Assessment of the Livelihood Opportunities in the Kurdistan Region of Iraq
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1.0 EXECUTIVE SUMMARY

The current economic context in the Kurdistan Region of Iraq (KRI) is dominated by four serious challenges: 1) the security threat posed by the self-named “Islamic State” (IS) and the corresponding Kurdistan Regional Government (KRG) military expenditures; 2) the massive inflow of international refugees and Internally Displaced People (IDPs) and the corresponding infrastructure and service expenditures; 3) fiscal imbalances of the KRG due to delayed and diminished budgetary transfers from the central government of Iraq, particularly in the context of these additional expenditures mentioned above; and 4) sharp declines in revenues due to low oil prices.

As a direct result of political destabilization in neighboring Syria in 2012, as well as conflict with IS in 2014, the KRI has seen a massive influx of IDPs and refugees within the last four years. By the beginning of 2015, the number of IDPs and refugees in the KRI had reached significantly high levels: World Bank calculations have the total Syrian refugee and Iraqi IDP count at 257,000 and 1,253,300, respectively. Of this, approximately 60 percent of the total refugee and IDP population is settled in the Dohuk area. This increase in population has placed considerable burden on the KRG and local government, particularly because the ongoing fiscal crisis and the decline of key sectors of the economy had already strained existing financial resources. Key stakeholder discussions and interviews with ministry officials revealed concerns that current humanitarian aid resources and efforts were being directed solely to IDP and refugee groups, at the expense of host-community members. Although many Dohuk communities and households have been accommodating of IDP households thus far, as access to public services becomes even more limited and as the security situation becomes more prolonged, the potential for tensions between the IDP and the host-community continue to grow.

Key Objective and Methodology

In line with their other efforts to explore ways of increasing economic opportunities and livelihoods for vulnerable populations, Tearfund has commissioned this study to assess the primary constraints to economic growth in the Dohuk area in order to better identify potential avenues for investment and programming. As a result, the study seeks to answer the following question:

What efforts and resources are most needed in order to expand and grow livelihood development in the Dohuk region, particularly for the IDP and the vulnerable host-community population?

The study has combined several methodological approaches to better understand the context facing both recently displaced communities as well as vulnerable host-community members already present. Qualitative assessments were conducted through key informant interviews with primary stakeholders representing the public sector, private sector, and members of the NGO/INGO community. These were combined with focus group discussions within non-camp IDP communities in order to understand the largest constraints to employment. Quantitative data was also collected through household surveys of working age adults in the IDP community and supplemented with historical labor force survey data in order to map trends in the labor market. Final analysis of the data was then done utilizing an adapted growth diagnostics framework based on the work of Haussman, Roderick and Velasco (Haussman 2008).

Key Findings

The study finds that economic actors within Dohuk and the greater Kurdistan region are currently experiencing a number of factors that have led to a decline in economic growth. A growth diagnostics analysis of these factors leads the research team to identify two primary binding constraints that are hindering economic and livelihood development for IDP and vulnerable host-community populations. That is, two deficiencies most immediately obstruct investment and employment opportunities for current and potential private sector actors in these communities: 1) a lack of access to financial capital; and 2) the lack of a functional employment agency or system that matches employers with potential employees.
Historically, private sector financial markets have been weak within the KRI region. However, these deficiencies were overcome through high levels of public sector spending that supported private sector investment. With the reduction of public sector resources available due to the suspension of transfers from the central government in Baghdad, and the ensuing financial crisis, public sector services that once supported investment no longer exist. As a result, the KRI economy as a whole lacks reliable access to capital and financial credit. This constraint has led to a sharp decline in economic growth and development, as private sector actors no longer have the ability to obtain financial support to start or expand current businesses. For the few remaining credit resources available, high collateral requirements lock out the large majority of investors. IDP communities are particularly disadvantaged by existing loan requirements because the displacement process has resulted in the loss of most of their high-value physical assets. Given this reality, immediate economic growth and development will require assisting private sector actors, particularly IDP communities, with channels to acquire financial support.

The lack of coordination within the labor market also poses a substantial barrier to future employment and entrepreneurial activities for all communities in the KRI. The decline of public sector employment services, combined with the lack of pre-existing formal private sector employment agencies, has reduced the ability for employers to match their needs with available labor in the workforce. IDP and vulnerable host-community populations are further disadvantaged, as they lack the informal job networks held by well-established host-community counterparts. Along the same vein, IDPs with existing businesses or those engaged in start-up activities are restrained in their ability to identify qualified labor without proper labor-market channels. As a result, preferences for hiring among personal networks and contacts have dominated formal employment activity, to the detriment of recently displaced communities who do not have access to these networks. Thus, even in the case of economic expansion, the benefits of growth are not likely to be transferred to vulnerable groups. Addressing these market coordination failures will ensure that livelihood development remains a possibility for the IDP community.

In order to address the binding constraints identified in the analysis, the study lays out three key priorities for future interventions that attempt to address livelihood development for IDP and vulnerable host-community members.

1) Expand access to credit or provide connections to obtain means for capital investment

Without access to credit, there are severe limits on the ability for local investors to take advantage of the market and create their own investment opportunities. To make matters worse, IDP populations are particularly disadvantaged, as they have already experienced substantial shocks to savings and incomes and will likely lack physical collateral needed as leverage with any of the few remaining sources of lending. In light of this, the NGO and supporting public and private sector stakeholders should seek to address credit constraints that face IDPs and host-community populations in order to help relieve the bottleneck that prevents economic growth in the area.

