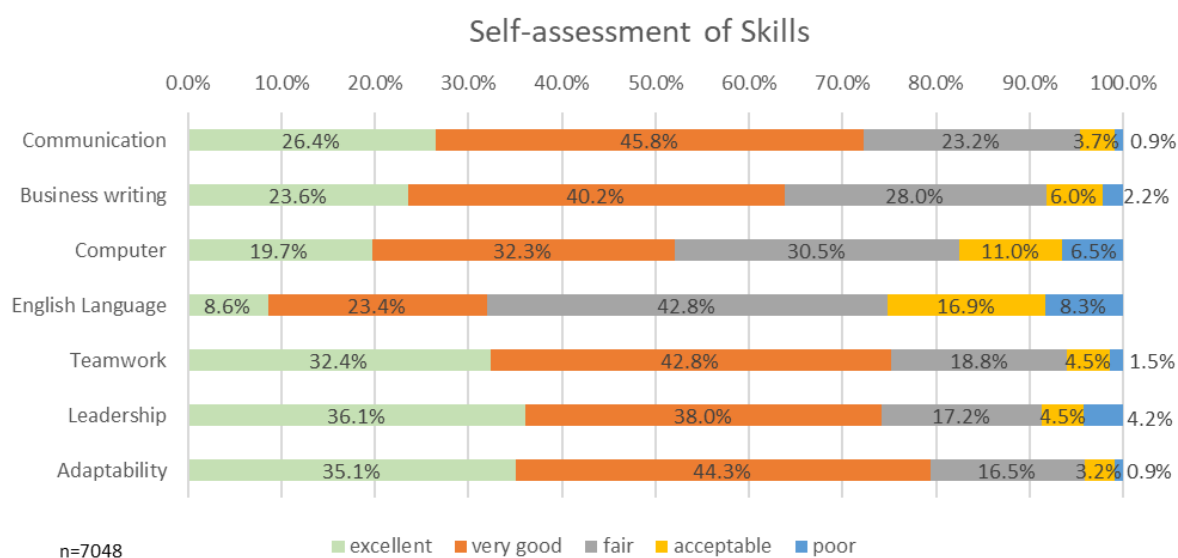
Source: JICA Research Team based on the results of the questionnaire survey..

Figure 8.13 Usefulness of Training in Getting a Job

8.3.4 Self-assessment of Skills

The questionnaire asked students to rate themselves on a five-point scale ("excellent," "very good", "fair," "acceptable," and "poor") on the basic working skills (communication, business writing, computers (Microsoft Office, etc.), English Language, teamwork, leadership, and adaptability) that is commonly believes to be necessary for employment.

Soft skills such as communication, teamwork, leadership, and adaptability were rated highly by many students, with "excellent " and "very good" combined at 70% to 80%. On the other hand, many students did not have confidence in their computer and English skills, with more students rating their skills as "acceptable" or "poor" than in the other areas.



Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.14 Self-assessment of Skills by Students

By gender, the combined percentages of "very good" and "excellent" were 3 to 6 percentage points lower for women than for men in the areas of "business writing", "computer", "teamwork," and "adaptability", and especially in "leadership". In particular, women were 11.3% less confident in their leadership skills. On the other hand, the percentage of women who answered "excellent" or "very good" in English Language skill was 6.8 percentage points higher than that of men.

8.4 Challenges in Finding Employment and Support Needed

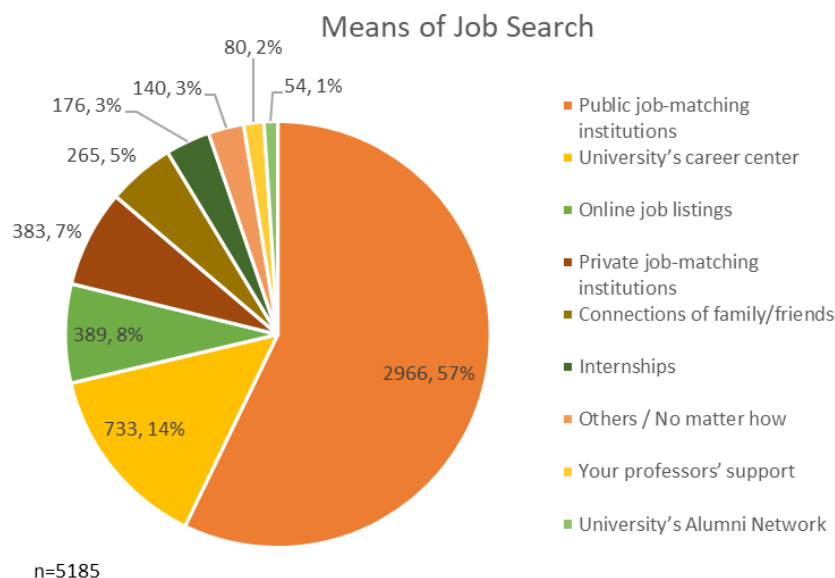
Students who answered "find a job in the public sector" and "find a job in the private sector" in the "intentions after graduation" question were asked about their means of job hunting, the type of industry in which they hope to work, whether they hope to work in an industry related to their major at university, the support they can get in their job search, and the support they need. The students were also asked about the challenges they face in their job search.

8.4.1 Means of Job Searching

When students were asked what means they would like to use to find a job, the largest percentage (57%) of students said they would like to use "public job-matching institutions"²⁹¹, followed by "university Career Centers" (14%) and "online job listings" (8%). Private job-matching institutions, such as recruiting firms, were cited by 7% of students, indicating a lack of such services. In Iraq, it is customary to find employment through the introduction of family and friends, but only 5% of the students would like to use "family and friends' connections". In addition, only 3% of students considered internships as a gateway to employment.

²⁹¹ The term "public job-matching institutions" refers to government job placement services (namely "Tawtheef" (see Chapter 3 for details)) and includes placement to both public and private sector jobs.

Furthermore, "support from university professors" and "alumni network" were cited by 2% and 1%, respectively, suggesting that there is little support available from universities.

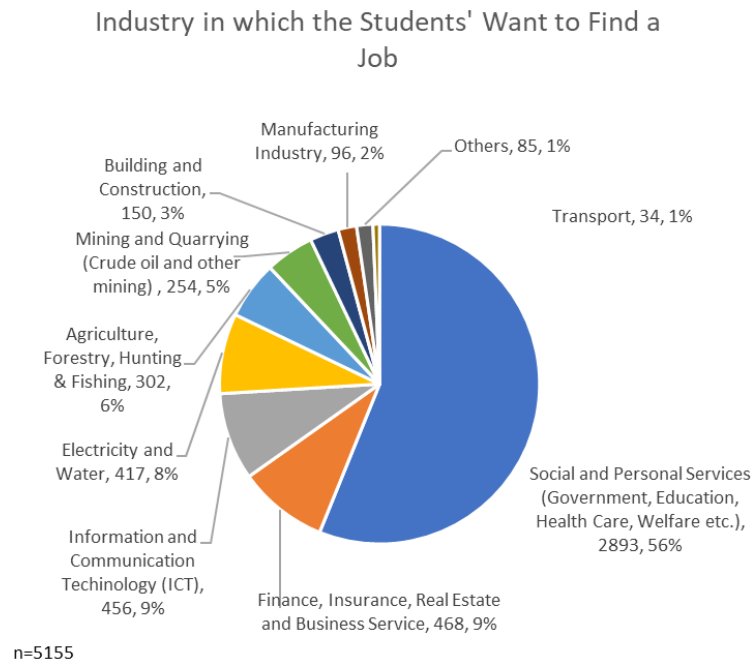


Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.15 Means of Job Search

8.4.2 Industry in Which the Students' Wish to Work

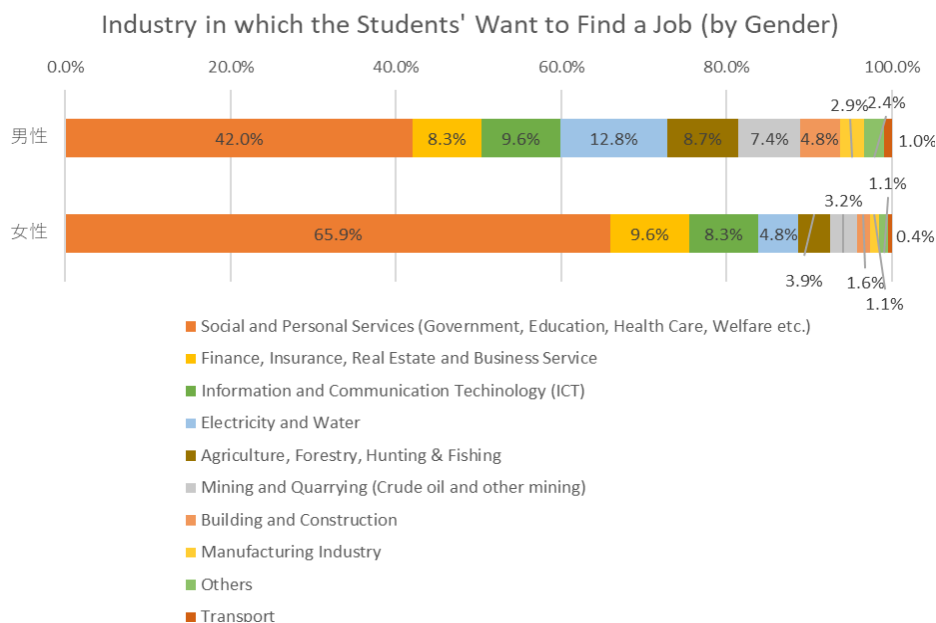
When students were asked about the type of industry they would like to work in, "Social and Personal Services (Government, Education, Health Care, Welfare etc.)" accounted for the highest percentage at 56%, and "Electricity and Water" at 8%. This is consistent with the large number of students who desired "find a job in the public sector" in their "intentions after graduation". "Finance, Insurance, Real Estate and Business Service", and "Information and Communication Technology (ICT)" followed at 9% each. As for "Information and Communication Technology (ICT)," while 175 students majoring in the same field of study wanted "to find a job (both public and private sectors)," 456 students wanted to find a job in this sector, indicating that many students from other majors wanted to work in the ICT industry. On the other hand, among students majoring in Engineering and Science, 1,944 students wanted to "find a job" while only 96 and 85 students wanted to be employed in the construction and manufacturing industries, respectively.



Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.16 Industry in which the Students' Want to Find a Job²⁹²

By gender, more women (65.9%) than men (42.0%) wanted to work in the "Social and Personal Services (Government, Education, Health Care, Welfare etc.)". This is consistent with the fact that a larger percentage of women were in the education and humanities departments in their university faculties, and that more women wanted to work in the public sector in their "intentions after graduation". On the other hand, a higher percentage of males preferred the "Electricity and Water", "Agriculture, Forestry, Hunting & Fishing", "Mining and Quarrying (Crude oil and other mining)", "Construction" and "Manufacturing."

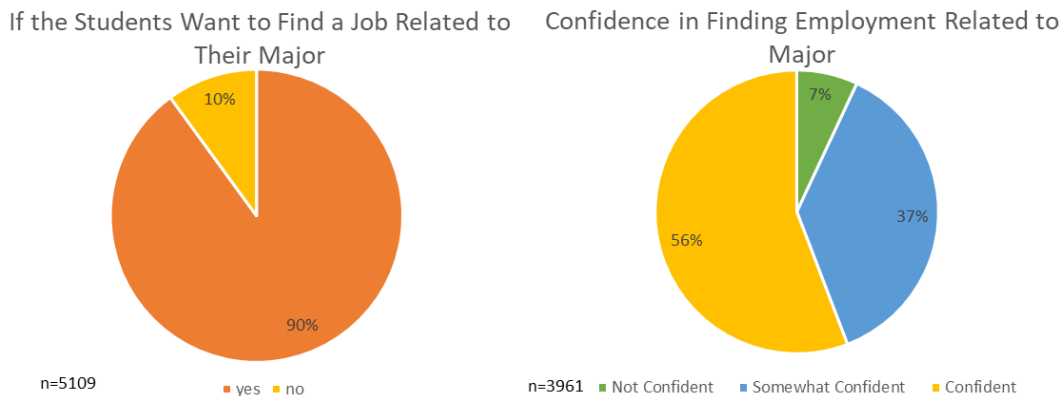


Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.17 Industry in which the Students' Want to Find a Job, by Gender

²⁹² The industry categories are based on the industry categories of the Central Statistical Office (CSO) of Iraq, with the addition of a category for the information and communication industry.

When university students were asked if they wanted to work in an industry related to their major, 90% of them answered "yes". The fact that many students emphasized "relevance to your expertise/interests" when asked about "the most important factor in choosing a job" indicates that many students hope to find employment in fields related to their majors. When students who answered "yes" were asked if they were confident about finding a job in an industry related to their major, 56% answered "confident" and 37% answered "somewhat confident". The figures were generally similar by major and gender, and there was no significant difference in the level of confidence.



Source: JICA Research Team based on the results of the questionnaire survey.

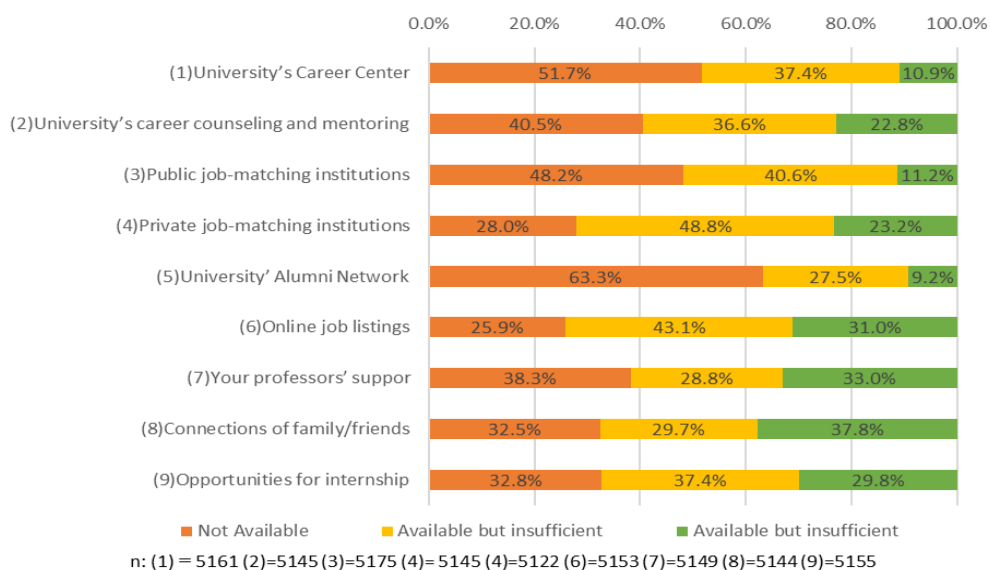
Figure 8.18 Preference for Employment in Industries Related to the Students' Major

8.4.3 Support the Students Can Receive and Need in Finding Employment

The questionnaire asked university students to rate their access to the nine items below on a three-point scale of "Available" "Available but insufficient" or "Not Available" with regard to the kind of support they receive in finding employment. In items (1) through (5), "Not Available" or "Available but insufficient" greatly exceeded "Available" and in items (6) through (9), the total of "Not Available" and "Available but insufficient" exceeded "Available", indicating that the university students feel they do not have sufficient support and tools for job searching activities.

JICA Research Team based on the results of the questionnaire survey.

Available Support for Finding Employment



Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.19 Available Support for Finding Employment

In the "Means of Job Searching" question above, more than half of the students expressed a desire to use "public job-matching institutions" but actual access to such services is limited, with 48.2% of students saying they do not have access and 40.6% saying they do have access, but it is insufficient. In the FGDs, when asked if they had used Tawtheef, a public job matching website, the majority of students said they had not or were unaware of its existence. In the experience of a student who have used the site, he noted that jobs offered by private companies require a bachelor's degree diploma in order to apply, making it difficult to apply while still in school to prepare for finding a job after graduation.

Regarding the support from the university, most students either have no access to the Career Centers and alumni networks or have inadequate access to them. Students' access to these university supports is very limited, at about 11% and 9.2% respectively. Although slightly more students (22.8% and 30.0%, respectively) chose "Available" for career guidance and support from professors compared to the above two items, the percentages of "Not Available" and "Available but insufficient" were much higher, indicating that support is inadequate. About 70% of the respondents answered, "Not Available" or "Available but insufficient" for internship opportunities.

Students were also asked in the FGDs about their use of the Career Centers. Four of the seven participating students stated that they had visited the Center, but that there were no services (e.g., training offerings, job matching, etc.) available to them in their job search. Two students also stated that they were unable to use the Career Centers because they were geographically located on a remote campus. Few students had used the support (e.g., resume writing, guidance, etc.) or attended seminars or trainings offered by the Career Center. In addition, many students stated that they did not know what services the Career Center offered.

In order to compare employment support from universities, we compared "(1) university Career Centers", "(2) university career counseling and mentoring", "(5) alumni networks", "(7) support from professors", and "(9) access to internship opportunities" by level of university and found no significant differences in the among the different levels of universities. The results for the "least competitive" universities showed that (1) access to university Career Centers" was lower than the others, while "(7) support from professors" and "(9) access to internship opportunities" were higher. However, the number of responses from these universities is very low, with only 69 responses, with small numbers influencing the tendencies, so this result must be interpreted with caution.

Table 8.7 Available Support for Finding Employment, by University Level

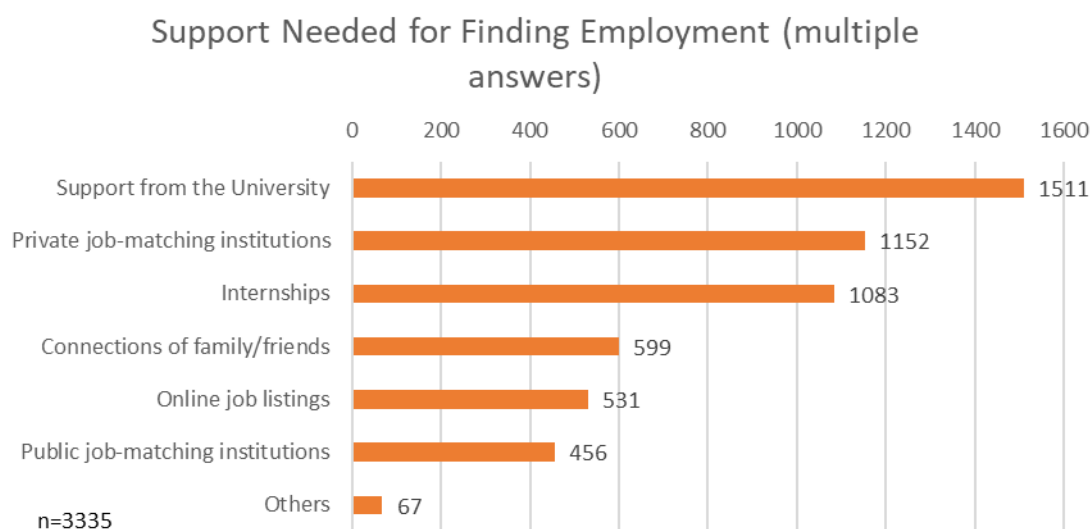
		Highly Competitive	Competitive	Less Competitive	Least Competitive
(1)University's career center	Not Available	53.1%	50.8%	52.3%	50.9%
	Available but insufficient	35.4%	37.5%	37.7%	41.5%
	Available	11.5%	11.7%	10.1%	7.5%
(2)University's career counseling and mentoring	Not Available	44.0%	43.4%	38.1%	43.4%
	Available but insufficient	33.6%	36.2%	37.4%	34.0%
	Available	22.4%	20.4%	24.5%	22.6%
(5)University' Alumni Network	Not Available	65.5%	67.0%	60.5%	56.6%
	Available but insufficient	23.6%	25.4%	29.6%	34.0%
	Available	10.9%	7.5%	9.9%	9.4%
(7)Your professors' support	Not Available	41.7%	40.2%	36.5%	38.5%
	Available but insufficient	26.3%	30.1%	28.4%	21.2%
	Available	32.0%	29.7%	35.1%	40.4%
(9)Opportunities for internship	Not Available	34.2%	31.9%	33.0%	34.0%
	Available but insufficient	37.7%	38.3%	37.1%	24.5%
	Available	28.2%	29.8%	29.9%	41.5%

Source: JICA Research Team based on the results of the questionnaire survey.

The table below figure summarizes the responses of university students regarding the support they need in

their job search. The most common response (45.3%) was job search support from the university, such as Career Centers, mentoring, alumni networks, and support from professors. This was followed by private job-matching institutions (34.5%) and internship opportunities (32.5%). Need for the access to internships also points to increased roll of universities' support, as opportunities are expected to be available through the development of relationships between universities and private companies. Many participants expressed a desire to see job placement functions strengthened in FGDs, as well as the provision of training in skills demanded by the labor market and training in English and ICT skills. In addition, in terms of access to internships, the survey results called for an expanded role for university employment support, as opportunities are expected to be available through the development of relationships between universities and private companies.

As for private job placement services (34.5%), the second most common response, students were asked in the FGDs about their use of such services and their opinions about them, and the results showed low awareness of job placement services such as MSELECT. In addition, several students stated that many private employment agencies are fraudulent, charging fees only and not actually introducing students to jobs, indicating a low level of trust in private employment agencies. The fact that many students prefer to use "public job-matching institutions" such as Tawtheef, which is free of charge and manages the personal information of the job seekers properly, as a means of job searching is assumed to be due in part to the image of these private services. When asked about their experience participating in career fairs held by private organizations such as BCC, two of the seven participating students said that they had participated in such fairs, but that it did not lead to employment because private companies recruiting at such fairs often require several years of work experience and rarely hire new graduates.



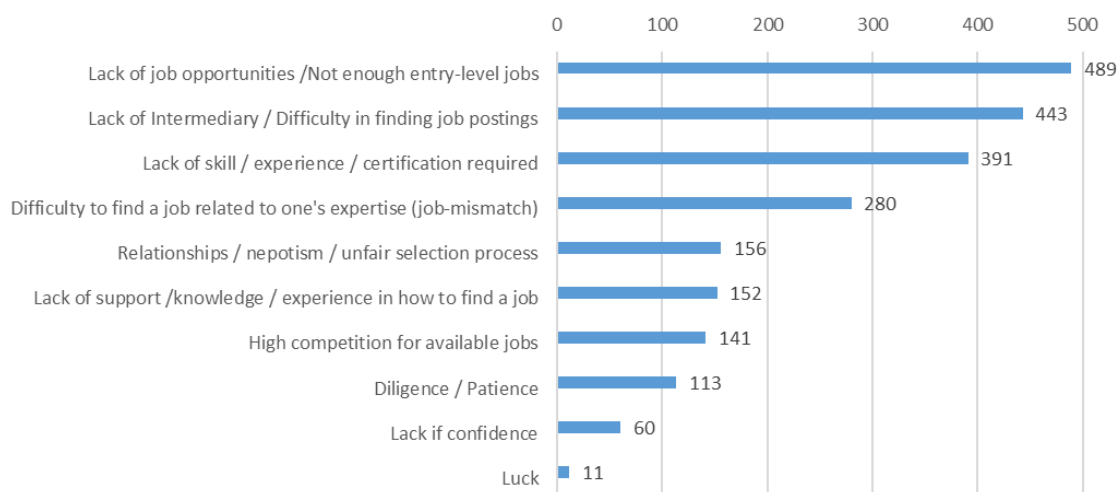
Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.20 Support Needed for Finding Employment (Multiple Answers)

8.4.4 Challenges in Finding Employment

At the end of the section for students who wanted to "find a job in the public sector" and "find a job in the private sector," students were asked to describe the challenges they face in their job search. As a result of grouping similar responses into several groups, it was found that many students felt that "lack of job opportunities / not enough entry-level jobs " was a challenge, followed by "lack of intermediary / difficulty in finding job postings", "lack of skill / experience / certification required" and "difficulty to find a job related to one's experience (job-mismatch)". The survey also found that many students felt that their experience and knowledge related to job searching itself were not sufficient to find a job, as there were 152 students who felt that they lacked experience and knowledge about job hunting itself, did not know how to do it, and lacked support.

Challenges in Finding Employment



Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.21 Challenges in Finding Employment

When comparing the differences in challenges between "finding a job in the public sector" and "finding a job in the private sector," the response rate in the public sector was 11.6% compared to 22.5% in the private sector for "lack of skill / experience / certification required". In addition, the ratio for those who prefer the private sector (12.4%) was higher than those of the public sector (9.3%) in "difficulty to find a job related to one's experience (job-mismatch)" indicating that students who wish to work in the private sector are more likely to feel that finding a job that matches their expertise and lack of necessary skills is an issue.

In the FGDs, when students were asked about challenges in job searching, many responded that several years of work experience are required to find a job and that there are few job openings for new graduates, while others said that there are few jobs related to their interests and that there are too few job openings to begin with. When the female group was asked if there were any barriers to job searching that were unique to women, the consistent response was that "finding a job is equally difficult for everyone, regardless of whether they are male or female". The participants did not know of any employment support services specifically for women. When the male group was also asked what they thought about women's employment, all students stated that it was "not an issue" for them, but that women's employment was not accepted in society as a whole, and that "about half of the society would not accept working women".

At the end of the session for students who intend to "find a job," the Survey Team asked the students about alternative solutions if they could not find a job in their desired field. Many responded that they would "get more training while working in a different sector." Some students also stated that they might start their own businesses. Some students stated that while they are unable to find a full-time job, they would earn an income through buying and selling products on social networking sites, or earn a living through part-time work, while receiving vocational training.

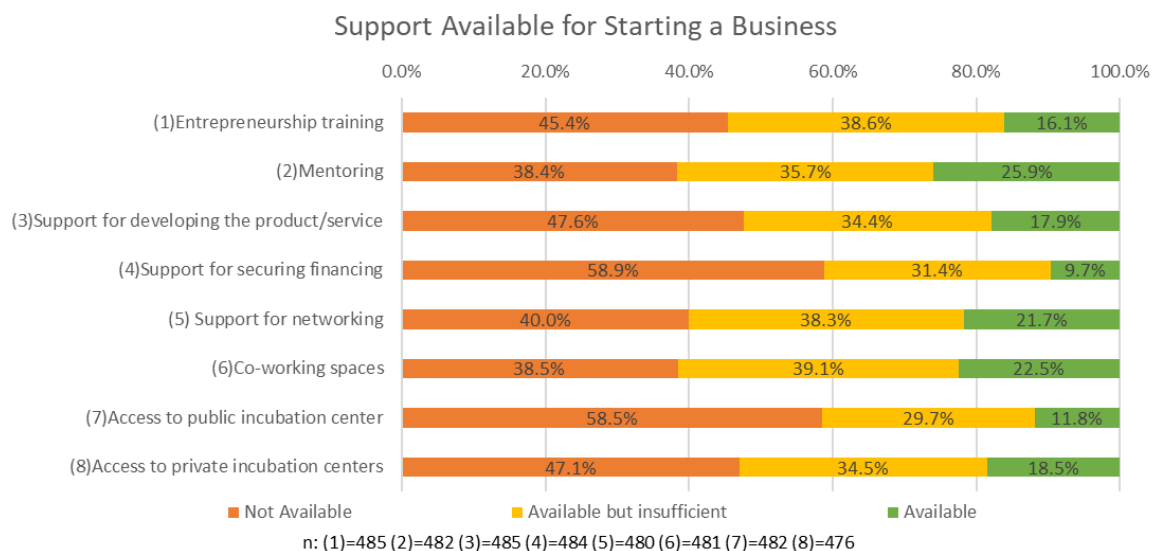
8.5 Challenges and Support Needed in Starting a Business

Students who answered "start your own business" in the question about their intentions after graduation were asked about the support they receive and need to start a business, the challenges of starting a business, and what kind of business they hope to start or plan to start.

8.5.1 Support the Students Can Receive and Need in Starting a Business

Students wishing to start a business were asked to rate the degree to which they have access to the entrepreneurship support on items (1) through (8) in the following figure on a three-point scale: "Available," "Available but insufficient" and "Not Available". The highest percentage of students chose "Not Available" for all items except for item (6) "Co-working Space". In particular, the percentages of "Available" for (4) "support for securing financing" and (7) "access to public incubation centers" were low, at 9.7% and 11.8%,

respectively. For (2) “mentoring”, (5) “support for networking” and (6) “co-working space”, more than 20% of the students answered “Available”, however, "Not Available" and "Available but insufficient" were much higher than "Available" for these items as well, indicating that students are not receiving sufficient support for starting their own businesses.

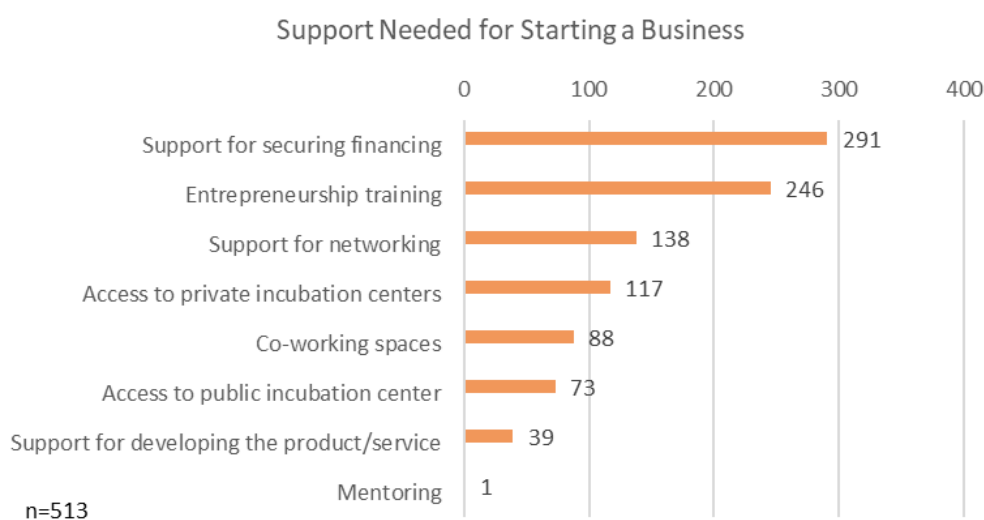


Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.22 Support Available for Starting a Business

When students were asked about the support they could receive for starting their own businesses at the FGDs, all of them answered that they did not receive any support from the university. On the other hand, some students have participated in trainings, workshops, and events at incubators such as the Station and UNDP. Several students were planning to apply for the services of incubators such as KAPITA and the Station, and to take training at Baghdad Business School.

The following chart shows which support the students need more of, among the above eight items. The most common response was "support for securing financing" which received the fewest "Available" responses in the "Support Available" question above, with 56.7% of students indicating that they needed support. “Entrepreneurship training” (48%) and "support for networking" (26.9%) were next most common, while "mentoring" received only one response.

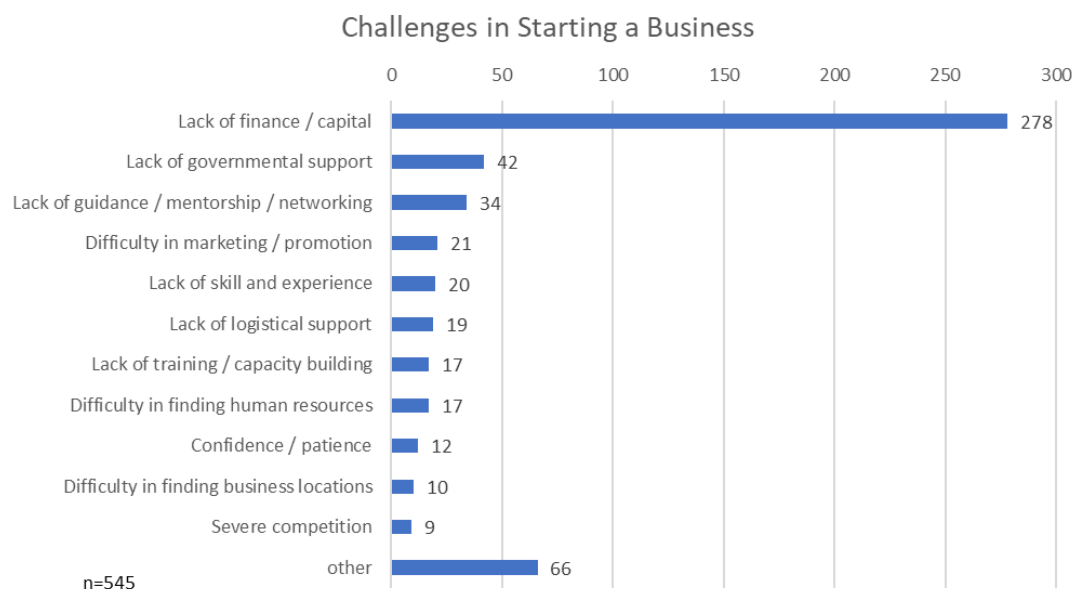


Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.23 Support Needed for Starting a Business

8.5.2 Challenges in Starting a Business

The survey asked students what they felt were the challenges in starting a business in a descriptive question and grouped similar responses into several groups. More than half of the 545 valid responses were for "lack of funds and capital," highlighting the fact that many students were concerned about raising funds to start their own businesses. Guidance on fundraising methods, etc., is needed as "support for fundraising" mentioned in the "support needed" section above, as well as support for entrepreneurs' fundraising from many angles, including support for access to incubation services and networking with angel investors.



Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.24 Challenges in Starting a Business

When asked how they planned to raise funds in FGDs, many students said they would "get funding from family or acquaintances" or "apply for a program from a NGOs or development partners." Some students also indicated that they would start their own business with their own funds after getting a job and saving money. Some students have already started their businesses and begun to raise funds, but they noted that it is difficult to raise funds from the private sector, so they need to use other means of financing, such as family, acquaintances, or NGOs. Other issues besides fundraising included securing human resources and business locations. The women's group was also asked about challenges specific to women and the support they could obtain. All female participants pointed out that there are barriers due to social conventions, lack of understanding of women starting businesses, and difficulties in negotiations. On the other hand, some participants mentioned that recently there is a better understanding of working women than in the past, and that they are getting support from their families. As for support for women starting their own businesses, development partners such as Expertise France are providing programs for female entrepreneurs, but most programs are mainly for micro-businesses such as handmade crafts, and many said that there is little support specifically for women start-ups.

When students were asked if they plan to work in the public or private sector until their business gets off the ground, all but one student answered that they plan to do so. Reasons given included the availability of information and training about their field of expertise through their jobs, the advantage of creating connections, and the use of salary savings to fund their businesses. Some participants were already employed in the public sector and were considering taking advantage of a five-year (unpaid) leave of absence to start their own businesses.

8.5.3 Sectors in which the Students Plan or Wish to Start a Business

Students were asked in an open-ended format in what sector they would like to establish a business. After the responses were grouped and tabulated, it was found that the most common response was "other service" (26.8%), such as printing, running a sports gym, establishing a library, or setting up a women's centers or NGOs. Following, the top two to five were "agriculture" (18.6%), "human resource / vocational training"

(9.9%), "ICT" (8.6%), and "Medical Services" (5.4%), indicating that students have entrepreneurial ideas in a variety of fields and industries.

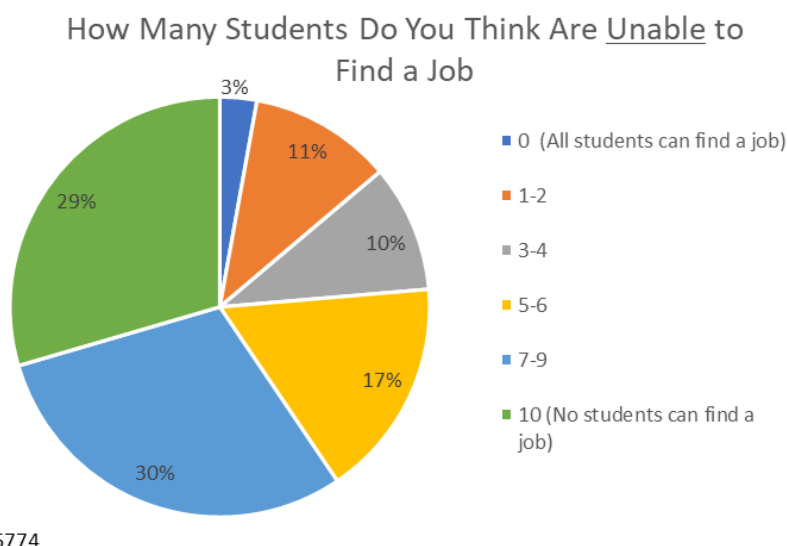
Table 8.8 Sectors in which the Students Plan or Wish to Start a Business

Business Sector	Count	%
Other Services (printing, gym, library, women's centers etc..)	125	26.8%
Agriculture	87	18.6%
Human Resources / Vocational Training	46	9.9%
ICT (mobile apps, software development, internet services etc.)	40	8.6%
Medical Services	25	5.4%
Construction / Real Estate	23	4.9%
Research Centers / Laboratory	18	3.9%
Professional Services (consulting, finance, engineering services etc.)	18	3.9%
Energy (renewable energy, electricity etc..)	15	3.2%
Manufacturing	14	3.0%
Cafes / Restaurants	14	3.0%
Commerce / Trading	14	3.0%
Creative (Interior, Design, Art, Photography etc.)	13	2.8%
Food Processing	11	2.4%
Retail	4	.9%
Total	467	100.0%

Source: JICA Research Team based on the results of the questionnaire survey.

8.6 University Students' Perception of Finding Employment, and Ideas for Improving the Current State of Employment and Entrepreneurship

The final section of the survey asked students for their perception of employment situation by asking, "How many out of 10 new graduates do you think are unable to find a job?" The results showed that "10 (no students can find a job)" and "7-9 students cannot find a job" together accounted for nearly 60% of the responses, indicating the students' grim impression of the employment situation.



Source: JICA Research Team based on the results of the questionnaire survey.

Figure 8.25 Students' Perception on How Many Students Are Unable to Find a Job

The results of the cross tabulation of student responses by gender, age, educational program, faculty, and university level revealed that although there was a variation of a few percentage points in each category, the responses of "10 students (no students can find a job)" and "7-9 students cannot find a job " were equally felt

in all categories, at around 60% together. The result shows that the severity of the employment situation is not limited to gender, age, or faculty, but is equally felt by all.

In addition, the survey asked students for their ideas on how to improve the situation surrounding employment and entrepreneurship among young people in an open-ended format. Similar responses were grouped together and organized into two categories: "employment-related" and "entrepreneurship-related". In the "employment-related" category, the most common response was the need to develop the private sector for job creation (14.6%), followed by the creation of employment opportunities for new graduates (12.3%). Many respondents also expressed a desire for more jobs in the public sector (8.4%). There are also requests for support on the part of students, including assistance to improve employability, such as enhanced skills development and vocational training and the establishment of training centers, as well as support for the job search process itself, such as providing orientation, guidance, and mental support for finding a job. Additionally, 4.9% of respondents expressed a desire for private companies to recruit and provide training for new graduates, similar to Japan's new graduate recruitment system.