2) Assist in the navigation of the local business community and help overcome “wasta” and other cultural barriers

IDP groups are likely to face a number of informational, process-related, and social barriers to entrepreneurship and general employment. Thus, any efforts to ensure sustainable employment and integration of IDP communities will need to improve coordination between the available IDP workforce and potential employers. Efforts should be directed towards expanding the current local government job center efforts or stepping in to replace systems that are no longer being supported. Additionally, this coordination effort must also seek to overcome preferences for personal networks—or “wasta”—and other barriers that would seek to overlook the IDP community as viable workers.

3) Measure livelihood and/or employment success as a primary outcome

Past programs and livelihood initiatives give meaningful guidance when considering the design of future interventions. The evaluation of the USAID Foras program, a recent employment initiative undertaken by the United States government in the KRI, notes that the lack of any employment outcomes used as indicators for program success obscures the ability to measure any real success of the program. Additionally, the lack of employment outcomes
does not incentivize any efforts that would ensure that the program has real effects on livelihood. With this in mind, the primary outcome of any program developed to address IDP and vulnerable host-community livelihoods should capture levels of improved livelihood generation or meaningful employment. This ensures that the internal logic of livelihood activities follows a theory of change that leads directly towards livelihood development.

Recommendations

Discussions with key stakeholders revealed that vital support structures—once provided by the KRG—are being quickly depleted in the face of ongoing financial and security concerns. Therefore, efforts that address immediate economic livelihood needs for IDP and vulnerable host-community populations must tackle several critical objectives. First, if households are able to establish internal sources of income, then this relieves the reliance on resources provided by international actors and the KRG. Integration of the large influx of IDP workers into the formal labor system is also key to increasing the potential for the region's economic output as it positions the economy to explore new viable sectors and replace existing declining ones. Lastly, the successful introduction of IDP communities into economically productive roles in society has the potential to improve social perceptions among the various communities and counter threats to social cohesion in the region.

The study finds that any future programming created to expand livelihood opportunities for IDP and host-communities must address the identified constraints in order to be economically viable. Furthermore, the context within Dohuk necessitates a substantial level of coordination between stakeholders in the public, private, and NGO sectors in any efforts undertaken. The study recommends that a combination of the following activities be explored in order to expand economic opportunities for IDPs and host-community private sector actors in Dohuk:

**Comprehensive Job Center Approach**

The creation of a job center that provides general information and employment services within Dohuk is critical to improving labor market coordination in the region. Program implementers would primarily serve to provide employment information, including available job opportunities, and coordinate between employers and jobseekers. The program should also include the provision of or assistance in obtaining relevant trainings, the identification of required registration and certification processes, and the facilitation of contacts to local finance partners or institutions.

**Job Center – Individual-based Casework Approach**

A modified version of the job-center approach could aim to target a smaller subset of individuals in the Dohuk region. The focus of this type of program would be less on disseminating information and publically available resources and more on assisting a small number of IDPs and vulnerable host-community members in navigating all levels of the employment process.

Within this framework, registered individuals would be assessed in order to identify what additional steps are needed to increase employability. This includes levels of skills competency, training, and the degree to which the individual is formally certified to engage in those activities. In addition to navigating employment requisites, supplemental capacity-building activities such as CV and resume workshops, a basic introduction to relevant technologies (i.e. computer and mobile devices), and the identification of relevant trade groups or unions will also be valuable. Program implementers would compile all required steps and assist the individual in navigating the process before ultimately assisting with the identification of potential employers. Partnerships with specific industries or private sector actors should also be explored as potential approaches for facilitating employment of program beneficiaries.
Grants for Income-Generating Activity
Developing programs that provide financial support for income-generating activities would focus on bypassing deficiencies in labor market coordination entirely and instead aim to have vulnerable beneficiaries create their own opportunities or expand on existing livelihoods to potentially create economic opportunities within the community. The study recommends that the approach focus on creating a cascading effect for employment by which investment grants lead to benefits for the entire IDP and host-community, as opposed to individual households. This can be achieved through establishing a process by which Tearfund reviews business proposals from the IDP community and provides the financial resources needed for groups of entrepreneurs to start or to supplement existing business activity.

New Industry Approach – Agricultural Value Addition
Taking into account the general profile of the IDP communities surveyed and the low availability of domestically created products, the study recommends the agricultural value-addition chain with the Dohuk region as the most promising area for future market growth. Market analysis of Dohuk and surrounding areas and interviews with the Ministry of Agriculture indicate that little has been done on this area of product development. Given the high demand for locally grown produce—namely tomatoes, cucumber and watermelon—and imported goods such as potatoes, investment in the agricultural value-addition chain could be a potential avenue for livelihood creation for the aforementioned crops. Within this approach, organizations such as Tearfund would assist local communities in identifying viable product lines, making initial capital investments, and facilitating the relationships between suppliers and buyers in the marketplace. Additionally, the creation of a new market in agricultural value-additional would potentially create opportunities for subpopulations locked out of traditional economic roles, such as low-skilled women seeking employment.
2.0 BACKGROUND

Since 2012, the growing Syrian conflict has resulted in a substantial humanitarian crisis within Syria, Iraq, and the greater region. In response, Tearfund, along with other international actors and local partners, has provided much needed emergency relief through humanitarian and financial resources and services. In 2014, with the growing threat brought about by IS (Islamic State), Tearfund focused additional efforts on the Kurdistan region of Iraq (KRI), delivering a needs-assessment of the community that resulted in winterization, WASH (water, sanitation, and hygiene), and cash transfers programming to over 20,000 beneficiaries in the Dohuk governorate and Nineveh region.

By April 2015, Tearfund merged its Syria Crisis Response and Iraq Crisis Response into one Middle East program and had unified its strategy for the region. Under this new organizational framework, Tearfund has expanded programming to address not only immediate needs, but also long term recovery and resilience efforts. This work is especially vital as the security situation in the area remains uncertain and grows more protracted.

In order for IDP and vulnerable host-communities to achieve meaningful and sustainable livelihoods, programs must address and overcome deeper deficiencies in the market and local economy. Therefore, to better tailor future efforts to the economic context of the area, Tearfund has commissioned an assessment that aims to identify the primary barriers to greater market investment in the Dohuk governorate. Given Tearfund’s commitment to serving the most vulnerable, the analysis is focused on communities that are most isolated from existing streams of humanitarian aid and services—non-camp IDP and host-communities in outlying areas.

3.0 ECONOMIC AND SECURITY CONTEXT IN KRI

The KRI constitutes an area within the federation of Iraq that was granted semi-autonomous status in 2005. Since then, estimates of the region’s economic productivity have shown high rates of growth through 2013. In particular, the oil sector has been a substantial driver of economic development within the region, accounting for approximately 80 percent of the government’s operating budget through a revenue-sharing mechanism negotiated with the central government in Baghdad. Alongside this, legislation designed to encourage private investment and economic diversification effectively lowered financial barriers to entry for both local and foreign investors into KRI markets. As a result, the area experienced rates of economic growth from 2005 to 2013.

Beginning in 2014, disputes between the Kurdistan Regional Government (KRG) and the central government in Baghdad resulted in delays and reductions of financial transfers to the KRI. The diminished fiscal support has led to substantial economic strain within the region and political tension between the two administrative bodies. By June of 2015, in order to meet growing financial obligations, the KRG began to sell oil on the international market. Since then, transfers to the KRI continue to lag behind original levels and the KRG has moved more actively towards formalizing oil sales.

3.1 Internally Displaced Persons and Refugees in the KRI

As a direct result of political destabilization in neighboring Syria in 2012, as well as conflict with Islamic State (IS) in 2014, the KRI has seen a massive influx of IDPs and refugees within the last four years. In 2014, the UN estimated that nearly 400,000 IDPs had taken refuge in the Dohuk governorate, initially settling in areas such as Khandek, Shariya, Zahko, Shekhan and in and around Dohuk town. In addition to camp communities created by the international community and local government, IDPs were also resettled in outlying areas and unfinished buildings. Among the groups displaced were Yazidis, Christians, Shabak, Kakai, Armenian and Turkmen minorities—many of whom have endured repeated displacement.

1 Until recently, the KRG’s fiscal balance has depended on a revenue-sharing arrangement with the central government of Iraq. The arrangement, codified within the Iraqi constitution, mandates that the KRG receive a proportion of overall Iraqi revenues in exchange for the production and sale of pre-established quantities of oil from oilfields under KRI control. Budget documents from the KRG Ministry of Finance show that these transfers represented 89-77% of total annual revenues from 2010 to 2013.
By the beginning of 2015, the number of IDPs and refugees in the KRI had increased further. World Bank figures have the total Syrian refugee and Iraqi IDP count at 257,000 and 1,253,300, respectively. Of this, approximately 60 percent of the total refugee and IDP population is settled in the Dohuk area. This increase in population has placed considerable burden on the KRG and local government particularly because the ongoing fiscal crisis and the decline of key sectors of the economy had already strained existing financial resources. As access to public services becomes even more limited and as the situation becomes more prolonged, the potential for tensions between the IDP and the host-community continues to grow.

4.0 ECONOMIC STATUS AND LABOR MARKET
OVERVIEW OF DOHUK

Prior to the recent financial and security crisis, the Dohuk economy was based on transfers received from the central government in Baghdad and construction across key sectors such as housing, tourism and hospitality. Service sector activities also represented a large portion of the local economy with the local government as the largest employer in the region. Using KRG figures generated by the Kurdistan Board of Investment (BOI) we see that housing, tourism and industry have provided the largest proportion of both project number and value in Dohuk (Figure 1). The purpose of the BOI is to facilitate both domestic and foreign investment in all of Kurdistan through the granting of investment licenses that allow firms to receive the benefits of the KRI’s investment laws. Given the government’s large role in coordinating private sector activity, BOI investment patterns generally reflect economic strategy and development within both Dohuk and the region as a whole. It should also be noted that while industry represents the largest number of total projects, only 38% (22 of 57) were fully completed by 2015.

**FIGURE 1: Board of Investment – Dohuk Licensed Projects by Sector, 2006-2015**

In 2012, the Kurdistan Regional Statistics Office (KRSO) authored a Labor Force Survey report for the region that described general characteristics of the Dohuk labor force. All three KRI governorates followed similar trends in terms of allocation of labor by sector, gender and unemployment. The unemployment rate in Dohuk was the largest for KRI as a whole at 8.3% compared to a region-wide average of 7.9%. Dohuk also showed slightly higher levels of informal employment (50%) when compared to the other governorates (49% and 47%). When separated by types
of sector, Dohuk’s labor force falls predominantly in the service sector of the economy with 78% of workers showing employment within service-oriented positions (Figure 2). All three governorates in KRI showed a large allocation of labor to the service sector, creating an average of 77% for the region. This is driven by high rates of public sector employment seen in all three governorates. In addition to government employment, service sector jobs include retail and sales, primary trades, and office administration. Within Dohuk in 2012, 51.3% of all workers were employed in the public sector while 47.1% were employed in the private sector.²

![Figure 2: Dohuk Labor Force Allocation by Sector, 2012](source: 2012 KRSO Labor Force Survey)

The gender distribution of labor in the KRI is skewed with males making up approximately 87% of all employed labor in Dohuk. Female employment is more heavily concentrated within the service sector while male employment represents the majority of labor within the industrial sector (Table 1). This trend holds true regionwide and within other governorates.