Table 8.9 Ideas for Improving the Employment and Entrepreneurship Situation of Young People

Ideas for Improving the Employment and Entrepreneurship Situation of Young People	Count	%
<Employment-related>		
Private sector development (support for enterprises, opening factories, attracting foreign investors etc.)	597	14.6%
Creating more job opportunities for university graduates	502	12.3%
Providing more governmental projects and jobs	345	8.4%
Providing more skill development and vocational training, establishing training centers	273	6.7%
Diversification of industries to provide jobs that match the graduates' field of specialization	204	5.0%
Companies accepting entry level employees / providing training	199	4.9%
Providing employment orientation, guidance and moral support (public or private)	105	2.6%
Providing more opportunities for internships / job experiences	93	2.3%
Providing more networking opportunities	53	1.3%
More effective job postings	16	0.4%
<Entrepreneurship-related>		
Providing more financial / material support (public or private)	295	7.2%
Providing skill development / entrepreneurship training	157	3.8%
Raising awareness and support of society towards young entrepreneurs	154	3.8%
Private Sector Development	146	3.6%
Raising awareness about entrepreneurship among the youth	115	2.8%
Providing or enacting government law to support entrepreneurs.	106	2.6%
Establishing business incubators / accelerators (governmental, private or university)	62	1.5%
Providing guidance and mentorship	52	1.3%
Other	622	15.2%
Total	4096	100.0%

Source: JICA Research Team based on the results of the questionnaire survey.

In the "Entrepreneurship-related" category, the most common request (7.2%) was for financial support, as mentioned earlier in the "Support Needed" and "Challenges" sections. In addition, many respondents also expressed a desire for skill development and entrepreneurship training, as well as better social understanding and recognition of young entrepreneurs. Some respondents also expressed the need for support to raise

awareness among young people to become more proactive in starting their own businesses, inferring that more entrepreneurs will lead to job creation.

Chapter 9 Status of Support from Other Development Partners Regarding Youth Employment

This chapter summarizes the support provided by other development partners for youth employment and entrepreneurship in Iraq, as well as case studies of supports in neighboring countries.

9.1 United Nations Organization

9.1.1 UNDP

UNDP has been providing assistance in Iraq since 1976, supporting democratization and reconstruction after the Iraq War in 2003, and relocating its country office from Jordan to Baghdad in 2014. Since 2015, UNDP has been supporting Iraq mainly through the Funding Facility for Stabilization ("FFS"), a program to promote reconstruction and stabilization in northern governorates affected by ISIL. Under FFS, activities are focused on infrastructure rehabilitation and development, livelihood and employment support, capacity building of local governments, peacebuilding, and social cohesion, as well as employment support projects targeting young people and women. In addition, UNDP also works with young entrepreneurs through Accelerator Lab and develops vocational training projects in collaboration with Toyota Iraq through Iraq Crisis Response and Resilience Programme (ICRRP).

(1) Recent Support for Youth Employment and Entrepreneurship

UNDP's main support in recent years for youth entrepreneurship and employment is shown in the table below.

Table 9.1 UNDP's Main Support to Youth Employment and Entrepreneurship in Iraq

Program/Project Name	Volume	Duration	C/P	Content of Support
Funding Facility for Stabilization	1.88 billion USD (Approx. 255.7 billion JPY)*	2015- 2023	Office of the Prime Minister	-provides assistance in nine areas in the northern region affected by ISIL's occupation: electricity, health, water, education, sewage, livelihoods, local government, roads and bridges, and social cohesion. -provides employment assistance to young people through short-term employment, job training, and support to SMEs.
Building Resilience through Employment Promotion (BREP)	100 million EUR (Approx. 13.7 billion JPY)*	2020- 2024	MOLSA	-In the northern region affected by ISIL's occupation, the project is responding to the impact of COVID-19, creating short-term jobs, providing vocational training, and supporting SMEs.
UNDP Accelerator Lab	—	2019- (ongoing)	—	-A scheme to involve various partners from industry, government, and academia, aiming at new ideas and innovations for solving development issues to achieve the SDGs. It will also aims to involve young entrepreneurs. -It is also working with Asiacell, Iraq's leading telecom company, to provide entrepreneurship training.
Youth Leadership Programme	—	2015- (ongoing)	—	-The program is aimed at young people in Arab countries, including Iraq. Aims to develop capacity for analytical thinking and social innovation.
Innovation for Development Project	420,000USD (Approx. 57 million JPY)*	2018-2020	Federal Government and KRG	-The project targeted young men and women and relevant institutions for skills development in the areas of innovation, entrepreneurship, and the SDGs. -In addition, capacity building sessions and workshops were held for young people and relevant institutions across Iraq to support the strengthening of the entrepreneurial ecosystem.

Program/Project Name	Volume	Duration	C/P	Content of Support
Iraq Crisis Response and Resilience Programme (ICRRP)	182 million USD (Approx. 24.75 billion JPY)*	2014- 2021	Federal Government and KRG	-Aims to build the skills and capacity of workers, employers, and the government for economic recovery after the conflict with ISIL. -The project will supports short-term employment through Cash-for-Work and grants for micro-business start-ups to improve livelihoods, return of the IDPs through on-the-job training and job placement support, provide employment assistance to Syrian refugees, and build the capacity of the government and employers. -In partnership with Toyota Iraq, the program provides vocational training for young people.

Source: JICA Research Team using information from UNDP website and project documents.

*Using exchange rate as of July 2022.

(2) Content of the Support for Youth Employment and Entrepreneurship

UNDP provides various assistance in promoting youth employment and entrepreneurship.

FFS, UNDP's core program in Iraq, is rehabilitating public infrastructure such as schools, hospitals, water and electricity grids and repairing damaged houses in five northern governorates (Anbar, Diyala, Kirkuk, Nineveh and Salaheddin) affected by the occupation of ISIL. The project also supports capacity building of government institutions for peacebuilding and community cohesion building. Support for schools includes rehabilitation work and provision of equipment and materials at Mosul University, Northern Technical University, Nineveh University, and others. In the area of employment support for young people, the program has supported approximately 17,000 young people by 2021 through a method called "Cash-for-Work," which provides short-term employment mainly in the form of public works for reconstruction and rehabilitation, as well as funding for small-scale self-employment. In order to provide not only short-term employment but also more sustainable employment opportunities, a component on vocational training and support to small and medium-sized enterprises was added, and projects were launched to support vocational apprenticeships and small and medium-sized enterprises, with priority given to youth and women. This component aims to support 1,500 persons by 2023, when the program will end.

"Building Resilience through Employment Promotion" programme targets five northern governorates affected by ISIL's occupation as well as FSS and was launched in December 2020. It aims to provide short-term employment to vulnerable groups, including youth affected by the conflict, to mitigate the impact of COVID-19 and to strengthen skills and employability in the housing, agriculture, and SMEs in the private sectors. In the housing and agriculture sectors, short-term employment will be created through projects such as rehabilitation of housing and agricultural facilities, and training will be provided in the skills needed to engage in these activities. The program will provide assistance to small and medium enterprises (SMEs) through feasibility studies, training in entrepreneurial skills such as customer service, sales, marketing, and accounting, in-kind support such as equipment and materials, and subsidies. The program targets 40% of the target population to be young people, and aims to support approximately 6,000 youth by the end of the program.

Other direct youth employment and entrepreneurship support includes working with the private sector. In September 2021 UNDP announced a partnership with Toyota Iraq as part of the Iraq Crisis Response and Resilience Programme (ICRRP). The partnership provides vocational training, including job apprenticeships and on-the-job training, to internally displaced and returnee youth affected by the conflict to develop professional skills in three areas: automotive technology, warehouse management, and customer relations. After the training is implemented, the project will provide employment opportunities in Toyota-Iraq. The UNDP Accelerator Lab also collaborates with various partners, including private companies, and in May 2021, a partnership was announced with Asiacell, the largest telecom company in Iraq. The UNDP Accelerator Lab in Iraq aims to promote innovation with a particular focus on the country's two national challenges of "youth unemployment" and "climate change," and with the help of Asiacell, aims to support young entrepreneurs and startups and create long-term, sustainable employment opportunities for young people by helping to create an online platform that connects potential investors and entrepreneurs.

9.1.2 UNESCO

Iraq has been a member of UNESCO since 1948. In 2003, UNESCO opened an office in Baghdad and has been providing assistance in the fields of primary and higher education, including vocational training, and natural sciences such as restoration and conservation of cultural heritage and water resources management. With regard to support for youth employment, a TVET revitalization project was implemented between 2004

and 2006, and a major TVET reform project has been implemented since 2015. In addition, UNESCO is also implementing a project to provide vocational training and employment to young people through the restoration of cultural heritage in Mosul, KRI, and other areas.

(1) Recent Support for Youth Employment and Entrepreneurship

The main UNESCO supports in recent years that contribute to youth entrepreneurship and employment are listed in the table below.

Table 9.2 UNESCO's Main Support to Youth Employment and Entrepreneurship in Iraq

Program/Project Name	Volume	Duration	C/P	Content of Support
Jobs Creation through Technical & Vocational Education System Strengthening & Labour Market Linkages - TVET phase II	5.85 million USD (Approx. 795 million JPY)*	Dec 2020- Dec 2023	MOE / MOHESR	-Aims to strengthen and embed the policies and institutions developed in Phase 1 and apply them at the TVET provider level. -The project conducts a labor market survey and use the results to develop a new curriculum, train trainers, and pilot new TVET courses.
Reforming Technical and Vocational Education and Training in Iraq (TVET phase I)	13.9 million USD (Approx. 1.89 billion JPY)*	Feb 2015- Feb 2022	MOLSA / MOE / MOHESR	-The project aims to reform TVET institutions so that they become more demand-driven. -The project also aims to create mechanisms to involve employers more in the design of TVET programs, provide training to meet labor market demand, and design competency-based curricula based on occupational skill profiles.
Job Creation for Youth in Mosul - a Centre of Vocational Excellence in Construction Skills Supporting Labour Market Outcomes	376,000USD (Approx. 51 million JPY)*	Mar 2020- Jan 2022	Directorate of Labour and Social Affairs (DOLSA) of	-Capacity building for staff of TVET institutions in Mosul to improve the quality of TVET training, provide training in the construction sector for young people, and help promote job creation through reconstruction efforts.
Support to Livelihoods Through Cultural Heritage Development in Jordan and Iraq	12.3 million USD (Approx. 1.67 billion JPY)*	Sep 2019 - Feb 2023	High Commission for Erbil Citadel Revitalization (HCECR)	-The project will provide short-term employment to Jordanians, Iraqis, and Syrians, including young people, in two cities in Jordan and Iraq (Erbil and Duhok) by introducing an employment-intensive approach through cultural heritage preservation projects for tourism purposes.
Reviving Mosul and Basra Old Cities	229,000USD (Approx. 3.1 billion JPY)*	Mar 2019 - Jan 2023	MOLSA / MOE /City of Mosul /City of Basra	-The project will provide training in the construction sector to young people, mainly IDPs and refugees, in the cities of Mosul and Basra, and provide employment through reconstruction projects in both cities. The project aims to support approximately 1,500 people.

Source: JICA Research Team using information from UNESCO website and project documents.

*Using exchange rate as of July 2022.

(2) Reforming TVET in Iraq Project

Challenges faced by TVET institutions in Iraq include the dispersion of responsibilities among MOLSA, Ministry of Education (MOE), MOHESR, and MOLSA, lack of policies, outdated facilities and equipment, curriculum that does not meet labor market needs, and lack of teacher skills.²⁹³ To help address these challenges, in 2015, UNESCO launched the “Reforming Technical and Vocational Education and Training in Iraq” project (Phase 1) with funding from the European Union (EU). The project aims to 1) reform TVET governance, 2) develop a demand-driven curriculum based on labor market needs, 3) increase post-graduates' transition into the workforce and employment opportunities, and 4) strengthening the capacity of teachers and other stakeholders in TVET institutions as four goals of the project. Activities related to each of these goals are as follows.

²⁹³ TVET Infographics, UNESCO, <https://en.unesco.org/fieldoffice/baghdad/tvet>.

1) TVET Governance Reform

As mentioned above, TVET management in Iraq are dispersed among several ministries, and this project aims to establish a functional governance system by organizing the roles, responsibilities, and relationships among the various agencies. It will also support the development of a professional qualifications framework and improve the conformity of qualifications with international standards and promote learning awareness in Iraq. In addition, the project will establish a framework at the policy level to enable employers to participate in TVET.

2) Developing Demand-driven Curriculum Based on Labor Market Needs

To understand the current state of the labor market, assess the supply of skills, and forecast future demand for skills, the project conducted labor market assessments and analytical studies on the Food and Accommodation Services, Construction, Transportation and Storage, Agriculture, Fishing and Forestry, Wholesale and Retail, Information and Communication, and Manufacturing industries, as well as the informal sector. The findings will be used to develop new vocational training programs. In addition, the project will pilot a mechanism for employer participation in TVET and foster industry-government-academia partnerships to ensure that TVET graduates have the quality skills that the market requires.

3) Transition to Post-graduation Employment and Increase Job Opportunities

The project will strengthen Career Centers at 13 TVET institutions to help graduates find jobs. These Career Centers will provide guidance to students on job search, resume writing, and interview preparation. The project will also build partnerships between TVET institutions and employers, involving employers in the learning process through seminars and other activities, as well as supporting the development of relationships between students and private companies.

4) Strengthening the Capacity of Teachers and Officials of TVET Institutions

TVET capacity building will be based on the new curriculum developed by the project, as well as training teachers in theoretical and practical learning based on new teaching methods and on methods to improve the implementation of the curriculum. In addition, the project will cover building relationships with the private sector to contribute to 3) above. The project will also implement a one-year leadership training program for presidents and other officials to improve the management of TVET as well as for faculty members.

Through these activities, the project achieved coordination and mapping of institutional arrangements among TVET-related organizations, development of a national technical and vocational qualification framework, preparation and piloting of guidelines for quality assurance and accreditation of TVET, development of a framework for private sector participation in TVET, development of a four-level competency-based curriculum in three sectors (agriculture, construction and hospitality), improvement of the quality of career guidance in TVET, and capacity building of TVET staff, organizational leaders, teachers, and trainers.

Phase 2, "Jobs Creation through Technical & Vocational Education System Strengthening & Labor Market Linkages," which started in 2020, aims to consolidate the results of Phase 1 by supporting capacity building of MOE and MOHESR to ensure quality TVET, increase employment of TVET graduates, labor market coordination, and active participation of the private sector. The policies and institutions developed in Phase 1 will be incorporated into federal and local government policies, with emphasis on MOE vocational schools in five governorates and four universities in four governorates. Phase 2 will focus on the ICT industry in addition to the three areas addressed in Phase 1. It will also continue to support the "learning to workplace" transition through cooperation with Career Centers and focus on increasing the participation of women and people with disabilities in TVET.

9.1.3 International Labour Organization (ILO)

Iraq joined the ILO in 1932 and has ratified 68 ILO Conventions to date. In 2004, as part of its post-war reconstruction efforts, ILO resumed its Decent Work Agenda in Iraq and agreed with the Iraqi Ministry of Labor and Social Affairs (MOLSA) to provide technical assistance on job creation through private sector development, extension of social security coverage, freedom of association and social dialogue. In 2020, ILO

opened an office in Baghdad to implement Iraq's first Decent Work Country Programme (hereinafter referred to as DWCP).

(1) Recent Support for Youth Employment and Entrepreneurship

The main ILO supports in recent years that contribute to entrepreneurship and employment among young people are listed in the table below.

Table 9.3 ILO's Main Support to Youth Employment and Entrepreneurship in Iraq

Program/Project Name	Volume	Duration	C/P	Content of Support
Decent Work Country Programme	—	2019-2023	MOLSA/MOP/MOH and others	-The first Decent Work Programme in Iraq, addressing the high unemployment rate, lack of social security especially the informal sector, and governance challenges. -A comprehensive assistance program with the cooperation of a diverse range of international partners, aimed at creating new jobs through private sector development, reducing Iraq's vulnerability through the expansion and strengthening of social protection, and promoting the realization of basic principles and rights at work.
Improved Business Development Support Services and Entrepreneurship Education targeting MSMEs and Youth for the creation of Decent Work Opportunities in the Kurdistan Region of Iraq	—	Nov 2019-May 2022	MOLSA (KRG)	-The project institutionalizes the Start and Improve Your Business (SIYB) program, which an entrepreneurship support and financial literacy among program and a part of the Decent Work Country Programme, and introduces it to business development service providers in the Kurdish region. -In addition, Know About Business, a program to help students understand the role of business, will be introduced at vocational schools under the jurisdiction of MOLSA. -The approach is not to directly support start-ups, but to provide training of trainers at each implementing institution to ensure sustainability.
Support the Ministry of Labour and Social Affairs in Kurdistan to Develop an Action Plan to Implement an Employment Policy	—	Dec 2013-Apr 2018	KRG (MOLSA)	-The project provided employment opportunities, particularly for young people, and support the private sector to achieve economic growth. -Building a framework for policy implementation, including action plans and capacity building to strengthen tripartite support essential to the KRG employment strategy. -Capacity building to improve the quality of skills development systems and employment service structures.
Promoting Civic, Social and Economic Participation of Disadvantaged Youth in Kurdistan	—	Sep 2014-Sep 2016	KRG (MOLSA)	-Provides soft loans to promote vocational training, public employment systems, entrepreneurship education, and enterprise development for approximately 750 socially vulnerable young men and women in the Kurdistan region.
Enhancing Labour Governance, Inspection and Working Conditions in Response to COVID-19 ("Gender and Entrepreneurship Together – GET Ahead for Women in Enterprise" program)	—	Dec 2020-Nov 2022	MOLSA/MOE/MOH/MOA	-The project contributes to the socio-economic development of Iraq by strengthening the application of international labor standards and national labor laws under COVID-19 and promoting social dialogue, social justice, and decent work. As part of this, the project implements activities to develop entrepreneurial skills from a gender perspective in order to assist low-income women.

Source: JICA Research Team using information from ILO website and project documents.

(2) Decent Work Country Programme (2019-2023)²⁹⁴

1) Program Overview

In response to the high unemployment rate in Iraq, the need for social security systems to address social shocks and unemployment due to conflict, and the lack of governance to ensure compliance with labor-related laws and regulations, the DWCP will focus on three priorities: i) creating new jobs through private sector development, ii) reducing Iraq's vulnerability through expanded and strengthened social protection, and iii) promoting the realization of basic principles and rights at work. Specific objectives and activities in each of these areas are as follows.

²⁹⁴ Decent Work Country Programme in Iraq- Recovery and Reform, ILO, 2019.

2) Main Activities

i. Creation of new jobs through private sector development

In this priority, the project aims to A) create jobs, improve skills required by the labor market, and foster entrepreneurship through reconstruction assistance; B) strengthen the creation of employment opportunities through micro, small, and medium enterprises (MSMEs); and C) develop policies that will enable long-term job creation and inclusive economic growth.