<table>
<thead>
<tr>
<th></th>
<th>AGRICULTURE</th>
<th>INDUSTRY</th>
<th>SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>5.9%</td>
<td>17.4%</td>
<td>76.7%</td>
</tr>
<tr>
<td>Female</td>
<td>4.7%</td>
<td>2.2%</td>
<td>93.1%</td>
</tr>
<tr>
<td>Total</td>
<td>5.8%</td>
<td>15.9%</td>
<td>78.3%</td>
</tr>
</tbody>
</table>

² The Kurdistan Regional Statistical Office categorized 1.6% of workers outside both the private and public sector as “other” labor.
Gender-specific employment patterns reveal themselves when analyzing reported job types as well (Table 2). In Dohuk, men make up the majority of members of the military and sales and service jobs while women were most likely to hold positions as clerks or professionals and experts. Recent trends within the Dohuk labor force show that since 2013, women have begun to expand participation within the agricultural sector while trends among Dohuk men have remained constant.

| TABLE 2: Dohuk Labor Force Allocation by Type of Employment and Gender, 2012 |
|---------------------------------|--------|-------|-------|
|                                 | TOTAL  | FEMALES | MALES |
| Technicians and associate professionals | 1.57% | 3.12% | 1.33% |
| Managers                        | 1.71% | 2.05% | 1.66% |
| Plant and machine operators, and assemblers | 4.99% | 0.36% | 5.69% |
| Craft and related trades workers | 6.20% | 2.14% | 6.82% |
| Skilled agricultural, forestry and fish | 8.76% | 17.63% | 7.41% |
| Clerical support workers        | 10.36% | 25.20% | 8.11% |
| Professionals                   | 11.58% | 32.24% | 8.45% |
| Elementary occupations          | 12.50% | 7.30% | 13.29% |
| Armed forces occupations        | 20.07% | 1.96% | 22.81% |
| Service and sales workers       | 22.27% | 8.01% | 24.42% |
| TOTAL                           | 100% | 100% | 100% |

Source: 2012 KRSO Labor Force Survey
5.0 SKILLS MAPPING AND FOCUS GROUP DISCUSSIONS

While recent instability related to financial and security issues in the region have severely impacted the economy, it remains important to understand the economic baseline of Dohuk leading up the crises. Investment patterns by the government and private sector actors, along with information analyzed in the Danish Refugee Council’s (DRC) Emergency Market and Mapping Analysis (EMMA), show that the construction and service sector were some of the largest sources of private sector income and employment within Dohuk. Despite large investment in industry, the low rate of project completion, as well as low rates of employment among Dohuk residents as factory workers and operators, means that industrial investment has done little in the way of providing meaningful employment opportunities to the local population. Moreover, the decline in construction and tourism due to the crises will continue to have a substantially negative effect on the local economy. The situation is only exacerbated by the influx of refugee and IDP communities that the area has had to shoulder.

As a component of the general livelihood study within the KRI, surveys were carried out with self-identified heads of households to better understand baseline levels of human capital and identify primary constraints to private sector investment and employment. The survey area consisted of the following communities: Grepane, Kalabadre, Garash, Khankey, and Lower Balkos. Targeting of interviewees was focused primarily on non-camp IDP households in outlying communities. Where possible, the surveys were directed towards respondents who were also responsible for generating income for the home. The following table illustrates the summary characteristics for the 267 individuals surveyed. In parallel to this, qualitative interviews were conducted with focus groups representing key subgroups within the IDP community—business owners, male heads of household, female heads of household, and working age youth.

| TABLE 3: Summary Statistics – IDP Household Survey |
|-------------------|-------|-------|
| **DP DESCRIPTIVE SUMMARY STATISTICS (N=267)** | **TOTAL** | **MALES** | **FEMALES** |
| **Gender** | | | |
| 77% | 23% |
| **Age (average)** | | | |
| 38.6 | 40 | 33.7 |
| **Years of Formal Education** | | | |
| 3.9 | 4.6 | 1.7 |
| **Household Size** | | | |
| 5.7 | 6.0 | 5.0 |
| **Language ability** | | | |
| 99% | 63% | 6% |

Among IDPs surveyed, differences between male and female levels of education were revealed. Overall, rates of formal education were generally low with 43% of IDPs surveyed reporting no level of formal education. This is particularly true of women. Only 27% of females reported some level of schooling and none indicated attaining education at the secondary level or higher. Similar patterns of differences in schooling attainment by gender are also present within the KRI, signaling a larger trend within Iraq.

Employment status among IDPs follows gender patterns as well, with women making up the majority of individuals not actively seeking employment while men report higher levels of full and partial employment (Figure 3). Of the 62 women included in the survey, 42% reported that they were unemployed but looking for work. This contrasts

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While a large proportion of women indicated that they were currently seeking work, the current economic situation within the KRI is underdeveloped in terms of creating opportunities for women. Expansion of female employment will require the creation of new markets open to female employment or political and social movements that integrate women into male dominated roles.
with 55% who reported that they were not seeking employment. Household surveys and focus group discussions revealed that the majority of women who opted out of the labor force identified as homemakers. The relatively few males who opted out of the workforce did so due to disability or age. A mix of adult-age male counterparts and working-age male children provided income sources for these female-headed households.

**FIGURE 3: EMPLOYMENT STATUS – IDP HOUSEHOLD SURVEY**

In terms of previous skills and work experience, the largest proportion of IDPs currently employed or actively seeking work were previously employed as daily laborers, public sector workers or farmers (Figure 4).

**FIGURE 4: REPORTED INCOME SOURCES* – IDP HOUSEHOLDS**

*Restricted to interviewees currently employed or actively seeking work
Household surveys show that prior skills and income activity have a direct relationship with current employment among IDPs. Individuals who identified as government employees and as daily laborers\textsuperscript{4} prior to displacement showed the highest rates of current employment at 75.9\% and 65.3\% respectively. On the other hand, agriculturalists and pastoralists showed the lowest rates of employment at 32.4\% and 36.4\%. The sample size did include a few shopkeepers, traders and professionals; however, the relatively small number of respondents makes it difficult to illustrate exactly how this subgroup of workers was affected. Out of these three, shopkeepers are likely the most impacted given the inability to transport investments (i.e. physical storefronts) needed to continue their livelihood.

It should be noted that despite high rates of reported government employment, focus group discussions and other published sources revealed substantial delays in wage payments for public sector employees. In cases reported to the media and from KRG officials, delays can range from two to three months. IDP group discussions reported that delays in payment had gone as long 10 months. Difficulty in receiving payments from the government go beyond direct salaries as well, with private farm owners reporting that government payments for wheat have taken as long as a full year between issuance and payment.

When surveyed about activities related to job seeking and entrepreneurism, the majority of economically active IDPs (56.7\%) reported that friends and family were the primary sources for finding work followed by the government and NGOs, both at 18.2\%. This contrasts with the 2012 Labor Force Survey Report, in which Kurds in Dohuk identified government institutions (42.6\%), registration with employment agencies (29.4\%), and direct visits to workplaces (11.3\%) as the primary means of job seeking. This discrepancy was reinforced throughout focus group discussions during which IDPs demonstrated a lack of awareness about any government job placement programs. However, even in the presence of more effective dissemination of information, declines in government resources have severely hampered the effectiveness of such programs. For example, discussions with officials from the Ministry of Labor and Social Affairs showed that nearly all funds for vocational training had been suspended and all current funding for training programs was being solely provided by bilateral donors that stipulated that training be focused on refugee rather than IDP or host-community populations.

When surveyed about what IDPs perceived to be the largest barrier to starting a business or creating a new source of livelihood, the largest proportion (63.8\%) reported that money was the primary resource that was lacking. When pressed further during focus group interviews, IDP respondents indicated that the need for money referred directly to capital required to invest in business inputs for their respective lines of work.

The final questions of the survey dealt directly with the issue of return and resettlement of previously occupied areas. Given the historical incidences of prolonged displacement observed by international groups such as the UNHCR, estimates for length of average displacement have increased substantially from 9 years in 1993 to 17 years in 2003 for major refugee crises. Given Iraq’s history with internal conflict, we would expect communities, particularly those who have experienced multiple rounds of displacement, to reflect these trends. However, when prompted about expected returns to IS controlled areas, nearly all respondents (93\%) indicated intent to return once it was safe to do so. The proportion remained high even when hypothetically offered a guarantee of employment in Dohuk, with 73\% responding that they would still return to their original homes (Figure 5). This sentiment is driven by an assumption that the expected duration of displacement is short term. Multiple interviews revealed that families had not expected the current conflict in their areas of origin to last more than a few weeks or months. This explains much of the hesitation and lack of reported investment in livelihoods by both IDPs and the Dohuk government, as uncertainty has made it difficult to assess the economic viability of such investments.

\textsuperscript{4} Daily labor within the Dohuk context likely revolved around the construction sector during pre-crisis periods. With the current crisis we are likely to see more labor directed towards a combination of agriculture and public works.
The ongoing nature of the conflict, however, has severely diminished any reality for an immediate transition to former homes and communities. IS occupation has resulted in massive damage to outlying areas in Ninevah and Dohuk, with estimates for reconstruction as high as 300 million USD for the region. Focus group discussions have also revealed increased financial strain on communities as personal savings have been depleted, leaving little left for livelihood investment. Additionally, analysis conducted by Tearfund confirms that the vast majority of IDP households have incurred some level of debt in order to cope with the current situation.

6.0 LIVELIHOOD ASSESSMENT OF THE DOHUK GOVERNORATE

Utilizing and adapting the growth diagnostics process developed by Hausman, Rodrik and Velasco (HRV 2008) as a guiding framework, the study set out to identify what aspects of the economy pose the largest constraint to growth in the private sector, and by extension the creation of employment opportunities within Dohuk (Figure 6).

FIGURE 5: WILLINGNESS TO RETURN TO ORIGINAL HOME – IDP HOUSEHOLD SURVEY

Guaranteed safe return home

- **YES 93%**
- **NO 7%**

Guaranteed employment in Dohuk

- **YES 76%**
- **NO 24%**

FIGURE 6: PRIMARY NODES OF THE GROWTH DIAGNOSTIC FRAMEWORK

- **LOW RETURNS TO ECONOMIC ACTIVITY**
  - POOR INPUTS (i.e. land, labor, infrastructure)
- **REDUCED ABILITY TO RETAIN EARNINGS**
- **HIGH COST OF FINANCE**
  - POOR INTERNATIONAL OR LOCAL FINANCE
The methodology employs a framework from which a series of nodes correspond to basic needs of private actors within an economy. Each node is explored in order to identify what areas hold the most potential for constraining overall market growth and development. At the topmost level, the main pathways originate from two primary categories: High Cost of Finance and Low Returns to Economic Activity. Within the finance node, the pathways explore means by which private actors and the local economy are able to acquire capital or create a reliable finance system. The low returns node explores the quality of inputs, including that of land, skill base of labor, and the availability of general infrastructure. This section also delves into the greater business climate, rule of law, and more broad macroeconomic stability.