- A) In the areas of job creation through reconstruction assistance, improving skills required by the labor market, and fostering entrepreneurship, pilot projects are being implemented to create short-term employment through the reconstruction and rehabilitation of infrastructure and other facilities damaged by the conflict. In addition, in order to maintain employment opportunities after the program ends, the program provides training to acquire skills required by the labor market and entrepreneurial skills training, as well as cooperation in strengthening employment services such as the development of career counseling centers and online employment information sites.
- B) Strengthening the creation of employment opportunities by micro, small, and medium-sized enterprises (MSMEs) will promote the growth of private enterprises that create new jobs as part of the exit strategy from short-term employment in A). Specifically, the program supports the strengthening of Business Development Services (BDS), which provides financing for MSMEs and start-ups; improving financial inclusion and financial literacy for young people and women; and creating an enabling environment and policy framework for MSMEs.
- C) Regarding policymaking to enable long-term job creation and inclusive economic growth, the project will support the collection of information and other activities necessary for future evidence-based employment policymaking. In addition to conducting labor force surveys and enterprise surveys, the project will support the formulation of new national employment policies by focusing on the needs of youth, women, and vulnerable groups based on the survey results, and by promoting dialogue among stakeholders. The Labour Force Survey was conducted in 2021 and the 2022 Survey Report has been published²⁹⁵. The results of the survey will be reflected in the National Employment Policy.

ii. Reducing Iraq's vulnerability through expanded and strengthened social protection

In Iraq, there are several laws on pensions and social security, including the Social Protection Law enacted in 2014, but they do not include informal workers in the private sector, and the inability to carry over pensions between the public and private sectors hinders labor market mobility. In addition, long-term conflicts have increased the risk of child labor, and there is a need to strengthen regulations. In response, the DWCP will work on reforming the social security system by strengthening coordination among various social security systems and expanding compensation for workers in the informal sector, as well as strengthening child labor regulations and the capacity of relevant Iraqi government agencies to deal with the issue of child labor.

iii. Promoting the realization of fundamental principles and rights at work

Because dialogue with social partners such as employers and trade unions on labor market restructuring, skill matching, and future skill projections is vital in the development of labor-related laws, the DWCP promotes dialogue through freedom of association, capacity building of social partners, and their participation in the policy-making process. The DWCP also provides support to improve the effectiveness and efficiency of labor inspection and occupational health and safety services.

²⁹⁵ Iraq Labour Force Survey 2021, ILO, 2022 (<https://iraq.un.org/en/189026-iraq-labour-force-survey-2021>).

3) Main Achievements to Date

The main outcomes of the DWCP through 2021 are as follows

Table 9.4 Main Achievements of the Decent Work Country Program²⁹⁶

Priorities	Achievements during 2020-2021
1. Creating new jobs through private sector development	Created 18,360 working days Short-term job creation program.
	6,984 job seekers registered with ILO-supported employment services and 714 found employment (40% of them women)
	Trained 90 instructors for entrepreneurship support programs; 1,220 entrepreneurs participated in entrepreneurship support programs.
	Trained 46 instructors for financial education programs; 240 entrepreneurs participated in financial education programs.
2. Reducing Iraq's vulnerability through expanded and strengthened social protection	Trained 57 instructors for the Know About Business program; 82 students participated in the program.
	Two social security bills covering private sector workers are being enacted.
	The Iraqi government ratified ILO Convention C102, which sets minimum standards for social security systems.
	2,220 children registered in the Child Labor Monitoring System.
3. Promoting the realization of basic principles and rights at work	274 school administrators, social workers, and teachers received training on child labor.
	A tripartite steering committee for the DWCP was established as a platform to discuss progress, challenges, and lessons learned.
	70 labor inspectors trained in modern labor inspection procedures.

Source: Decent Work Country Programme in Iraq- Recovery and Reform - Two years since the establishment of the ILO Country Coordination Office in Iraq.

9.1.4 World Food Programme (WFP)

WFP has been providing assistance in Iraq since 1968 and has programs in all 18 governorates of Iraq. WFP's activities include food assistance to IDPs and refugees, resilience building and livelihood activities, school feeding, and digitalization of the public distribution system (PDS) for food distribution. WFP also supports young people to improve their skills, find employment, and start their own businesses.

(1) Empowerment in Action! (EMPACT) Program

The Empowerment in Action! program is a self-reliance assistance program that WFP has been implementing since 2016 for refugees, IDPs, and vulnerable youth in eight countries, including Colombia, Iraq, Kenya, Lebanon, Palestine, Turkey, and Zimbabwe (until 2018 it was called the "Tech for Food" program). In Iraq, the program initially focused on Syrian refugees, but gradually expanded to include IDPs and young people in their host communities. As of 2021, the main areas of activity are Anbar, Erbil, Nineveh, Dahuk, Baghdad, Mosul, and Sulaymaniyah.

1) Main Contents of the Program²⁹⁷

i. Skills training

The goal is to train young people in digital skills and English to help them find employment and other income-generating activities such as freelancing. Digital skill training covers data entry, data cleaning, image annotation, photo editing, programming, and other skills needed for online work. Since the program targets vulnerable and food insecure young people, food assistance is provided to participants during the

²⁹⁶ The Know About Business program is an ILO program to promote understanding of the role of business in society, its contribution to the wealth of nations, and its social responsibility among students in vocational schools, secondary and higher education programs.

²⁹⁷ Summarized by the Survey Team from WFP Iraq Annual Country Report 2018-2021.

training period.

ii. Employment assistance

In 2021, job fairs were held in six cities. At the job fairs, participants submitted their resumes to participating companies and had simulated interviews to prepare for future job interviews. In addition, as the training focused on online jobs, and guidance was provided on how to find microwork.²⁹⁸

iii. Partnerships with the private sector and universities

The digital skills training described above is provided in cooperation with ICT companies, with Google supporting the program by providing notebook PCs for training and training in programming languages such as Python.

In addition, WFP has signed an agreement with Mosul University for the use of its computer facilities, and has formed partnerships with Mosul University, Sulaymaniyah University, and Basra University to cooperate in skills training. WFP will also support the establishment of a business incubator for young people at Basra University.

2) Main Outcomes of the Program

The number of participants in the program has increased over the years, with 10,900 young people participating in 2020; a follow-up survey of EMPACT graduates indicated that 21% were able to find work through participation in the training or through obtaining a certificate of participation. Of these, approximately 74% were in informal employment, 18% were in online or remote work, and 8% were in both. Additionally, 84% of graduates reported an increase in income after participating in training.

3) Future Outlook

In the future, the project intends to further focus its efforts regarding employment assistance for graduates, and will provide access to private sector, government enterprise development funds, start-up investment funds, and other funding opportunities. The project will also support Career Centers at Technology University and Anbar University in Baghdad to strengthen university employment-related services (pending MOHESR approval as of July 2022.)

9.1.5 Other

Other UN agencies' support for promoting youth employment and entrepreneurship is summarized in the table below.

Table 9.5 Other UN Agencies' Assistance for Youth Employment and Entrepreneurship in Iraq

Organization	Program/Project Name	Volume	Duration	C/P	Content of Support
ILO/UNICEF/U NHCR / IFC / WB/ Government of Netherlands	Partnership for improving prospects for forcibly displaced persons and host communities (PROSPECTS)	94 million USD (Approx. 12.8 billion JPY) ²⁹⁸	2019-2023	—	-This project targets eight MENA countries, including Iraq, and aims to incorporate development assistance methods in support of refugees and their host communities. The project will address three areas: education and training, employment and livelihoods, and social protection. -The project will support refugees and their host communities in improving access to and quality of education, enhancing livelihood opportunities, and strengthening the labor market (formal and informal) and entrepreneurial environment. -UNICEF/ILO is implementing the "Promoting Youth Employability, Entrepreneurship and Engagement in Local Economic Recovery and Development in Dohuk".

²⁹⁸ Refers to small-scale work done online on a freelance basis.

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Organization	Program/Project Name	Volume	Duration	C/P	Content of Support
UNICEF	Adolescent Development and Participation Program	—	2015- (ongoing)	MOYS / MOLSA (Federal and KRG)	-The program supports skill development programs for youth. Focuses particularly on skills development for vulnerable populations, including refugees, returnees, and women, with the goal of improving access to skill-building programs. - Provides training in life skills, digital skills, employment-related skills, and entrepreneurship-related skills. In 2021, 16,600 young people (43% of them women) were assisted through this program.
	Support for youth employment and entrepreneurship (Life Skills Citizenship Education Framework)	1.4 million USD (Approx. 190 million yen)*	2022- (for 2 years (planned))	MOYS / MOLSA	- The Life Skills Citizenship Education Framework is a program implemented by UNICEF in MENA countries to support youth in building skills in learning, employment, empowerment, and social participation. -Within the framework of this program, UNICEF will provide training in employment-related and entrepreneurial skills to 1,500 young people in Baghdad, Basra, and Anbar, funded by the Government of Canada.
UNHCR / UNICEF	2030 National Youth Vision	—	2021	MOYS	-Provided technical assistance on the draft of the 2030 National Youth Vision. -The 2030 National Youth Vision is a roadmap to guide the empowerment of Iraqi youth and the creation of social, economic, and political opportunities. It aims to improve the health, psychological, social, cultural, and economic conditions of young people and encourage their participation in society.
UNHCR / ILO	Youth Employability Survey	—	2021	MOYS / CSO	- Conducted a survey on the employability of young people in a sample of three administrative districts of Qadisiyah, Muthanna and Dhi Qar. -The Survey examined the challenges faced by Iraqi youth as they seek to enter the labor market, and the findings will be used to help build policies and approaches focused on young people.
UNIDO	Emergency livelihood support and job creation to mitigate the socio-economic impact of Covid 19 among internally displaced people and host communities in the Kurdistan Region of Iraq	1.01 million USD (Approx. 138 million JPY)*	Apr 2021- Aug 2022	KRG	-Emergency livelihood assistance and job creation project to mitigate the impact of COVID-19 on displaced people and their host communities in KRI. -The project aims to provide training on technology and entrepreneurship to improve technical skills and entrepreneurial knowledge to start/manage livelihood activities and micro-businesses.
	Enhancing youth employability among Syrian refugees, internally displaced persons and host communities in the Kurdistan Region of Iraq	1.58 million USD (Approx. 215 million JPY)*	Mar 2018- Jul 2019	MOP / MOE (KRG)	-Provided entrepreneurship education and business support to increase the employability of local, refugee, and internally displaced youth in KRI. -Supported 2,074 individuals in secondary school courses in industry, commerce, and agriculture, providing soft skills and life skills training as well as capacity-based technical training, including promotion of agro-processing activities.
	Iraq: Enhancing self-reliance among Syrian refugees, internationally displaced persons and host communities through entrepreneurship and agribusiness development (Phase II)	308,000 USD (41.9 million JPY)*	Feb 2020- Jun 2021	MOP (KRG)	-The project aimed at the economic recovery of Syrian refugees, IDPs (especially young people and women) and host communities. -The project provided training in entrepreneurship and agro-processing and assisted in the establishment and expansion of agro-businesses to increase employment and livelihood opportunities.

Source: JICA Research Team using information from each organization's website and project documents.

*Using exchange rate as of July 2022.

9.2 World Bank

The World Bank has been implementing projects in Iraq mainly since 2004, following the Iraq War. Since 2015, the Bank has focused primarily on areas such as fiscal management, sustainable energy supply, and improving the efficiency and transparency of state-owned enterprises (SOEs). In terms of youth employment and entrepreneurship, the World Bank is providing skills and entrepreneurship training for vulnerable groups and internally displaced persons, as well as strengthening the capacity of universities and other institutions of higher education.

9.2.1 Recent Support for Youth Employment and Entrepreneurship

The main World Bank supports for youth employment and entrepreneurship in recent years are listed in the table below.

Table 9.6 World Bank’s Main Support to Youth Employment and Entrepreneurship in Iraq²⁹⁹

Program/Project Name	Volume	Duration	C/P	Type	Content of Support
Support to Tertiary Education Project	5 million USD (Approx. 680 million JPY)*	Feb 2022- Dec 2023	MOHESR	Technical Assistance/ Advisory	-The project aims to improve the skills of university graduates in the fields of renewable energy and agriculture, which are expected to grow in the future, and to bridge the gap between the skills required by the labor market and the skills of university graduates. *-The project aims to establish Centers of Excellence and training programs for university students in the above two fields, promote private sector partnerships to improve the employability of university graduates, and introduce a system to monitor the employment status of university graduates after graduation.
Promoting the Inclusion of Conflict-Affected Iraqi Youth Project	USD 2.75 million (Approx. 370 million JPY)*	Jun 2017- Jun 2022	MOYS	Grant aid	-The project promoted social and economic participation among young Iraqis affected by the conflict. -The project consists of three components: soft skills training and psychological support; youth-led community development training and development funding; and entrepreneurship training, funding, and mentorship. -Approximately 3,000 young people participated in the soft skills training and psychological support component, and approximately 1,000 young people in the entrepreneurship training component.
Social Protection and Jobs for Poor and Vulnerable Iraqis	USD 1.45 million (Approx. 197 million JPY)*	Nov 2019- Jun 2022	MOLSA /MOP	Technical Assistance/ Analytical Assistance	Targeting the poor and vulnerable, including young people and women: -Providing technical assistance to MOLSA to strengthen social security systems. -Conducting private sector analysis and skills assessments to inform future interventions on improving employment opportunities. -Implementation of pilot projects including knowledge and capacity building on productivity and economic participation.
Protecting and Promoting Human Capital in Iraq – An Economic Inclusion Pilot (EIP)	5 million USD (Approx. 680 million JPY)*	Apr 2022- Sep 2024	MOLSA	Pilot	-Pilot project to provide training, funding, and mentorship for self-employment-based economic activities to 2,200 poor households, including young people and women, in the Dhi Qar administrative district, located in southern Iraq.
Support to Education and Skills Development in Iraq	1.5 million USD (Approx. 204 million JPY)*	Dec 2019- Jun 2022	MOED / MOHESR	Technical Assistance/ Advisory	Technical cooperation projects for MOE and MOHESR to improve the quality of education and human resource development. -Capacity building for information gathering on the situation and needs of education, including support for the development of an Education Management Information System (EMIS). -Capacity building for policy making in the education sector. -Pilot implementation in the tertiary education sector to promote capacity building related to the labor market (continues to Support to Tertiary Education Project component (2)).
Mosul - Youth inclusion through Cultural and Creative Industries (Pipeline)	3.15 million USD (Approx. 428 million JPY)*	2023- (planned)	MOYS	Grant aid	Promote the social and economic inclusion of vulnerable youth and women in Mosul through the provision of skills development, access to livelihoods, and entrepreneurship support in the cultural and creative sectors, as well as through local cultural and community development initiatives. The project will: (1) enhance the employability of young people through the provision of technical, livelihood, and soft skills development training in the cultural and creative sectors; (2) support entrepreneurship through grants and mentoring; and (3) promote young people's participation in cultural activities that contribute to community cohesion. This project will be implemented as part of PROSPECTS, a partnership project with ILO, UNICEF, and others as mentioned in Table 8.5.

Source: JICA Research Team using information from the World Bank website and project documents.

*Using exchange rate as of July 2022.

²⁹⁹ These projects, except for the Promoting the Inclusion of Conflict-Affected Iraqi Youth Project, are implemented through the Iraq Recovery, Reform, and Reconstruction Fund (I3RF) The I3RF was established in partnership with the Government of Iraq in 2018 and is funded by Germany, the UK, Canada, and Sweden. It provides a platform for both financing and strategic dialogue for development and reconstruction, with a focus on reforms and public and private investment for socio-economic reconstruction. Through this fund, it seeks to support the climate change agenda, gender equality, peacebuilding, and civic engagement. The Promoting the Inclusion of Conflict-Affected Iraqi Youth Project is funded by the Japan Social Development Fund (JSDF).

9.2.2 Support to Tertiary Education Project³⁰⁰

(1) Project Overview and Background

Focusing on the mismatch between the skills required by the market and those possessed by college graduates, which is a major factor in the high unemployment rate among young people, especially university graduates, in Iraq, the project aims to strengthen the capacity of the MOHESR, and to promote cooperation between higher education institutions with the private sector and international organizations. In the White Paper on Economic Reforms released by the Iraqi government in 2020, the renewable energy and agriculture sectors were designated as priority development sectors, especially the field of renewable energy, where foreign companies are entering the market and setting up solar power plants, which is expected to increase employment.

(2) Content of the Support

The project supports in three areas to improve the skills of university graduates in the fields of renewable energy (especially solar power) and agriculture, where demand for employment is expected to increase, and to bridge the gap between the skills demanded by the labor market and the skills of university graduates.

1) Strengthening the capacity of the academic sector in priority development sectors of the Iraqi government

The project is supporting the establishment of Centers of Excellence (CoE) at universities and other institutions of higher education³⁰¹ in the renewable energy and agriculture sectors, which were identified as priority development sectors in the White Paper on Economic Reform. Through CoEs, MOHESR expects to provide training programs to develop market-oriented skills, knowledge transfer and applied research leading to better products, services, and productivity, and the formation of partnerships with private and public institutions. This project will provide support for project formation to MOHESR to establish a CoE with investment from the government, development partners, and the private sector.

In addition, since there is a shortage of human resources with established skill sets in the renewable energy sector, where employment is expected to grow quickly, a short-term training program will be offered to students and university graduates to improve their skills in entrepreneurship, management, and installation and maintenance of solar power generation facilities. By the end of the project, 2,500 people (including 30% women) are expected to participate.

2) Strengthen collaboration with private sector and international organizations to improve employability of college graduates

Capacity support will be provided to the MOHESR to introduce the Competitive Fund Program (CFP) to strengthen linkages between universities and other higher education institutions and the private sector and international organizations, with the aim of equipping students with market-oriented skills such as digital and soft skills. For the introduction of the CFP, pilot projects are already underway under the World Bank's Iraq Reform, Recovery and Reconstruction Fund starting in 2021, and nine university projects were selected from among several proposals. These projects aim to improve the capacity of students in the areas of energy, agriculture, healthcare, ICT, and education, in collaboration with the private sector, and will be funded by the project. In the future, the project aims to establish a system to enable the MOHESR to process and implement CFP applications.

3) Introduction of monitoring system

In cooperation with career support centers in higher education institutions, the project aims to introduce a monitoring system to collect information on the post-graduation employment status of university students, feedback on study programs, and opinions on areas for improvement. It is envisioned that the information collected will be used to improve the quality and relevance of university study programs, as well as to provide guidance to current students in selecting majors and careers. The project will develop

³⁰⁰ Project Paper on Support to Tertiary Education Project, World Bank, 2022 (<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099300002162215309/p1756940e57d7f0b0925102310325aa28e>)

³⁰¹ Center of Excellence refers to a cross-organizational team or department that provides leadership on a specific area, conducts research, shares best practices, supports capacity building, etc.

and pilot the monitoring system.

9.2.3 Promoting the Inclusion of Conflict-Affected Iraqi Youth Project

(1) Project Overview and Background

This project is the second phase of the Youth Livelihood Development in Southern Iraq Project, funded by the Japan Social Development Fund (JSDF) and implemented from 2011 to 2015. The project aims to promote social and economic participation, focusing on the fact that the unemployment rate among young people has increased due to the conflict, that a relatively high percentage of refugees and displaced persons affected by the conflict are young people, and that there is a correlation between the social and economic exclusion of youth and their radicalization.

In the prior project, the program provided training in vocational soft skills (teamwork, critical thinking, problem solving, etc.), community activities, vocational apprenticeships, and entrepreneurship support to approximately 3,000 conflict-affected unemployed youth in southern Iraq. Entrepreneurship support activities were particularly successful, with 82% of the youth remaining in business at the time of the 2015 project evaluation, generating an average of 1.8 jobs. On the other hand, employment support activities, such as apprenticeships, had limited results due to insufficient cooperation from employers.

Based on the results of the evaluation, the Phase 2 project provided (1) soft skills training and psychological support, (2) youth-led community development training and development funding, and (3) entrepreneurship training, funding, and mentorship to approximately 3,000 young people in an area near Baghdad City where many young people have been affected by conflict and many refugees and displaced persons live.

(2) Content of the Support

1) Soft skills training and psychological support

The Ministry of Youth and Sports commissioned local NGOs to conduct a two-week training program for approximately 3,000 young people in leadership, decision-making, communication, emotional coping (stress management, etc.), and human relations through group work. Youth who participated in the training were then eligible to participate in community development and entrepreneurship support programs.

2) Providing youth-led community development training and development funding

Using the knowledge acquired through soft skills training, the young people negotiated and coordinated with each other and the community, and conducted activities such as organizing seminars and other events and repairing facilities such as youth centers and business centers.

3) Entrepreneurial training, funding and mentorship

Training and mentorship were provided to approximately 1,000 young people with the goal of starting their own businesses. Specifically, the Ministry of Youth and Sports commissioned a local vendor to conduct a two-week business development training, which included research on other businesses and markets in their area of residence, and training in marketing, purchasing, pricing, financial management, customer relations, and business design. The Ministry of Youth and Sports selected the local vendor to provide start-up funding, and the local vendor provided mentorship after the start-up of businesses.

9.2.4 Protecting and Promoting Human Capital in Iraq

The project aims to mitigate the impact of COVID-19 and the economic crisis by providing emergency income support and livelihood opportunities to the poor, including young people and women, in Dahuk Governorate, located in the KRI of northern Iraq, and Dhi Qar Governorate in southern Iraq. In Dahuk Governorate, the project pilots human resource protection through emergency cash assistance and strengthen the Kurdistan Regional Government's (KRG) support system for the poor through the pilot. In Dhi Qar Governorate, the project aims to alleviate poverty by promoting long-term income generation activities for the poor living in the suburbs.

(1) Protecting Human Resources through Emergency Cash Assistance

The project pilots cash transfers to approximately 3,200 poor households in the governorate of Dahuk. In addition to cash transfers, the pilot will distribute tools such as information campaigns and brochures, especially in the areas of education and health, to promote activities that can be implemented in each household to protect human capital and strengthen capacities.

To ensure effective implementation of the pilot, communication activities will be conducted to support the dissemination of the pilot, a beneficiary enrollment tool will be developed, and an information management system will be created to contribute to the analysis of the needs of poor households. These tools and systems will be used to strengthen future cash transfer programs by the KRG.

(2) Promote Long-Term Income-Generating Activities

An economic inclusion pilot will be implemented for 2,200 households in Dhi Qar Governorate, a predominantly poor area, to support sustainable livelihood activities through self-employment activities. Support will include training in technical and non-technical skills, provision of grants to start self-employment activities, job placement for wage work, coaching and mentoring.

Skills training will primarily include technical skills related to the beneficiaries' chosen economic activity, business skills training, soft skills such as communication and confidence building, and training on financial literacy and access to financial services to improve income management and savings.

In addition, social workers will provide coaching and mentoring through visits to beneficiary households. Since continuous support is important for starting and growing self-employment, the social workers will identify the challenges of the beneficiaries and provide mentoring to solve them through support by the social workers, in addition to skills training.

9.2.5 Support to Education and Skills Development in Iraq

The project strengthens the capacity of relevant Iraqi ministries (MOE and MOHESR) to improve the quality of education for human resource development. The project focused on: (1) improving information and diagnostics on the education sector; (2) strengthening education strategies and policies; and (3) higher education sector pilot to promote labor market relevant skills development to support the government to address education sector challenges such as equity, quality, access, inputs, and capacity.

(1) Improved Information and Diagnostics on the Education Sector

The project conducted Service Delivery Indicators (SDI) surveys, developed capacity for building an Education Management Information System (EMS) through Mobile Data Collection (MDC) platform technical assistance, developed guidance notes on school construction policy and teacher staffing guidance notes on diagnostics, public expenditure reviews, and the publication of the Iraqi Education Sector Reform Notes.

The Iraq Education Sector Reform Notes, published in 2021, provides recommendations for actionable education reforms to improve learning and skills in response to the priorities identified in the government's White Paper on Economic Reforms, as well as recommendations for increased spending on the education sector through a public spending review. In addition, to inform the government's education strategy, information was collected through the Service Delivery Indicators (SDI) survey on teacher practices, learning content, including mastery of learning content, student learning status, and adequacy of learning materials, as well as school infrastructure and school operations.

In addition to collecting information to support policy and strategy formulation based on such information, this project also provided support for the establishment of an Education Management Information System (EMIS) for medium- to long-term information collection to establish a platform to enable the collection and tracking of geographic, educational, demographic, and socioeconomic data necessary for education indicators.

(2) Strengthening Education Strategies and Policies

The project provided support for the development of a national education strategy to guide the future development of the education system, support to the government to respond to COVID-19, such as preparation of best practice guidance notes for distance learning during school closures and strategies for reopening schools, and development of the Iraqi National Evaluation Strategy Framework on the

implementation of learning assessment.

(3) Higher Education Sector Pilot to Promote Labor Market Relevant Skills Development

Preparations for strengthening partnerships with the private sector and international organizations to improve the employability of university graduates, which was mentioned above in the "Support to Tertiary Education Project," were initiated in this project, and the Competitive Fund Program (CFP) was introduced. Proposals from universities were solicited and selected for the introduction of the Competitive Fund Program (CFP).

9.3 Development Partners for Bilateral Assistance

9.3.1 U.S.A.: The U.S. Agency for International Development (USAID)

The United States Agency for International Development (hereinafter referred to as USAID) has been providing assistance in Iraq since 2003. With the aim of stabilizing Iraqi society and promoting economic development, USAID has implemented projects focusing on such areas as community stabilization, improving government transparency and accountability, "expanding economic opportunities", supporting civil society development, and providing emergency humanitarian assistance. With regard to support for youth employment and entrepreneurship, USAID mainly focuses on incubation of small and medium enterprises (SMEs) and start-ups.

(1) Recent Support for Youth Employment and Entrepreneurship

USAID's main support in recent years for youth entrepreneurship and employment is listed in the table below.

Table 9.7 USAID's Main Support to Youth Employment and Entrepreneurship in Iraq

Program/Project Name	Volume	Duration	C/P	Content of Support
Iraq Durable Communities and Economic Opportunities (DCEO/TAHFEEZ) Project	125 million USD (Approx. 17 billion JPY)*	Sep 2019- Sep 2024	—	-The program aims to improve livelihoods and the adaptive capacity of communities through private sector development and job creation. -It advocates for policy reforms to improve the business ecosystem through partnerships with MSMEs and provides incubation services and grant support to young entrepreneurs.
Iraq Governance and Performance Accountability (IGPA/TAKAMUL) Project	172 million USD (Approx. 23.4 billion JPY)*	2017- 2023	MOP	-The project aimed to strengthen the governance of public financial management and improve accountability and transparency. -The project includes a public financial management capacity building component aimed at improving the business environment and providing financial assistance to SMEs.
Middle East North Africa Investment Initiative (MENA II) - IRAQ	21 million USD (Approx. 2.86 billion JPY)*	2014- 2021	—	-The program provided loans to startups and SMEs for the development of Iraq's SME ecosystem, as well as business development services related to company formation assistance and business expansion.
Supporting The Return of Displaced Populations in Ninewa Plain and Western Ninewa	27.5 million USD (Approx. 3.74 billion JPY)*	Sep 2018- Sep 2022	—	-The project is working to improve the livelihoods of returnees and support peacebuilding in the Nineveh region, which has been affected by ISIL's occupation. -The project provides grants to SMEs through the Enterprise Development Fund for business recovery and job creation.
New Partnership Initiative (NPI): Top Mountain	851,000USD (Approx. 116 million JPY)*	Sep 2019- Oct 2021	—	-provides grants to Top Mountain, a provider of business incubation services and youth employment programs based in the KRI, to foster entrepreneurship and increase the employability and employment rate of young Iraqis.

Source: JICA Research Team using information from USAID website and project documents.

*Using exchange rate as of July 2022.

(2) Main Projects and Results to Date

1) Iraq Durable Communities and Economic Opportunities (DCEO/TAHFEEZ) Project

In seven regions of Iraq (Anbar, Baghdad, Basra, Dhi Qar, Dohuk, Erbil, and Nineveh), the project aims to (1) improve the adaptive capacity of vulnerable communities by reducing the drivers of conflict and strengthening community leadership, and (2) improve economic conditions by improving private sector networks and promoting the development of micro, small, and medium enterprises (MSMEs). The project's abbreviation, "Tahfeez," means "motivation" in Iraq and is named for its implications for the development of small and medium enterprises (SMEs) and start-ups by young people.

Support for SMEs and young start-ups is provided under a component within the project called the Business Competitiveness and Job Creation Initiative (BCJCI). The support for SMEs specifically analyzes the growth strategies and constraints of each company, develops a customer expansion plan with the company, sets targets for sales and job creation, and provides subsidies to the company.

In terms of supporting young entrepreneurs, in 2020, USAID partnered with Five One Labs, an incubator based in KRI, to implement the Ignite program, a two-week program to support aspiring entrepreneurs and test the feasibility and marketability of their concepts. The Ignite program helped to narrow the pool of participants and was followed by a 13-week incubation program. Graduates of the incubation program received free co-working space and advisory services at Five One Labs for three months after graduation and six months of training. 2021 also provided support to other innovation hubs and incubators. For Mosul's incubator, Mosul Space, it helped establish an online incubation program for young people in Nineveh. The Station, an incubator in Baghdad, also received a grant to provide technical and financial assistance to start-ups in Anbar, a first for the city.

2) New Partnership Initiative (NPI): Top Mountain

Support was provided to Top Mountain, a business service provider based in Erbil in the KRI, to incubate startups and provide skills training to young people through the company. The target was young people in Nineveh and Erbil, as well as internally displaced persons living in refugee camps, who had been forced to interrupt their studies due to ISIL's occupation. The project also provided free training in computer skills such as Microsoft Office and soft skills training, as well as job search assistance such as interview practice. In the first year of the project, approximately 800 young people participated in the trainings, and participation by women doubled, especially after the training was changed to an online format due to the impact of COVID-19.

9.3.2 Germany: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

GIZ has been providing assistance to Iraq since 2014 and opened an office in Baghdad in 2018. It is currently implementing more than 15 projects in five areas: infrastructure development; governance and democratization; social development; economic development and employment; and security, reconstruction, and peacebuilding. In the area of economic development and employment, it is implementing three projects to support the upskilling and employment and recruitment of young people.

(1) Recent Support for Youth Employment and Entrepreneurship

GIZ's main support in recent years for entrepreneurship and employment of youth is shown in the table below.

Table 9.8 GIZ's Main Support to Youth Employment and Entrepreneurship in Iraq

Program/Project Name	Volume	Duration	C/P	Content of Support
Income generation for IDPs, Refugees, Returnees and Vulnerable Households in Host Communities in Northern Iraq	99 million EUR (Approx. 13.56 billion JPY)*	Nov 2016- Dec 2022	MOP (KRG)	-Aims to improve access to employment opportunities, primarily in the private sector, for refugees and internally displaced persons and their host communities in the four administrative regions in KIR. -The support focuses on creating private sector jobs, improving the skills and employability of job seekers, and strengthening a functional job placement system.

Program/Project Name	Volume	Duration	C/P	Content of Support
Privat Sector Development and Employment Promotion / Economic (re-)Integration of Young People (PSD Project)	53.75 million EUR (Approx. 7.36 billion JPY)*	Dec 2017- Feb 2024	MOP/ MOHESR / MOLSA / DMPO / FCOI	-The project provides policy support to relevant government agencies and dialogue with the private sector to create a growth-oriented business and investment environment and support skill development for the youth, entrepreneurship, and MSMEs in order to create employment opportunities for young people.
ICT – Perspectives for the Modern Youth in Iraq	16.3 million EUR (Approx. 2.23 billion JPY)*	Nov 2017- Jun 2022	MOP	-The project aims to support young people in acquiring the ICT skills necessary to find employment and start their own businesses, and to build a tech ecosystem. -The project supports tech start-ups by establishing innovation hubs in Iraqi cities, and provides training in ICT skills and soft skills necessary for employment.
Improving Access for Internally Displaced Persons, Refugees and the Population in Host Communities to Education, Vocational Training and Income Generation in Northern Iraq	61 million EUR (Approx. 8.36 billion JPY)*	Apr 2016- Aug 2019	MOP/ MOHESR / MOLSA and others	-The project aimed to provide education and vocational training to IDPs, refugees, and their host communities in the northern region of Iraq to improve their income generating opportunities. -The project has improved access to and quality of education through school repairs and teacher capacity building, expanded and improved vocational training through supporting TVET agencies and NGOs, and expanded civic interaction through the training of social workers and the establishment of community centers in refugee camps.

Source: JICA Research Team using information from the GIZ website and project documents.

*Using exchange rate as of July 2022.

(2) Main Projects and Results to Date

1) Income Generation for IDPs, Refugees, Returnees and Vulnerable Households in Host Communities in Northern Iraq

The project was implemented in the four governorates of Dohuk, Erbil, Sulaymaniyah, and Halabja in the KRI, which has a particularly high concentration of IDPs, refugees, and returnees, and later added Nineveh in northern Iraq. The main objective of the project is to improve job opportunities in the private sector for these target populations. Activities include: (1) creating private sector jobs by supporting entrepreneurs and existing micro, small, and medium enterprises (MSMEs); (2) helping job seekers acquire the skills required by the market through on-the-job training and internships; and (3) improving the job placement system by training relevant government agencies and supporting a job matching platform. The following are some of the key elements of the project.

In (1), the project provided training in business management and entrepreneurial skills. In addition, grants were provided to small self-employed individuals, start-ups, and existing SMEs to assist them in starting and expanding their businesses. In (2), on-the-job training was provided according to the skills that job seekers had and the skills required by the market. Training was provided in areas such as media and travel-related industries, and training was also provided in ICT skills to improve employability. Furthermore, short-term employment was provided through the Cash-for-Work approach to support participants' livelihood activities. In (3), an online job matching platform called FORAS was established and operated to connect job seekers and employers, and training was provided to registered private companies on improving human resources and recruitment processes.

As of February 2020, 460 people had started small-scale self-employment or other livelihood activities through the project, more than 200 entrepreneurs and SMEs had started or expanded their businesses, and 180 jobs had been created. In addition, 4,500 job seekers and 230 employers have registered with FORAS.

2) Private Sector Development and Employment Promotion / Economic (re-)Integration of Young People (PSD Project)

The project, which aims to create employment opportunities for young people, is being implemented in six regions: Baghdad, Basra, Diwaniya, Diyala, Erbil, and Mosul. The project is creating jobs through economic policy reforms and private sector development by improving the investment climate, and providing skills development, MSME support, and entrepreneurship assistance to young people aged 16-35.

In economic policy reform, the project supports capacity building of human resources and organizations in relevant ministries and agencies, and promotes the participation of civil society and academia in the policy-making process. The program also promotes cooperation between the private sector and government agencies in the collection and analysis of market and employment-related data, and assist in ensuring that market needs are reflected in the establishment of training programs. In addition, the project supports the capacity building of government agencies to identify and improve issues in the business and investment environment through dialogue with industry associations and other organizations.

Skill development support for young people will be provided through on-the-job training and internships that meet market needs through the development of relationships with private companies, and job placement assistance will also be provided with the cooperation of Career Centers and other organizations.

Enhanced support for SMEs will be implemented through capacity building in business development services. Specifically, the program will provide guidance and other support and networking opportunities to SMEs, as well as training opportunities in marketing, bookkeeping, cost management, etc. In addition, through the organization of a national entrepreneurship competition "INTILAQ!" in collaboration with MOHESR, students will be guided on how to develop and implement innovative business ideas to improve their entrepreneurial skills.

3) ICT-Perspective for the Modern Youth in Iraq

The project will provide ICT skills training to young people to help them find jobs and start their own businesses, and support the creation of a tech start-up ecosystem. Innovation hubs are established in five locations in Iraq (Baghdad, Mosul, Erbil, Sulaymaniyah, and Basra) to provide ICT skills training, co-working spaces, networks with other innovators, and mentorship. In addition, the program supports networking with potential customers and investors in private companies and startups which can lead to job placement opportunities.

ICT skills training focuses on specific technologies such as programming, coding, robotics, and electronics. The co-working space is equipped with state-of-the-art equipment, such as 3D printers, to ensure that participants in the incubation and acceleration programs have access to the latest technology.

The program had 5,250 participants by the end of 2019, with 1,500 people receiving ICT skills training and 45 start-up entrepreneurs (30 of them women founders) using the hub. 97% of participants in the mid-term evaluation conducted in 2021 indicated that the training content met their needs, and 92% found the training content to be relevant.³⁰²

In addition, the project is supporting KAPITA, Iraq's start-up hub, to establish the ScaleUp Academy, a 9-week startup acceleration program for tech start-ups, where start-ups are mentored by experts in finance, business model improvement, operational excellence, resource management, and marketing to transition from the startup phase to the growth phase. Ten start-ups have graduated from the program in 2022. GIZ also helped KAPITA establish Iraq's first angel investor network, the Iraq Angel Investor Network (IAIN). The goal of this network is to connect startup entrepreneurs with angel investors to boost their growth and to develop a startup ecosystem in Iraq.

9.3.3 France: Agence Française de Développement (AFD)

AFD has been operating development projects in Iraq since 2011, mainly in the areas of water and sanitation, agriculture, health, banking, and governance. Since 2017, it has been providing assistance mainly through the Minka Fund, a medium- to long-term financial cooperation for areas affected by crisis and conflict. On the other hand, some assistance is provided through Expertise France, an international technical specialized agency under the ADF umbrella. Expertise France established an office in Erbil in 2018 and launched in 2019 the "YANHAD PROJECT: Promoting Civic Engagement, Employment and Entrepreneurship for Youth in Iraq". Prior to the implementation of the project, "Project to Support Universities in Mosul" (1.5 million EUR (approx. 200 million JPY)) was implemented as a pilot project.

³⁰² "Central project evaluation: Information and Communication Technology (ICT) - Perspectives for the modern youth in Iraq. Project number 2017.4046.3", GIZ, 2021.

(1) Contents of YANHAD Project³⁰³

The project covered Baghdad and Nineveh governorates and the KRI governorates of Erbil and Sulaymaniyah from October 2019 to October 2021. The budget was 6.5 million EUR (about 890 million JPY). The main objectives were: 1) to strengthen the capacity of Career Centers at Mosul and Nineveh Universities so that students have access to employment guidance, professional work experience, and job opportunities; 2) to strengthen the capacity of civil society organizations to promote youth participation and dialogue with local government-related organizations; (3) to promote entrepreneurship among young people and facilitate their access to business incubators and accelerators.

The University of Mosul, the target of this assistance, was closed to academics for nearly three years because of ISIL's occupation, and the conflict destroyed most of its facilities and equipment. Once Mosul was liberated from ISIL control in 2017, with the support of development partners, NGOs, and others, buildings and equipment were restored, and classes resumed. However, in addition to repairing the physical infrastructure of the campus, professors and students expressed the need to facilitate students' post-graduation employment and revitalize the social and cultural life of the campus.

Career Centers were established in 2019 at Mosul and Nineveh Universities with the support of MOHESR to promote graduate employment, with a coordinator and a career counselor for each faculty. The purpose of the Career centers is to provide soft skills workshops (resume writing, interview preparation, etc.), information and guidance to students, work experience and job placement assistance, but due to the short time since their establishment and the lack of coordinators and counselors' capacity, support for students who wish to gain work experience or start their own business was limited. In addition, the centers lacked the capacity to provide job placement support due to a lack of networking with the private sector. In response, this project strengthened the capacity of the Career Center by upgrading the skills of career counselors, improving guidance tools and methods, developing a student information center, and expanding networks with employers around the university, especially private companies and NGOs involved in the reconstruction assistance.

In addition, the program supported young entrepreneurs to revitalize economic activity in the northern areas affected by the conflict with ISIL, particularly in Nineveh governorate. Support was provided in partnership with The Station, a Baghdad-based incubator, and the AUIS Entrepreneurship Initiative (AEI), an accelerator established by The American University of Iraq Sulaimani (AEI).