Once a potential constraint is identified, the framework employs a differential diagnostic that attempts to assess the extent to which the constraint is preventing growth in the economy. Information gained from key informant interviews, focus group discussions, household surveys, government resources, and previous reports and evaluations are then leveraged to better understand the contextual reasons behind the barriers to growth. While it may be the case that multiple constraints can be identified within a given economy, the methodology seeks to understand which economic deficiencies hold the largest potential for positive impacts to the local economy and the greatest good for vulnerable populations. The questions central to this diagnostic are:

**TEST 1:** Does the constraint substantially increase the cost of doing business?

**TEST 2:** Do observed changes in the constraint result in changes in business creation and investment?

**TEST 3:** Is there evidence that the market is trying to get around the constraint?

**TEST 4:** Are firms that are less dependent on the constraint more successful?

### 6.1 FINDINGS

#### 6.1.1 Human Capital

The IDP crisis has resulted in a significant increase in available labor in the region. There is, however, some ambiguity around the educational quality of the available IDP workforce. Interviews with key informants and focus group discussions suggest that IDP populations, particularly those in non-camp and outlying areas, are below that of host-community and refugee populations. Given the security crisis and ensuing displacement, we would expect to see that those with higher levels of education and resources were better able to relocate to more desirable and economically beneficial areas. Comparisons between labor force surveys conducted by the KRG and those conducted by the research team, on the other hand, counter this assumption. Instead, surveys conducted illustrate that IDPs in the labor force show slightly higher rates of formal education (Figure 7).

**FIGURE 7: LABOR FORCE EDUCATION RATES – HOST-COMMUNITY AND IDP HOUSEHOLDS**

<table>
<thead>
<tr>
<th>Rates of Labor Force Educational Attainment</th>
</tr>
</thead>
<tbody>
<tr>
<td>KURDS</td>
</tr>
<tr>
<td>No Education</td>
</tr>
<tr>
<td>60.0%</td>
</tr>
</tbody>
</table>

* IDP secondary levels include both lower and upper secondary

Source: KRSG Labor Force Survey 2012, IDP Household surveys
In terms of skill base and past experience, IDP workers primarily worked as day laborers and, to a lesser extent, farmers and pastoralists. Prior to the crisis, day labor was centered on the construction industry. Both host and IDP communities showed low rates of female employment, and employed females within the host-community tended to fall within a specific line of work (clerks, professional/expert, public sector).

Given that a small number of current and past interventions in the region have focused on some level of skills-based training, and that this area was identified early on as a potential area of programming for Tearfund, there is value in assessing whether or not the issue of human capital is a binding constraint to IDP employment through a differential diagnostic.

**TEST 1: Does the lack of human capital substantially increase the cost of doing business?**

Historically, the Dohuk labor market has been focused on service sector and construction-related employment. Judging from previous work reported by IDPs, most private sector labor within the Ninevah region focused around construction and agriculture. In both Dohuk and Ninevah, there is little demand for high-level technical expertise or mid-level trade work (electrician, plumbing, crafting). If a lack of adequate education and skills of laborers were a binding constraint for the Dohuk economy, we would see several strong indications within the market. Namely, we would observe numerous vacancies in positions requiring technical skills expertise despite high wages and the potential for large economic returns. These increased wages and unfilled jobs would mean that the Dohuk economy is willing to pay a larger price than it normally would given the short supply of technically trained workers. Interviews with private sector actors and government officials indicated that this is not the issue within Dohuk. Labor force survey data also suggests that there has been little demand for high skill work in Dohuk historically, relative to the rest of the local economy.

**TEST 2: Do observed changes in the stock of human capital result in changes in business creation and investment?**

If a lack of workers were a binding constraint to the Dohuk economy, we would observe large growth in sectors reliant on low-skill physical labor given the influx of IDPs in the region. Within the Dohuk context, these would be centered on agriculture, construction, and some service sector jobs. Declines in the construction and tourism sector are caused primarily by financial and security concerns and are less related to changes in labor demands. Growth in agriculture appears to remain stable and insensitive to the introduction of a large number of farmers and pastoralists. Additionally, according to private sector investors and government officials, there was no indication that the entrance of IDPs resulted in the organic development of new opportunities for market development. As it stands, we see no indication that the influx of IDP workers has resulted in increased economic activity in the region.

**TEST 3: Is there evidence that the market is trying to get around the lack of human capital?**

Interviews with the Ministry of Industrial Development as well as the Dohuk Chamber of Commerce indicate that some industries and factories in the private sector continue to employ foreign labor. There appears, however, to be little done in the way of tracking overall figures of foreign labor allowed in the region. The continued reliance on foreign workers does illustrate that there is some level of disconnect between the Dohuk economy and the available labor force. Given the information collected, these differences arise not from differences in education and technical expertise, but from perceived differences in level of effort between foreign labor and host-community workers. In this context, IDPs have the potential for gaining access to employment if they are able to establish themselves as an alternative to foreign labor. Discussions around job-seeking efforts and current economic practice with IDP and host-community groups do suggest that the influx of IDPs have reduced wages in the region, particularly for day labor positions in agriculture and construction. Whether or not this makes them competitive with current foreign labor workers is currently unknown given the lack of information on hiring practices by private firms as current labor force surveys and reports focus only on domestic labor.
TEST 4: Are firms that are less dependent on human capital more successful?