Because young Iraqi entrepreneurs often lack access to basic resources for start-ups, such as physical space to develop their businesses, training and mentoring, and access to financing, The Station established a new incubation center in Mosul to provide training, mentoring, business advice, and other support to startups with the knowledge, skills, and resources they need to launch their businesses. In addition, the AUIS Entrepreneurship Initiative provided an acceleration program for start-ups to expand their businesses beyond the startup phase. In response to the difficulties in obtaining funding and lack of management skills that many start-ups face during the business expansion phase, the program selected start-ups with growth potential and provided mentoring, coaching, business skills training, and assistance in securing talent and accessing capital.

9.3.4 Other

Support from other bilateral development partners is organized in the table below.

Table 9.9 Other Bilateral Assistance to Young Iraqis on Employment and Entrepreneurship

Organization	Program/Project Name	Volume	Duration	C/P	Content of Support
The U.S. Embassy in Iraq	U.S.-Iraq Higher Education Partnerships Program (HEPP)	1 million USD (Approx. 136 million JPY)*	2019-2020	MOHESR	-The project facilitated the formation of partnerships between U.S. and Iraqi institutions of higher education. The project promoted collaboration among universities and faculty, provided seed funding for academic partnerships, strengthened U.S.-Iraqi relations, and provided capacity building support to Iraqi universities. As part of the support to Iraqi universities, capacity building support for career centers was provided to 33 public universities under the jurisdiction of the Iraqi federal government and 14 public universities in KRI.

³⁰³ Based on interviews with local staff who was involved in the YANHAD Project.

Organization	Program/Project Name	Volume	Duration	C/P	Content of Support
Netherlands Enterprise Agency	Orange Corner Program	—	2018-(ongoing)	—	-A startup incubation program provided by the Government of Netherlands in Iraq and 13 countries in Africa. Offices in Iraq are located in Baghdad and Erbil. -In Baghdad, the program is implemented through KAPITA, an Iraqi business incubator, which selects 20 entrepreneurs each year and provides training, mentorship, market access, and business development support at each site. The Orange Corner Innovation Fund (OCIF) provides financial support to participants in the incubation program, with 5,000 EUR (approx. 680,000 JPY) per entrepreneur. In addition, three to five participants are selected in a competition at the end of each term to receive 50,000 EUR (approx. 6.8 million JPY) in start-up capital (half grant and half loan) and 12 to 18 months of additional business development support.
Government of Canada	Bolstering Reconstruction in Iraq through Development, Growth and Employment (BRIDGE)	1.7 million Canadian dollars (Approx. 1.78 billion JPY)*	Aug 2017-Dec 2022	MOLSA	-The project supports new livelihood opportunities for young people and adult women affected by the conflict, aiming to contribute to post-conflict stabilization in Iraq. -The project supports 16 vocational training centers to promote practical models of effective technical and vocational education and training that meet market needs, and improve vocational training, career guidance counseling, and other services for students through capacity building support targeted at the MOLSA and TVET institutions. In addition, through partnerships with the private sector, the project provides internship opportunities for vocational trainees.
KOICA (South Korea)	The 2nd Project for Supporting the Iraq-Korea Vocational Training Centre in Iraq	5 million USD (Approx. 680 million JPY)*	2014-2020	MOLSA	-Capacity building support for the Iraq-Korea Vocational Training Centre, a vocational training school established in 2007 with support from KOICA. The school provides vocational training for the unemployed.

Source: JICA Research Team using information from each organization's website and project documents.

*Using exchange rate as of July 2022.

9.4 Examples of Assistance in Neighboring Countries

The table below summarizes the main projects related to supporting youth employment and entrepreneurship in Iraq's neighboring countries (Jordan, Lebanon, Tunisia, Libya, etc.).

Table 9.10 Examples of Support in Neighbouring Countries for Youth Employment and Entrepreneurship

Organization	Program/Project Name	Volume	Duration	Content of Support	Country
World Bank	Jordan Support to Private Sector Employment and Skills	112 million USD (Approx. 15.23 billion JPY)*	Dec 2021-Dec 2023	-The project aims at increasing private sector employment in the post COVID-19 period. The project focuses particularly on youth and women employment. -The project provides grants to companies and job seekers registered with Sajjil, a public employment platform, to provide on-the-job training and classroom training opportunities for job seekers. -The grants are provided to companies for six months to cover salaries and social security contributions. However, to ensure the sustainability of the employment, the company signs a one-year contract with the employer.	Jordan
	Jordan Youth, Technology, and Jobs Project	200 million USD (Approx. 27.2 billion JPY)*	Mar 2020-Mar 2025	-The project aims to (1) increase the labor market supply of young people with digital skills, and (2) expand the digital sector and digital government services. -In (1), the project supports the creation of a digital skills training ecosystem through collaboration with the private sector, improves the digital skills of public-school students, and provides working space to underserved areas through tech hubs. -For (2), the project supports the expansion of market access for digital companies, digitalization of service delivery by the government to citizens and businesses, and digitization of payments.	Jordan

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Organization	Program/Project Name	Volume	Duration	Content of Support	Country
World Bank	Innovative Startups Fund Project	50 million USD (Approx. 6.8 billion JPY)*	Jun 2017- Nov 2023	-The project aims to increase private sector early-stage equity financing for innovative start-ups and small and medium-sized enterprises. -The project establishes a private sector capital management facility called the "Innovative Startups and SMEs Fund" to invest in innovative startups and early-stage SMEs by leveraging private capital. The aim is to attract private investment by sharing the risk of investing in startups and SMEs with private foundations.	Jordan
	Jordan Support Building Active Labor Market Program	4.75 million USD (Approx. 650 million JPY)*	Nov 2013- Dec 2017	-The program aims at improving access to career guidance, job search, and job training for young people. -It provides school-to-work transition assistance to final year university students through counseling centers and to unemployed youth through the Department of Labor's Employment Office. The program also improved information available to both employers and job seekers and facilitated job matching.	Jordan
	The Skilling Up Lebanon (SUL) Project	350,000USD (Approx. 47.6 million JPY)*	Nov 2021- Nov 2022	-The project aims to develop a public-private partnership model to improve access for Lebanese youth to digital skills training that is required by the market. -The project provides financial and technical assistance to the Beirut Digital District (BDD) Talent Development Hub, a Lebanese tech hub that aims to close the skills gap with the market by providing training in digital technologies, and support the establishment of a public-private partnership model. The project also supports the establishment of a public-private partnership model. It will also fund the design and implementation of five pilot digital skills programs by BDD, with the goal of supporting 800-1,000 young people.	Lebanon
	Tunisia Tertiary Education for Employability Project	75 million USD (Approx. 10.2 billion JPY)*	Feb 2016- Dec 2023	-The project aims to improve the employability of higher education graduates and strengthen the administration of higher education. -The improvement of employability of graduates will be supported by programs to strengthen the linkages between higher education institutions and the labor market in order to match the skills and abilities of graduates with the needs of the labor market. In addition, support will be provided to universities and other institutions of higher education to strengthen their operations to ensure quality during their terms of higher education.	Tunisia
	Youth Economic Inclusion Project	60 million USD (Approx. 8.16 billion JPY)*	Sep 2017- Jan 2024	-The project aims to improve the economic opportunities of disadvantaged young people and reduce the impact of COVID-19 on employment and income loss by identifying the needs of young people and providing tailored support to facilitate their transition to employment or self-employment, or from low-quality work to high-quality work (e.g., informal to formal sector). -The project will also support the development of value chains with high potential for job creation, and support the creation and development of micro-projects by young people to promote job creation.	Tunisia
UNESCO	Provision of TVET, On-the-Job Training, and Entrepreneurship Education to Youth Affected by the Syria Crisis in Jordan (Phase Four)	1 million USD (Approx. 136 million JPY)*	Dec 2019- Sep 2022	-The project will provide educational and vocational training opportunities for 250 young Syrians and Jordanians in Jordan affected by the Syrian Civil War. -The project will provide a 7-month study program to help the youth obtain a degree from the Business and Technology Education Council (BTEC), a vocational qualification system, and will also provide English and other trainings, on-the-job training opportunities, and post-degree job placement assistance.	Jordan
	Technical and Vocational Education and Training Programme for Syrian and Lebanese vulnerable youth affected by the Syrian crisis in Lebanon	485,000USD (Approx. 66 million JPY)*	Sep 2019- May 2021	-The program aims to provide vocational training and entrepreneurial skills training to Syrian refugees and vulnerable young Lebanese within Lebanon. The program will promote youth employability and self-employment through market-oriented, short-term, intensive, certified technical training programs. In addition, the program will provide certified training of trainers (ToT) to TVET institutions to enhance their competencies.	Lebanon

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Organization	Program/Project Name	Volume	Duration	Content of Support	Country
GIZ	Training digital skills – fostering employment Innovation Third Places "Orange Digital Center"	—	2020-2022	-A program to train young people in digital skills in 14 countries in the Middle East and Africa region in partnership with Orange Telecom of France. The program is part of the "develoPPPP for jobs" program, in which GIZ aims to improve training and promote employment through private sector partnerships in African countries. -GIZ has established training centers called Orange Digital Centers. It offers free courses and internship opportunities to support young people in digital skills and entrepreneurship. Courses include coating schools, digital equipment workshops, startup accelerators, etc. The goal is to support 20,000 young people.	Jordan, Lebanon, Tunisia, and 11 other countries
	Supporting the Jordanian Educational Institutions in Offering Labour Market Oriented Vocational Training	29.9 million EUR (Approx. 4.1 billion JPY)*	2017-2023	-The project supports training and educational institutions to ensure that the content of vocational training and higher education meets the needs of the market. The project aims to reduce the gap between supply and demand in the labor market and improve the employability of university and TVET graduates. -The project supports the Jordanian Ministry of Labor in developing a framework for public-private partnerships and dialogue with the private sector, as well as the development of a Jordanian National Qualifications Framework. -The project will also support the introduction of a Dual Study Program in higher education and TVET institutions that combines academic studies with work experience and vocational training.	Jordan
	Technical Assistance for More Practice Oriented VTE in Lebanon (ProVTE)	—	2017-2021	- Project aimed at improving the quality, relevance, and responsiveness of Lebanon's public TVET system to labor market needs. - The project supported the design of models for long and short term courses in TVET institutions; the development of a system for evaluation, assessment and certification of qualifications; the development of practice-oriented learning curricula with a focus on competency approaches; the improvement of TVET governance; and the strengthening of TVET institutions' links with the market. - The project developed 25 curricula, 16 of which were approved and piloted in public TVET institutions.	Lebanon
	Initiative for Economic Stabilisation and Youth Employment (ISECO)	10 million EUR (Approx. 1.37 billion JPY)*	2015-2022	- The project supports the improvement of the employment situation and income of geographically disadvantaged young people through the promotion of entrepreneurship. - The project supports start-up promotion by providing personal coaching to young entrepreneurs in inland areas, advisory services for post-startup businesses, and improved services for ICT venture companies through Cyberpark. - The project supported 365 entrepreneurs, and the Startup Tunisia event for startups was held in the hinterland.	Tunisia
USAID	Training for Employment Activity (TEA)	13.5 million USD (Approx. 1.84 billion JPY)*	Mar 2017-Mar 2022	- This project aimed to contribute to the reduction of youth unemployment by providing training to young people in Jordan that meets market needs. - The project contracted with three TVET institutions in Jordan to identify labor market needs, build partnerships with employers and secure employment, design training programs and customize curricula to meet employers' needs, implement career and technical education training programs, and match graduates with job opportunities. - Through the project, 5,924 people were trained and 41.4% of the graduates who found employment remained employed after 3 months and 23.6% after 6 months.	Jordan
	Tunisia Jobs, Opportunities, and Business Success (Tunisia JOBS)	59.5 million USD (Approx. 8.1 billion JPY)*	2018-2023	- The project supports SMEs to promote employment and strengthen demand-driven vocational training systems. - Through the project, SMEs with growth potential are identified and assisted in developing growth plans, and provided with assistance in obtaining financing. - The project identifies key educational and workforce skills gaps, assist vocational, technical, and higher education institutions to develop new curricula, and establish and strengthen career counseling centers to help graduates find employment. - In terms of outreach to young people, the project establishes benchmarks of youth attitudes covering alienation, unmet expectations of youth regarding economic expectations, perceived employment opportunities and challenges, and expected areas of employment growth.	Tunisia

Source: JICA Research Team using information from each organization's website and project documents.

*Using exchange rate as of July 2022.

9.4.1 Specific Examples of Programs in Neighbouring Countries

Among the above programs/projects in neighbouring countries, this section will introduce initiatives that could be effective in addressing the challenges of employment and entrepreneurship among the youth in Iraq.

(1) Jordan Support to Private Sector Employment and Skills (World Bank)³⁰⁴

This project aims to restore private sector employment that was affected by COVID-19 and to expand employment in the formal sector for the youth and women, who have high unemployment rates and are mostly employed in the informal sector. In Jordan, the low employment capacity of the private sector and the gap between the level of skills demanded by the market and the skill level of the have been the issues, and even before COVID-19, the unemployment rate among young people was high. The Jordanian government has formulated a National Employment Policy (NEP) to address these issues, and this project supports the implementation of the NEP.

1) Content of the Support

The project mainly supports private-sector companies that hire young people by subsidizing the cost of on-the-job training (OJT), salaries, and social insurance premiums, with the aim of promoting employment and equipping young people with the skills they need for their jobs. Companies and job seekers wishing to participate in the program must register with Sajjil, Jordan's official job matching platform, and companies can choose between two options: (1) subsidized on-the-job training and salary, or (2) classroom training, subsidized on-the-job training and salary. The Jordanian Ministry of Labor will procure the providers of the on-the-job training and classroom training and introduce them to the companies. The project will cover the cost of one to three months of on-the-job training and/or classroom training. Wages, social security, and transportation costs will be covered by the project for the first 6 months of employment, and the project will subsidise the salary by paying 50% of the minimum wage. Other training costs and wages will be borne by the employer. To ensure continuity of employment, companies are required to sign a one-year contract with the employee and register the employee with the Social Security Corporation.

In addition, job seekers registered with Sajjil will be offered one- to two-week online courses in skills such as communication, resume writing and interviewing, and emotional intelligence. Only job seekers who successfully complete these courses will receive employment assistance under the project. Based on information about their background and skills, job seekers will be classified into three categories: "market ready", "near market ready" and "hard to place" with "near market ready" and "hard to place" job seekers eligible for assistance.

The project aims to support 63,600 job seekers, with 35% of whom are women and 50% of whom are young people aged 18-24.

2) Effectiveness of Similar Project in Iraq

In Iraq, as in Jordan, the low availability of employment in the private sector and the mismatch between supply and demand in skills have been pointed out as factors contributing to the high unemployment rate among the youth. In addition, employment in the private sector often requires work experience, and it has proven to be extremely difficult for new graduates to be hired by private companies. Creation of employment for young people in the private sector requires some form of support. This project encourages job creation by subsidizing the cost of classroom training and on-the-job training for skill mismatches, as well as by subsidizing wages and social security. Similar projects would lead to increased employment for young people and recent graduates who do not have the necessary skills for private sector employment in Iraq. Furthermore, the lack of adequate social security in the private sector is one of the reasons for young Iraqis to seek employment in the public sector, and requiring companies to register with the social security

³⁰⁴ Summarized by JICA Research Team from the project documents of World Bank.

system, as in this project, may increase the attractiveness and credibility of the private sector among young Iraqis. Additionally, in Iraq, Tawtheef (see Chapter 3, 3.4.2), a job matching portal similar to Sajjil in Jordan, could be used to implement the assistance program.

(2) Jordan Support Building Active Labor Market Program (World Bank)³⁰⁵

As mentioned in (1) above, the average unemployment rate in Jordan is about 13%, while the youth unemployment rate is as high as 36%, which is a challenge for the Jordanian government. In response, the Jordanian government implemented the National Employment Strategy (NES) for 2011-2020 to create jobs in the country and strengthen the employability of job seekers. As part of the NES, a program called "Jordan Jobs Compact" (JJC) was implemented to focus on supporting the supply side of the labor force. The JJC program focused on five areas: (1) school to work transition, (2) job search and matching, (3) job readiness and placement, (4) community services, and (5) retooling of the unemployed. This project supports (1) through (3) of JJC's five initiatives.

1) Content of the Support

First, regarding (1) school to work transition, the project aims to improve the capacity of university employment departments and job placement offices to provide career guidance, counseling, and case management in the final year of university and community college through JJC, and to assist students in career guidance and building important employment skills. Since the Ministry of Labor had already developed a manual on career counseling and vocational planning for community college graduates, university graduates, and young unemployed persons respectively in Jordan, the project provided assistance in the overall design, planning, and quality assurance of career services; provided training for counselors; hired technical experts to oversee the delivery and scope of career services at the target universities and employment offices; and provided necessary upgrades to the universities and employment offices, including equipment and software for Career Centers, in order to support the provision of career services in accordance with the manual in four universities and six employment offices in the six governorates.

With regard to ii) "job search and matching", the project supported the improvement of the Electronic Labor Exchange (ELE), Jordan's job information service, with the aim of improving its capacity to provide information to both job seekers and employers. Specifically, the project supported i) capacity building of the Ministry of Labor staff to improve data collection and analysis for efficient intermediary services; ii) capacity building of employment agency staff on job matching promotion; iii) development of an interactive online vocational guidance and job planning system; iv) jobseekers and employers public information campaign to raise awareness of ELE among both job seekers and employers; and v) technical assistance in the provision of relevant IT hardware and software.

For (iii) "job readiness and placement," a program was implemented for young people (19-25 years old) who have been unemployed for at least one year after graduating from college or university, to help job seekers engage in on-the-job training and encourage them to find employment in the private sector. The program provides the unemployed with 75 hours of training to improve their employability, a one-year salary voucher, and a portion of their social security registration. The salary voucher and training compensation were covered by the project, while the training provider's costs and social security contributions were covered by Jordanian government agencies.

2) Effectiveness of Similar Project in Iraq

In Jordan, students often lack the skills, information, and guidance to prepare them for the transition from academia to the workforce, and the absence of a smooth transition from the educational environment to the work environment contributes to the high youth unemployment rate. In Iraq, interviews with university Career Centers and survey on the intentions of the youth have revealed similar issues. University students often lack knowledge about job hunting, and university Career Centers, which should provide career guidance, counselling, assistance with resume writing and interviewing, and training in soft skills, are not functioning adequately. Therefore, improving the capacity of university Career Centers will contribute to the transition of young people from the educational environment to the work environment,

³⁰⁵ Summarized by JICA Research Team from the project documents of World Bank.

and will contribute to increased employment of young people. In addition, there is a lack of manuals for career services in Iraq, such as those that exist in Jordan, so it is likely that the development of such manuals would be useful.

9.5 Findings and Lessons Learned from Other Development Partners' Programs

9.5.1 Trends in Other Development Partners' Youth Employment and Entrepreneurship Programs in Iraq

The primary trend of other development partners' programs in Iraq is the large number of emergency relief programs. In Iraq, there are challenges of reconstruction in the northern region that was heavily affected by the conflict with ISIL from around 2014-2017, unemployment and non-participation in social and economic activities among the large number of refugees, internally displaced persons and returnees and their host communities in the region, and many UN agencies' projects, as well as some of the World Bank and bilateral development partner projects, are concentrated in Nineveh and Dahuk governorates, including Mosul city. In addition to providing short-term employment through reconstruction projects such as Cash-for-Work, many of these projects also provide skill development support for long-term employment, as well as grant assistance for starting self-employment or micro-businesses and support for the skills needed to start a business.