If human capital and labor quality were lacking in the whole of Dohuk, we would observe the employment market to consist mainly of low skill sectors that require less technical training. Judging from the distribution of labor to service-oriented positions, there is evidence that this has historically been the case. It is likely, given the investment patterns seen in the region, that Dohuk has not had a strong demand historically for highly technical employees among the host-community. The influx of IDPs, with a similar education profile to host-community labor, does little to change the overall skill level of employees. Within this context, we would expect IDP communities to be able to integrate their skills into the current market.

DISCUSSION:

Although there are indications that the current level of human capital may be constrained for the KRI economy as a whole, as evidenced by the lack of highly technical sectors and use of foreign labor for industrial activity, this does not pose an immediate constraint for IDPs seeking employment in the region, nor for IDPs engaging in entrepreneurial activity. Current education and skills rates are in line with the current needs in the existing labor market and comparable to host-community rates. IDP communities may even have a slight advantage in the agricultural sector, given previous experience, should the KRI successfully implement plans to expand domestic production. As a result, efforts that focus solely on vocational training or provide supplemental skills without addressing the lack of employment opportunities will have limited to minimal effect in the current market. As the KRI economy grows and emerges past the immediate crises, however, one would expect a need for the whole of the KRI to better develop a skills building and vocational education platform to supplement growth. Until then, efforts are better spent on increasing economic opportunity and providing supplemental training and support where needed, rather than a focus on skills building alone.

6.1.2 Natural Endowments

Natural endowments in the form of land and existing infrastructure are adequate for general business operations. Interviews with the Ministry of Agriculture suggest that farming activity in the region is in line with government strategies for creating a domestic market for agricultural goods, primarily wheat. No indication was given that a lack of or poor quality of land restricted growth in farming. Interviews with business leaders and private sector organizations such as the Chamber of Commerce expressed that, beyond security concerns that have disrupted some traditional trade routes, general infrastructure (electricity, access to water, roads) was adequate for carrying out current business activities. Analysis completed by the World Bank does show that future infrastructure deficiencies will arise, especially given the increased resource consumption caused by the increase in IDP population. However, these concerns do not hamper immediate economic growth.

6.1.3 Government Failures

The ability for the government in Dohuk and the greater KRG to create a macroeconomic business climate conducive to investment in the region is severely hampered given the current crises underway. Government failures within this context fall primarily into two categories: financial instability brought about by the disruption of transfers from the central government in Baghdad, and security concerns brought about by the rise and proximity of IS.

Security can be broken down into two different categories, internal and external security. In general, the Dohuk region and KRI as a whole have exhibited relatively stable internal security. Crime rates and public displays of unrest are rare and do not hinder the business climate in Dohuk town and surrounding areas. External security threats, however, are much more pressing. Conflict with IS has required substantial financial and military resources. Furthermore, the security context has depressed the investment climate given worries of potential losses to property and investment while severely curbing the tourism industry.
EXTERNAL SECURITY

TEST 1: Does the threat of external security substantially increase the cost of doing business?

The impact of security costs can be measured in a number of ways. One way in which these costs could be seen is in the amount of resources dedicated to mitigation efforts. These include, but would not be limited to, the rise in private security firms or investment in stronger security measures. Given that the threats in the KRI are more external as opposed to internal, there are limitations surrounding the growth potential of the sector as the threat posed by IS is likely greater than any amount of security that private investment could provide.

The impact of external threats would instead be focused on business investment decisions. Looking at trends of investment in the area, we see that a drop off in investment begins to manifest in 2014, when the IS threat began to more fully form. However, this also coincides with the budgetary disputes between the KRG and the central government. Therefore, while it can be assumed that security concerns raised the risk premium for investment beyond manageable levels, the study cannot disentangle this from other potential causes for decreased investment.

TEST 2: Do observed changes in the threat of external security result in changes in business creation and investment?

External threats have negatively impacted business creation and investment in Dohuk and KRI as a whole. The most security-sensitive sectors within the Dohuk area are that of tourism and, to a lesser degree, hospitality services. Various government and media sources cite that the KRI had been a growing tourism market, but that the IS security threat has severely hampered growth in the sector. Declines in tourism and hospitality services would pose rippling effects across the KRI economy due to the economy’s large focus on service sector related activity. Foreign direct investment continues to decline given ongoing security and fiscal concerns as well, contributing to a larger depressive effect felt across all KRI markets.

TEST 3: Is there evidence that the market is trying to get around the threat of external security?

Given the substantial role that the local and regional government have in the private sector, the large dedication of resources and manpower to address external security concerns does affect how well private investment in Dohuk is able to proceed. Seed capital for business inputs as well as guarantees for agricultural and manufacturing products can no longer be given or are severely delayed due to the need to establish external security. As stated above, private sector actors themselves can do very little in mitigating this threat, thus reliance on the government to directly address these concerns would be reflected in the expansion of the armed services or security mechanisms. The market would, as a response, shift to activities that are more resilient to displacement or forced movement. The result would be a rise in desire to learn more skills-based economic activity that requires less in the way of expensive equipment or capital investments that cannot be moved in the face of an emergency. Qualitative interviews showed that some IDP households believed that learning a specific trade could help address current livelihood needs. However, a lack of capital to invest in these skills prevented them from seeking out additional training and education.

TEST 4: Are firms that are less dependent on security more successful?