Major nationwide reform projects include the ILO's Decent Work Country Programme, UNESCO's TVET reform project (Phase 1 and Phase 2), and the World Bank's Support to Education and Skills Development in Iraq. All of these projects are conducting large-scale studies on the labor market, education and vocational training provision and their quality, and are providing the Iraqi government with support for evidence-based policy formulation, strategy development support, and governance capacity strengthening, as well as reviewing the training content provided by TVET institutions and improving the quality of educational institutions in order to eliminate the mismatch between market needs and the capabilities of the human resources supplied.

Entrepreneurship support is provided in a variety of ways, ranging from the development of entrepreneurship mindset, such as the Know About Business and Start and Improve Your Business (SIYB) programs that are part of the ILO's Decent Work Country Programme, to capacity building for Business Development Services providers, direct mentorship for entrepreneurs, and grants for start-ups. Much of the assistance provided by UN agencies and others to the northern Iraqi region includes support for entrepreneurs, but as noted above, it has a strong emergency support component and many of them are focused on micro-businesses for livelihood improvement and self-employment conversion, rather than innovative start-ups. On the other hand, support by bilateral development partners such as GIZ, USAID, AFD, and the Netherlands Enterprise Agency provides support to boost the development of innovative start-ups through cooperation with local innovation hubs. These projects support the youth in the realization of ideas, rather than providing immediate livelihood support.

In terms of support for university and college students, there are some projects in the conflict-affected northern region, such as AFD's YANHAD project, and others that target nation-wide districts or broader regions, such as the World Bank's Support to Tertiary Education Project, UNESCO's TVET reform project (Phase 2), and WFP's EMPACT program, but the number of projects is somewhat limited. Support includes improving the quality of education, reforming educational content to meet labor market needs, and supporting the improvement of specific skills such as ICT skills, as well as promoting partnerships with the private sector. In the area of student employment assistance, several agencies are providing support to Career Centers, such as through AFD's YANHAD project and WFP's EMPACT program, and the project of The U.S. Embassy in Iraq that implemented a short-term Career Center capacity building.

9.5.2 Findings and Lessons Learned from Other Development Partners' Programs

This section summarizes the findings and lessons learned from other development partners' youth employment and entrepreneurship support programs in Iraq and neighboring countries.

(1) Findings and Lessons Learned Regarding Support for Academic to Vocational Transitions

In Iraq, new graduates from universities and TVET institutions are having difficulty finding jobs, contributing to the high unemployment rate among young people. This is due not only to the lack of job opportunities, but also to the mismatch between the skills demanded by the market and the skills possessed by students, and the difficulty of job hunting. The following are some of the findings and lessons learned

from other development partners regarding skill mismatches and job search assistance.

1) Active Involvement of the Private Sector in Solving Skill Mismatches

Major projects in Iraq that address the elimination of skills mismatches include UNESCO's TVET Reform Project and the World Bank's Support to Tertiary Education Project, both of which are characterized by the active involvement of the private sector in updating the curriculum.

The UNESCO TVET Reform Project is developing a public-private partnership (PPP) mechanism for the private sector to cooperate with TVET and a guideline and roadmap for integrating this into TVET governance, thereby involving the private sector in TVET policies and strategies, and encourage the private sector to support the development of curricula. Some of the advantages of private companies to actively participate in TVET include covering the cost of training, providing work experience, providing career information, and giving trainees the opportunity to use the latest industrial equipment and technology, which will also benefit the private companies to accelerate their skilled and ready-to-work human resources.

The World Bank's Support to Tertiary Education Project similarly promotes cooperation with the private sector in universities. The World Bank's project of African Centers of Excellence (ACE) in Higher Education in Africa, which was implemented prior to the Support to Tertiary Education Project, has achieved results in improving the employability of higher education graduates, improving faculty capacity, training industrial engineers, and creating jobs. The Competitive Fund Program (CFP), which aimed to improve the capacity of students in collaboration with the private sector, has also been implemented in the West Bank and Gaza, and has improved the quality and relevance of educational programs in higher education institutions and increased practical skills training opportunities for students, and resulted shifting the mindset of higher education institutions to be more market-oriented, resulting in a 16% reduction in the unemployment rate among graduates. These programs demonstrate the importance of TVET and university partnerships with the private sector to improve employment opportunities for the youth.

2) Employment Support for the Youth

There are several projects in Iraq that support the provision of career services, mainly for graduates and university students of TVET institutions: the strengthening of Career Centers in 13 TVET institutions under UNESCO's TVET Reform Project; support for career counseling centers under the ILO's Decent Work Country Program; Expertise France's support for Mosul University in its Y project; and the U.S.-Iraq Higher Education Partnerships Program of the U.S. Embassy in Iraq, which provides support to public universities. These projects mainly provided capacity building for career coordinators and counselors, support for building relationships with the private sector, and support for building facilities and systems.

These projects have had some success in building the capacity of career services, and a post-evaluation of the U.S.-Iraq Higher Education Partnerships Program conducted by the U.S. Embassy in Iraq found that the employment rate for students who used the Career Centers was 26%, compared to 17% for those who did not³⁰⁶. On the other hand, interviews with university Career Centers conducted in this Survey, as well as questionnaires and FGDs targeting university students, revealed that university Career Centers are not functioning adequately. This may be due in part to the fact that staff capacity building and facilities are still in the process of being upgraded, but it may also be due in large part to the fact that no budget has been allocated specifically for Career Centers. The Career Centers that the Survey Team interviewed were found to be funded solely by salaries of counselors and other employees with no budget allocated for workshops, events, etc. The importance of securing resources was also pointed out in the post-evaluation report of The U.S.-Iraq Higher Education Partnerships Program mentioned above, and as a lesson learned for future support, it is recommended that, along with capacity building and equipment upgrading, there is a need to implement the creation of an appropriate mechanism for allocation of resources, as well as capacity building and equipment. In addition, there are many among university students who are unaware of the existence of the Career Centers or what services it provides, and outreach programs should also be conducted to make the services known to them.

3) Incentives for the Employers

As it was described in (1) above regarding the involvement of the private sector, it is important to provide

³⁰⁶ "Evaluation of Career Development Centers in Iraq", International Research and Exchange Board, 2021.

incentives to employers to provide job training for young people and job opportunities for inexperienced ones in job placement assistance. In the Youth Livelihood Development in Southern Iraq Project implemented by the World Bank from 2011 to 2015, a program was implemented to provide job placement assistance to students who participated in soft skills training in the private sector. However, the program did not bring the expected results due to a lack of commitment from the private sector companies. Companies are unlikely to cooperate with such a program without incentives, as it is very costly for them to hire and train inexperienced employees. On the other hand, the World Bank's Jordan Support to Private Sector Employment and Skills program provides incentives such as subsidies for training costs, salary supplements, and social security payments to encourage private sector participation in the project. This is based on lessons learned from previous projects and studies that "salary supplements are less effective for overall job creation, but they are effective especially for job creation for new graduates and the long-term unemployed". The program has been effective in both improving the skills of new graduates and securing employment³⁰⁷.

4) The Importance of Soft Skills

A large number of other development partner programs related to youth employment have soft skills support as a component, including US AID's New Partnership Initiative (NPI): Top Mountain, WFP's EMPACT, and GIZ's ICT-Perspective for the Modern Youth in Iraq, and they specialize in improving general skills required for employment, such as computer skills and English language skills. In US AID's New Partnership Initiative (NPI): Top Mountain, some participants have participated in short-term computer skills training that has led to employment, while WFP's EMPACT has also led to informal employment, including online and remote work. In the FGDs targeting university students, many students felt that these skills were lacking, suggesting that even if the students acquire sufficient specialized knowledge, without these basic skills it may be difficult for them to find employment. In addition, even if employment in professional or career-track positions is difficult, computer skills and knowledge of English can increase the likelihood of employment in administrative positions, or enable students to work online or remotely, suggesting the usefulness of programs that focus on improving these skills.

In addition, US AID and WFP programs mentioned above have shifted some or all of their programs to online implementation due to the impact of COVID-19. This has contributed to a doubling of female participants in the US AID program and an increase in participation in the WFP program, proving that implementing online programs in conjunction with classrooms can greatly enhance program outreach.

(2) Lessons Learned on Entrepreneurship and SME Support

1) Entrepreneurial Training as a Prerequisite of Funding

In the area of entrepreneurship support, many of the programs provided combine training in the skills needed to start a business with a grant or other funding component. For example, the World Bank's Promoting the Inclusion of Conflict-Affected Iraqi Youth Project offers a two-week business development training followed by funding selection. USAID TAHFEEZ project, also conducts a two-week entrepreneurship support course before moving on to the incubation program. The Dutch government's Orange Corners Program also provides funding after participating in an incubation program, with the possibility of obtaining additional funding through a competition. This combination of training and funding has two aspects: one is to obtain commitment from the participants, and the other is to screen the entrepreneurs before providing funding. For example, in TAHFEEZ, the feasibility and marketability of the entrepreneurial concept is verified in conjunction with entrepreneurial training, and only those business ideas with potential are allowed to proceed to the incubation program. In addition, many programs provide mentoring support after funding is provided, which serves as a monitoring tool as well as a means to ensure the success of the start-up.

The TAHFEEZ project similarly combines funding and soft support in its support of SMEs, with the practice of analyzing growth strategies and constraints before providing funding and working with companies to develop customer expansion plans and set goals for sales and job creation before providing grants.

³⁰⁷ Jordan Support to Private Sector Employment and Skills Appraisal Document, World Bank, 2021.

2) Providing Funding in Cooperation with the Private Sector

Financing is a challenge among young entrepreneurs in Iraq, who often rely on their own funds, loans from family and acquaintances, and grants from international organizations and NGOs, and have difficulty in obtaining loans and investments from private investors. In order to create a start-up ecosystem in Iraq in the future, it will be important to establish a means of raising funds from private financial institutions, investment firms, funds, and other sources. The World Bank's INNOVATIVE STARTUPS FUND PROJECT in Jordan involves establishing a fund in collaboration with the private sector to invest in seed- and early-stage innovative start-ups. Past World Bank projects have shown that private investors are willing to invest in early-stage start-ups if the risk is shared, and the project aims to attract private capital by sharing risk with investors.

3) Utilization of Local Resources

The programs that support entrepreneurship are divided into cases where development partners implement their own entrepreneurial support and incubation programs within the project, and cases where support is provided through existing local incubators. In US AID's TAHFEEZ, we are working with Five One Labs, Mosul Space, Science Camp, and others; GIZ's ICT-Perspective for the Modern Youth in Iraq project, the Dutch government's Orange Corners Program implement their programs through KAPITA, and Expertise France's YANHAD project cooperated with The Station. Through these supports, incubators and start-up hubs have expanded their service offerings and service areas. It is expected that utilizing these existing local resources will strengthen the capacity of these service providers and raise the level of entrepreneurship support services in Iraq.

4) Cultivating Entrepreneurship

Entrepreneurial support provided by development partners ranges from early-stage entrepreneurship development, business idea and plan creation, soft skills such as leadership and management, market research and customer development, incubation and acceleration, and funding, but there is not a lot of support dedicated to entrepreneurship cultivation. In Iraq, as revealed through FGDs with university students, the low level of trust in the private sector and the lack of exposure to the idea of entrepreneurship are challenges. In addition, interviews with university staff indicate that the environment is not conducive to fostering an entrepreneurial spirit. The “Know Your Business’s program, which is part of the ILO's Decent Work Country Programme, aims to promote an understanding of the role of business in society, its contribution to society, and its social responsibility. It is noteworthy that the program targets secondary education and vocational training students between the ages of 15 and 18 (it is also applicable to higher education institutions). Targeting the younger age group among the youth could be a useful approach to start raising awareness from a younger age.

Chapter 10 Possible Future Cooperation on Employment Measures for the Youth

This chapter presents an analysis of the factors contributing to the high unemployment rate among young people and women in Iraq, based on the results of interviews with relevant government agencies, private companies, university Career Centers, and a questionnaire survey and FGDs targeting students. Subsequently, the online consultations with relevant government agencies were held. Short- and medium to long-term measures to support employment promotion for young people and young women in Iraq are also proposed in this section.

10.1 Factor Analysis of Youth Unemployment Rate in Iraq

(1) Access and Quality of Higher Education

In Iraq, both primary and early and late secondary education have shown improvement in attendance and completion rates in recent years, but regional and gender disparities are still evident, and the levels are still low compared to neighbouring countries.

Differences are observed between urban and rural areas in primary, first and second semester secondary education. In particular, attendance and completion rates in Nineveh and Anbar governorates near the Syrian border and in Wasit, Meysan, Muthanna, and Basrah governorates south of Baghdad are lower than the overall average and urban areas. Compared to neighbouring countries Egypt and Jordan, attendance rates for primary and early and late secondary education are low, with attendance rates for primary education as of 2018 6 percentage points lower than in Jordan, 14.66 percentage points lower for early secondary education, and 15.83 percentage points lower for late secondary education. These regional disparities and differences with neighbouring countries can be attributed to the prolonged instability caused by the war in Iraq since 2003 and the ongoing conflict with ISIL. In addition, the attendance and completion rates are consistently lower for girls than for boys regardless of gender, suggesting that cultural barriers to women's participation in society and customs such as early marriage may be influencing these rates. In primary education and early and late secondary education, the country as a whole faces the challenge of raising attendance and completion rates as well as correcting disparities between regions and between men and women. In order to correct such disparities between regions and between men and women, both access to and quality of education must be greatly improved.

In higher education, attendance rates remain low at 22.1%, although there have been significant improvements, including an increase in attendance rates of approximately 9 percentage points between 2011 and 2018. The conflict with ISIL has resulted in the destruction of university facilities, especially in Nineveh and Anbar provinces bordering Syria, as well as the conflict with ISIL has resulted in the destruction of university facilities, disruption of higher education, and relocation of teachers to other universities, as well as the presence of many IDPs. With support from development partners, reconstruction of lost educational facilities and educational assistance for IDPs is underway (see Chapter 9), but access to higher education nationwide and its quality are also declining in order to train skilled workers. The lack of graduates with the practical skills that the market requires for immediate employment is one of the factors contributing to the high unemployment rate among young people.

(2) Labor Supply Exceeding Demand in the Public Sector Labor Market

As the results of a survey of university students revealed, 60% of university students hope to "find a job in the public sector" after graduation. The public sector currently accounts for 35% of all employment in Iraq, a very high level. Although the government is hiring newly graduates every year, it is not large enough to absorb the intentions of a large number of students who are searching for a job opportunity in public sector. In addition, with wages in the public sector already putting pressure on public finances, employment in the public sector is not expected to expand in the future, and in fact it may even begin to shrink. The reason why many students are interested in the public sector is due to the social security system, employment stability, and short working hours in the sector. In addition, the low level of trust in the private sector and the low number of new graduate hires in the sector are also factors that cause students to choose the public sector, as there are concerns that private companies will withdraw from the sector under the unstable situation in Iraq. In addition, it has been pointed out that Iraq had a centrally planned economic system until the Iraq War in 2003, and the image of the government providing employment has persisted.

Under these circumstances, students are becoming aware of the higher salaries and better treatment in the private sector, and as social security systems are being established in the private sector, students whose areas of expertise have more related to the private sector are becoming private-sector oriented. In the FGDs, several students chose to work in the private sector or start their own businesses because the public sector offers few opportunities for growth and the likelihood of finding a job in their field of interest is low. Although students are beginning to expect the private sector to provide employment, most private companies are not willing to hire newly graduates without work experience. The labor supply exceeding the demand for newly graduates in the public sector labor market and the limited labor demand for youth in the private sector market are one of the significant factors contributing to the high youth unemployment rate.

(3) Support for Job Hunting

For students' job search, there are means available, such as public job placement online platform (Tawtheef), private job matching services such as MSeletct, and support from development partners and other organizations, as we have stated in Chapter 7. On the other hand, surveys of university students indicate that awareness, convenience, and trust in these services among students are not solid, indeed. While 57% of students would like to use "public job placement services," only 11.2% of students said they have access to such services, and awareness of Tawtheef in FGDs is low. In addition, students were often unaware of private job placement services, which were the second most common response to the question "support needed in job hunting," as well as of the services offered by MSELECT, and many students had bitter experiences with private job placement services that only collected commissions and did not lead to employment. Some students had bitter experiences with private job placement services that did not lead to employment, and both awareness of and trust in these services are low.

Interviews with CDCs and a survey of university students revealed that although university Career Centers (CDCs) have been established at many public universities, they lack functionality and have little capacity to support university students in their job search activities. On the other hand, there are some universities that do not have a dedicated budget for CDCs and are not able to hold events as expected or are not able to reach out to students as much as they would like. On the other hand, there are issues such as lack of budget dedicated to CDC, lack of outreach to students, and so on. On the student side, 51.7% of the students answered that they "do not have" CDC support, and 37.4% answered that they "do have, but it is insufficient. On the other hand, "support from the university" ranked first in "support needed for job hunting," indicating that students are seeking support from the CDC, especially in the areas of job matching, internships, and soft skills training.

These survey results indicate that one of the factors contributing to the high unemployment rate among young people is that although job search tools and support frameworks themselves exist, access to such tools is inadequate and job search support is lacking. On the other hand, interviews with university CDCs indicate that they are highly motivated to support students, as they are willing to enhance the content of their services if they can secure budget and personnel.

(4) School to Work Transition

The difficulty of transitioning from study to work, along with the lack of support for job hunting, is one of the factors contributing to the high unemployment rate among young people. 7. 7.3 in Chapter 7 shows that while some start-up companies are hiring newly graduates, the number of newly graduates in the private sector is low. As pointed out in the FGDs with university students, many of them are interested in working in the private sector, where they are more likely to find jobs related to their fields of specialities, but most of them are required to have about three years of work experience, and therefore, it is difficult for them to find a job as fresh graduates, so many of them ended up searching a job in the public sector. In a questionnaire survey of university students, "Lack of skills, experience, and qualifications necessary for employment" was cited as an issue in finding employment, and many students mentioned that they did not know how to gain the experience necessary for being competitive in the labor market. This indicates that university students are not acquiring the practical skills necessary for employment while still in school. Lack of apprenticeship and internship opportunities to gain work experience, the absence of fresh graduate recruitment systems at private companies, and lack of means to enable to make the school to work transition smooth are also factors contributing to the high unemployment rate among newly graduates.

(5) Skills Gap and Mismatch

Regarding specialized knowledge and skills, it has been pointed out that the curricula of universities and

other institutions are outdated and do not meet the needs of the labor market. As described in Chapter 4, "4.1.1 Overview of Each Industry in Iraq," it became clear through the UNESCO survey and interviews conducted in this study that a gap in professional skills exists in areas such as agriculture, ICT, and manufacturing. In addition to specialized skills, lack of basic working skills such as computer skills and English language skills, as well as soft skills such as leadership and communication, also contribute to the lack of employment opportunities among youth. In the service, wholesale and retail industries, soft skills such as computer skills, English, and teamwork are in short supply, and a UNICEF survey found that 60% of young people lack the ICT skills necessary for employment. Students are also aware of the lack of such skills, and some are calling for training in computer and software skills from university CDCs and other organizations.

When students were asked about the occupations in which they would like to have, more than half of them were in the social welfare and services sector (public services, education, health care, welfare, etc.), 8.8% in the information and communications sector (ICT), 5.9% in the agriculture, forestry, and fishery sector, 2.9% in the construction sector, 1.9% in the manufacturing sector, and 0.7% in the transportation sector. Although a simple comparison cannot be made due to the different division of sectors, unlike the percentage of employment by sector in the Labour Force Survey conducted by the ILO in 2021 (see Chapter 4, Table 4.3), employment in the ICT sector was only 0.3% in 2021, while the construction industry percentage is higher (16.3%). The existence of a mismatch between the fields in which students aspire to work and those in which employment opportunities are available is one of the factors contributing to the unemployment rate among the country's young population.

In the "Ideas for improving the employment and entrepreneurship situation of young people" section of the survey, many respondents answered, "diversification of industries to provide jobs that match the specialties of graduates," and while private sector development is required to achieve this, educational institutions such as universities and vocational training schools also need to understand the demand of the labor market. Thus, the challenge for educational institutions such as universities and vocational training schools is to nurture students with the skills that the labor market requires.

10.2 Factor Analysis of the Female Unemployment Rate in Iraq

As discussed in Chapter 4, women make up only a small percentage of Iraq's labor force, with only 12.1% of the total population employed. In 2021, the unemployment rate for men in the labor force will be 11.3%, while the rate for women will be 32.8%, a gap of 21.5%. In addition, the percentage of female employees continues to decline, with a 10-fold gap between the percentage of male employees (2% of the male labor force) and the percentage of female employees (0.2%), and only 6.8% of businesses are owned by women.³⁰⁸ In addition, 94% of employed women work in public sector occupations.³⁰⁹ (See 4.1.3)

Until recently, women's participation in the formal economy has been very limited. However, even though the challenges are deep-rooted, we note that there are new developments in the labor market these days that are encouraging women to enter the workforce and start their own businesses, and we would like to examine possibilities for future cooperation.

(1) Multi-dimensional issues arising from socio-cultural practices

■ Socio-cultural context and education

Many existing surveys and interviewees have pointed to the existence of challenges rooted in socio-cultural practices as the reason for the low number of women in the labor market. In accordance with conservative customs, women are not expected to play an active role in society and tend to be expected to lead a stable and less risky life, mainly doing domestic work. The inequality of responsibilities between men and women has prevented women from pursuing their ambitious goals through employment in the private sector, entrepreneurship, and other activities. The entrenched social consciousness has become a multifaceted disincentive for women's economic activities.

In addition, while education and training are important for participation in the labor market, there is not enough education that matches the required skill level, and socio-cultural factors may limit women's access to training and other opportunities.

³⁰⁸ KAPITA (2022) "Iraqi Women In Numbers: Analyzing the Current Status and Identifying the Way Forward".

³⁰⁹ KAPITA (2022) "Iraqi Women In Numbers: Analyzing the Current Status and Identifying the Way Forward".

■ Employment

Given that most employed women work in the public sector, the tendency of society or women to seek stability and the concern about instability in the private sector is understandable. In addition, it is not common for women to take leadership roles in Iraqi society, and the process of growth through work is also associated with difficulties, such as social pressure.

Many people, both men and women, want to work in the public sector (about 60% in the survey; see 8.4.1), but some of those who want to start a business while working in the public sector say that the public sector offers stability but low salaries and a difficult lifestyle, forcing them to do other jobs for income.

■ Legal and Corporate Recruitment

Although the past labor law (Labor Law No. 71 of 1987) had many restrictions on hours, working conditions, etc., a new labor law (Labor Law No. 37) was adopted in 2015 based on international ILO standards, which mandates more gender equality.³¹⁰ In addition, the law has improved the working environment not only for women, but also for men and foreigners. However, this new labor law has not yet been adopted in the Kurdish region. In addition, the labor law does not apply to public sector employment, as it is governed by the Civil Service Law.

The law mandates gender equality and prohibition of harassment in hiring, training, wages, and working conditions, with penalties for violations. In practice, however, it is believed that this has not yet been fully realized. In addition, even if the labor law is revised, improvement of the labor law alone will not solve the challenges of the legal environment, as there are other laws in Iraq that pertain to women's rights.³¹¹

Most of the companies interviewed for this survey indicated that they give consideration to equal opportunities regardless of gender when hiring. However, one company³¹² indicated that they primarily hire men because the industry is male dominated, suggesting that not a few firms have different hiring policies in the Iraqi private sector. This suggests that there is a risk to promoting women in management when there is a gender bias in business, although it may not simply originate from discrimination or preconceived notions about women.

■ Entrepreneurship, financing, and access to information

Gender bias and gender disparities affect women at all stages of entrepreneurship.

During the team formation phase, it has been noted that Iraqi women entrepreneurs tend not to have the same professional networks as their male counterparts.³¹³ Many schools separate men and women at an early stage, resulting in a lack of interaction, and even at the higher education level, there is social pressure for women to stay away from men. Similar pressures persist in the workplace, making it difficult for women to interact professionally with men and expand their human resource networks to become team members, co-founders, etc. Participation in networking events and entrepreneurship programs may be difficult for families to understand.

There is also a strong tendency for men to be considered "necessary" in business, and negotiations and presentations by women entrepreneurs are sometimes not taken seriously, which is one of the major challenges for women entrepreneurs. The small percentage of women in the labor market to begin with presents mentality challenges, such as society's disregard for women's business skills and abilities and the loss of women's self-confidence.

Start-up companies tend to rely on funding from family, friends, and others, but in some cases, women have difficulty in obtaining understanding from their families about doing business itself. In addition, as of August 2022, only 1% of startup investments in the MENA region (not including Iraq) were made by women.³¹⁴ There is a lack of awareness and understanding of business by women due to socio-cultural influences, and as a result, barriers to women's access to financing are highlighted. Women's limited access to financing and information is one of the factors contributing to the high unemployment rate among women.

■ Challenges in student entrepreneurship (from FGD results)

³¹⁰ <https://www.lexology.com/commentary/employment-immigration/iraq/hannouche-associates/new-iraqi-labour-law-372015-comparative-table>.

³¹¹ Partners Global, a civil society organization, conducts advocacy and other activities related to improving the working environment for women. <https://www.partnersglobal.org/work-empowerment-for-women-in-iraq/>.

³¹² Shanshel East General Trading Co.

³¹³ KAPITA "Business Landscape: International Women's Day: Breaking the Bias", April 2022, Issue6.

³¹⁴ <https://www.wamda.com/2022/09/mena-startups-raised-378-million-august-2022>.

In terms of challenges in starting a business, financing was the most frequently cited issue, indicating that students wishing to start a business have to rely on relatives and acquaintances or save their salary income by finding a job. Assistance in accessing incubation services, networking with angel investors, and providing credit are challenges.

In the FGDs, it was found that while some students were aware of the incubator and were willing to undergo training on their own initiative, there was little training or support from the university for the companies. In many cases, students are exposed to entrepreneurs through friends, acquaintances, and social networking sites, which is the catalyst for their entrepreneurial aspirations. Since students are not exposed to entrepreneurs through universities, there is a need to provide entrepreneurial training and foster entrepreneurial spirit.

In addition, there is a need to improve the recognition and support of entrepreneurs to society, considering that society's understanding of women entrepreneurs is low and that "awareness raising and support for improving social recognition of young entrepreneurs" was the third most mentioned item in the "Ideas for improving the situation of entrepreneurship" section. In particular, the percentage of women who responded "start a business" in "post-graduation intentions" was lower than that of men, and many FGDs indicated that there are cultural barriers to women entrepreneurs, so there is a need for more support for women to start their own businesses.

10.3 Potential for Short- and Medium to Long-term Assistance for Iraq

The following table summarizes the areas of proposed assistance at this stage, strength of JICA to support such areas and potential risks.

Table 10.1 Areas of Support, Strengths and Risk Items

Area of Support	Strengths of JICA Support	Possible Risk Items
1. Workforce supply-side support: Improving university career development centers (short-term pilot, medium to long-term national rollout)	The project will be able to build on the experience and achievements of the Career Counseling Capacity Building Project implemented in Jordan.	The experience and competency level of the university staff is not yet known. Limited funding and human resource shortages.
2. Support for the demand side of the labor force: Programs to promote employment of young people (medium to long-term)	Sudan (SMAPII): Experienced in supporting employment promotion in partnership with the Darfur State Labor Office, technical high schools, and women's training institutions.	Sustainability is somewhat low due to lack of operating funds. The Ministry of Labor and Social Welfare has limited human resources and capacity.
2. Entrepreneurship support (short to medium-term)	Experience in small business start-up support initiatives in a local city, Khartoum, Sudan (women, youth).	Lack of financing options makes it unsustainable.
3. Introduction of Higher Education Information Management System (HEMIS) (long-term)	The country can utilize its experience in implementing information management systems in a variety of fields, not limited to higher education.	The experience and competency level of the university staff is not yet known. Limited funding and human resource shortages.

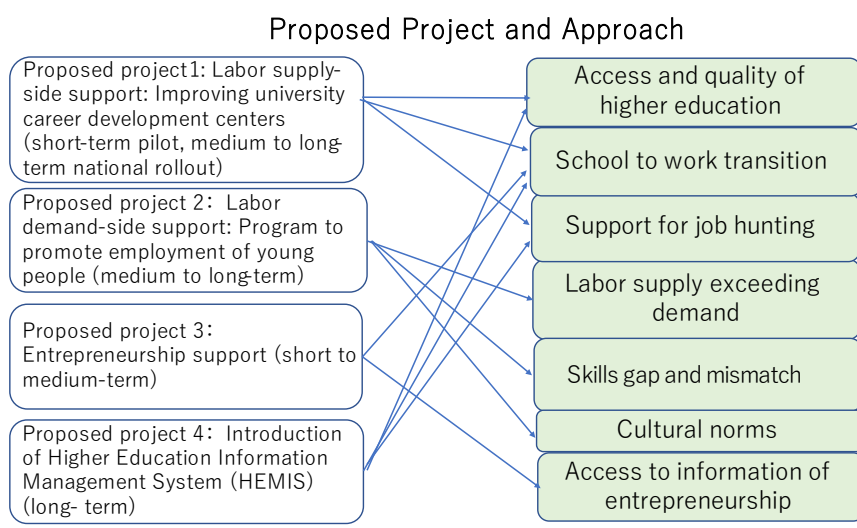
Source: JICA Research Team.

Accounting the factors listed on the table above, the following technical corporations are proposed based on the discussions and interviews targeting stakeholders in Iraq. The ultimate goal of the support proposal is to improve employability among young people and reduce the youth unemployment rate. Combining the supply-side approach (Proposed project 1) and the demand-side approach (Proposed project 2) will have a synergistic effect and increase the degree of achievement of the top goal. Considering the budgetary measures, implementation period, and the situation in Iraq, it is preferable to introduce the project as a pilot project and plan for its gradual implementation throughout Iraq.

For proposed project 1 and 2, the intentions of the main stakeholders, young men and women, were extracted from questionnaire survey and FGDs and carefully discussed with major government agencies (MOHSR and MOLSA). The FGDs of the job-seeking student groups commented that the only positions available in the private sector are for those with a minimum of 2-3 years' experience, and therefore, it is difficult to find job opportunities for newly graduates. A proposed employment program for youth is supported by participants of the FGDs as it would provide a stepping-stone to employment as a regular employee after participating in the program based on their experience and skills.

Proposed project 3 is a technical support on the activities of various actors to improve the entrepreneurial environment that were identified through the survey. The proposed partner organizations are those that are already actively leading the support.

Interviews and questionnaire survey were conducted with MoHESR and staff members of university Career Centers in an effort of finding out fundamental issues they are encountering and how Japanese ODA could offer the best support in the future. The proposed project 4 reflects the real voices of university employment divisions. According to them, it is indispensable to manage information on students enrolled at universities and to grasp the employment status of graduates to provide accurate guidance to students who will enter labor market soon. The support for introducing and developing the Higher Education Management Information System (HEMIS) is certainly essential for university and students who are supporting young graduates to also part of the support items for many higher education projects of international organizations, especially the World Bank.



Source: JICA Research Team.

Figure 10.1 Proposed Project and Approach

In terms of the approach to the challenges of each of the proposed support measures, Proposed Project 1 and 4 will support students in their job search, promote the transition from school to work, and improve the quality of the university. Research has shown that strengthening the work of CDCs through Proposed Project 1 directly has a positive impact on student employment rates; an empirical study³¹⁵ conducted in Iraq in 2021 using the impact evaluation methodology found that support from CDCs at the introductory level the employment rate of students who used this support was 26%, far higher than the 17% rate of students who did not use the support, showing that such support can contribute to increased employment rate of graduates. It is expected that JICA's technical cooperation projects can strengthen the work of CDCs in the future, and that the employment rate of students who use these CDCs' employment support programs will further improve. Proposed Project 2 addresses labor market issues, skill mismatch, and cultural issues, and Proposed Project 3 addresses issues such as transition from school to work and access to information for entrepreneurship.

As the Survey Team have analyzed the various challenges in the labor and entrepreneurial environment in the Iraqi in Chapters 2 through 7 in this report, in addition to these four Proposed Projects, it is also necessary

³¹⁵ "Evaluation of Career Development Center in Iraq", IDinsight 2021. The impact evaluation study was conducted by The International Research and Exchanges Board (IREX) and IDinsight targeting Iraqi CDCs.

to consider medium- and long-term measures to revitalize the private sector, review employment policies, and approach the informal sector (especially underemployment). To revitalize industries in the private sector, it will be effective to promote human resource development, as well as to support measures that go a long way toward promoting not only domestic industries but also foreign investment, improving the business environment ecosystem, and developing related laws. As for the key employment policy, the National Employment Policy (NEP) is in the preparation stage with the support of the ILO. While the World Bank has conducted studies on informal employment and are trying to understand the problems it causes, the Social Security and Labor Sector Department has remained reluctant to get directly involved in formalization.

Another point to be made is that the suitable modality of support in the case of government requests for private sector revitalization, support for employment policies, and improvement of informal government employment, etc., is not a technical cooperation project, but a financial assistance program that fills the funding gap for policy reform implementation through Development Policy Loans (DPLs), etc.

The Survey Team decided to propose a support package, taking into account all possibilities, and keeping in mind what the priority is in the intervention aimed at reducing youth unemployment, and what is most needed by the recipients of the support. As Iraq promotes industrial development to promote sustainable economic and social development, the most important issue for the future of the country is how to foster highly educated young human resources who will be responsible for the development of the private sector, and namely the country's future. Needless to say, the enthusiasm and commitment of the key government agencies involved are important factors in achieving the ideal outcome of the projects supported by Japan. Therefore, the Survey Team envision university students and graduates as the main target of the proposed assistance program, and the MOHESR as the government counterpart.

1. Labor Supply Side Support: Improving University Career Development Centers Project

Objective	To support students' job-hunting activities and improve the employment rate by improving the work of the university's career center and its staff, and by strengthening the partnership between private companies and students.
Targets	Public university Career Centers and students
Target Regions	Najaf, Baghdad, Anbar, Nineveh, Basrah
Government Counterparts	Ministry of Higher Education and Scientific Research
Period	Short-term pilot implementation, followed by nationwide expansion over the medium to long term.
Support	<ol style="list-style-type: none"> 1. Support public university Career Center activities Create a guideline of activities and management of career centers that includes: <ul style="list-style-type: none"> • Strengthening Internships • Establishment of a mentoring service • Assistance in creating CVs and conducting mock interviews • Roundtable meeting with alumni • Organizing job fairs 2. Capacity Building for Career Counselors Trainings and Workshops for career counselors (practical training through role-plays, etc.). 3. Trainings of specialists for employment promotion and private sector collaboration: <ul style="list-style-type: none"> • Strengthening the capacity of Employment Promotion and Intercompany Collaboration Specialists • Collection and management of information on employment and internship opportunities • Cooperative activities with companies 4. Study tour to Japan for Career Center staff 5. M&E system introduced Establishment of a monitoring and evaluation group. Design and support the implementation of the "Tracer Study of Graduates" survey. To better understand the actual situation regarding employment of young people.

Status of support from other donors	<p>AFD's YANHAD project support to the Career center of Mosul University.</p> <p>U.S. Embassy's support for Career Centers at public universities.</p> <p>Support to Technology University and Anbar University Career Center through WFP's EMPACT.</p> <p>The World Bank, Support to Tertiary Education Project has been implementing since 2021 and will be closed in December 2023.</p>
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2. Support for the Demand Side: Youth Employment Promotion Program

Objective	Strengthen the capacity of the Ministry of Labor and Social Affairs to manage the Youth Employment Promotion Program and reduce the unemployment rate of new college graduates through program implementation.
Targets	Ministry of Labor and Social Affairs, private sector, university students
Target Sectors and Regions	ICT Sector, Manufacturing, Financial Services / Najaf, Baghdad, Anbar, Nineveh, Basrah
Government Counterparts	Ministry of Labor and Social Affairs
Period	Medium to long term
Support	<p>Support to prepare for formation of Youth Employment Program, Ministry of Labor and Social Affairs.</p> <ol style="list-style-type: none"> 1.Supports for the creation of guidelines for the operation and implementation of youth employment program. 2.Organizing capacity building workshops for the Ministry of Labor and Social Affairs the private sector. 3. Establishment of a program management implementation system 4.Creation of fund operation and management manual 5. Public relations support for program implementation information disclosure
Status of support from other donors	<p>Support for UNESCO's TVET (Phase 2) in transitioning graduates to work placements and promoting dialogue with the private sector.</p> <p>Support for the construction and operation of a job matching platform by GIZ and support for private companies to improve their human resources and recruitment processes.</p>

3. Entrepreneurship Support

Objective	Promote entrepreneurship among young people by enhancing the entrepreneurial ecosystem
Targets	Raise awareness of entrepreneurship and increase the number of potential entrepreneurs and users of support services through the dissemination of information on entrepreneurship
Target regions	Youth/University Student/Fresh graduates/ female youth
Government Counterparts	MOHSR, and others
Period	Short to medium term
Support	<ol style="list-style-type: none"> 1. Awareness campaign: collaborate with startup support organizations to hold events to disseminate information on entrepreneurship (including promotion of women's entrepreneurship) to raise awareness 2. Info sessions and basic training: trainings and seminars on basic information on entrepreneurship. Collaborate with startup hubs, donors, and university CDCs. 3. Pre-incubation programs: Pre-incubation programs such as brainstorming, ideation, business-oriented boot camps, etc.
Partners	Startup hubs: The Station (Baghdad), KAPITA (Baghdad), Onyx

	(Basra), QAF Lab (Mosul), NAF ³¹⁶ (Anbar), Other partners: GIZ (with CDC in Universities)
Location	Baghdad, Mosul, Anbar, Basra
Note	Promote awareness of entrepreneurship lacking in the entrepreneurial ecosystem in areas such as Baghdad, where the approach to potential entrepreneurs is not widespread enough

4. Introduction of Higher Education Information Management System (HEMIS)

Objective	Introduce HEMIS, a digitalized and efficient data collection and management system that is essential for understanding the current employment and surrounding of young people.
Targets	All public universities
Target regions	whole country
Government Counterparts	Ministry of Higher Education and Scientific Research
Period	Long term
Support	<p>During interviews with staff members in charge of employment at public universities in Iraq, they mentioned that it is difficult to manage accurate data on the employment status of students and graduates at universities, and that due to the lack of accurate data it is difficult for them to provide appropriate guidance and support to students; and therefore, it is at most important for higher education institutions to establish the Higher Education Management Information System (HEMIS) using ICT. Responding to the demand from universities and MoHESR, the technical cooperation project including following items is proposed:</p> <ol style="list-style-type: none"> 1. support for preparation of a manual for managing data on higher education-related indicators and employment status of graduates 2. organize workshops to strengthen the capacity of each university's HEMIS data management department group 3. Support for the preparation of the Higher Education Annual Report based on the results of the Tracer Study of Graduates.
Feature	
Status of support from other donors	The Support to Tertiary Education Project of the World Bank aims to introduce an information management system (MIS) to monitor the post-graduation employment of university graduates. World Bank Afghanistan Higher Education Project has a component introducing HEMIS.

³¹⁶ Nabdh Al-Amal Foundation (NAF) for Community Development: A local NGO that conducts community development projects as well as capacity building for young people to meet the needs of the labor market.