Firms that are less sensitive to security concerns should be seen as thriving in the KRI context. This would be most present in sectors that create goods and services that rely on markets outside of the conflict areas. Dohuk, however, does little in the way of substantial exports or global services so it is difficult to assess whether or not this is the case.

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5 Additionally, according to the EMMA conducted by the Danish Refugee Council, positions in security firms are generally reserved for members of the local population and vetted internally by government agencies, namely the Asayish. This would rule the sector out as a potential employer for IDPs and refugees communities.
DISCUSSION:
While security has had a substantial depressing effect on the KRI economy and investment, particularly tourism, it is not clear that solving external threats alone would immediately result in levels of economic growth seen prior to the financial and security crisis. The KRI does little in the way of exporting goods and, as a result, large interruptions to trade routes will have less economic impact on the region. Domestic economic activities will continue, regardless of the state of conflict, given the relatively stable internal security within Dohuk and the ability of KRI military forces to hold existing territories. As a result, the direct effect of external security issues on the employability and entrepreneurial activities of IDP and vulnerable host-community populations is likely to be low. Ultimately, the security context, as it stands, should be viewed as an external factor that affects the economy and not as a systemic economic issue that actors within the private sector need to address. However, the ways in which the security situation has altered the ability to deliver public services and support (i.e. education services, financial support) for target groups is likely to be a priority for livelihood development.

FINANCIAL/MACROECONOMIC SECURITY
The interruption of budget transfers from the central government to the KRG has had a massive impact on economic growth and investment in the region. In terms of investment climate and uncertainty, the budget disputes that began in 2014, in tandem with IS security concerns, have resulted in a large decline on both domestic and foreign investment in the region. In the local context, the disruption of financial transfers has had a more direct effect in that they have reduced the local and regional government’s ability to provide financial services and support to the private sector. Without these resources, the market lacks the capital needed to invest in business ideas and inputs to continue expanding current firms. Given the KRG’s immense role in providing finance and subsidies, the analysis of the effects of the budget crisis will be analyzed more fully when analyzing issues related to lack of formal financial markets.

6.1.4 Market Failures
The Dohuk private sector suffers from several specific market deficiencies. The first deals with the ability of the market to properly coordinate between labor availability and labor needs. At this point, government-managed job centers are unable to efficiently identify and register all available workers, particularly IDPs, and link them to all potential employers in the region. Apart from government efforts, there are no formal private sector efforts to complement the government’s employment agency apart from efforts by USAID and the Foras program. While the Foras website is still active, program descriptions suggest that the program duration extends only through the end of 2015.

Apart from placement and registration activities, job centers also provide resources for training and skills building. Within Dohuk, efforts to provide vocational training to the general labor market come from both government and private sector vocational training centers. However, the output of trainees remains low due to budget shortfalls in the KRG and lack of resources among employees. Currently, the largest proportion of funding for these programs comes from outside of the government—specifically, aid agencies such as the German Cooperation (GIZ) and NGOs such as the Danish Refugee Council. In addition to the restrained output, there does not appear to be any coordination between such training programs and the government agencies that coordinate industrial investment and the government-run job center.

Additionally, the Dohuk labor market must also overcome preferential treatment of personal networks in hiring. Known locally as “wasta,” the practice of relying on local networks for primary sources of labor and work, while not unique to Dohuk and the KRG, will pose a cultural barrier for establishing an efficient labor market that relies on information.

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6 The USAID/Iraq Opportunities Project (Foras) is a two and a half year activity (February 7, 2013-November 6, 2015) funded by the USAID/Iraq/Office of Governance and Economic Opportunities and implemented by Family Health International 360 (FHI 360). http://www.fhi360.org/projects/opportunities-project-foras
**TEST 1:** Do market coordination failures substantially increase the cost of doing business?

Lack of market coordination has the potential of negatively affecting IDPs on two distinct fronts. On one hand, the lack of access to any large-scale formal system to share information on job openings increases barriers to finding employment in Dohuk. Host-communities previously relied on government institutions and employment centers for finding work. However, surveys conducted show that IDPs lack local employment networks and are unaware of how to access government services and private employment centers that support job placement. Secondly, the lack of coordination between various actors and government agencies on economic strategy and development is likely contributing to inefficiencies and lost opportunities. Training programs, job placement centers, and ministries involved in industrial and sector development can coordinate efforts thereby ensuring that a workforce is readily trained and in place to operate in any newly created factories and sectors. This, however, relies on some assumption that the Dohuk governorate and KRG are able bring in new investment in the short to medium term. Regardless, the lack of this coordination locks out a large IDP labor force willing to work and compete against traditional foreign labor, raising inefficiencies in the market.

**TEST 2:** Do observed changes in market coordination result in changes in business creation and investment?

Recent declines in public sector spending have resulted in a significant decline in public sector services, such as those dedicated to job placement. While the overall economic decline has also contributed to a lack of success, interviews with ministry officials clearly indicate that the current system of labor market coordination is wholly inadequate. The influx of refugees and IDP communities adds further strain to the system resulting in a shift in business practices away from relying on more formal channels of coordination (i.e. government job placement centers, private sector employment agencies, online employment portals) to a higher reliance on informal networks and labor markets outside of Dohuk.

**TEST 3:** Is there evidence that the market is trying to get around a lack of market coordination?

The lack of labor market coordination in Dohuk has resulted in a number of inefficiencies in the labor market that ultimately work against IDPs and vulnerable host-community members. Interviews with IDPs and private sector actors indicate a strong preference within the current labor market for hiring within social and personal networks. This practice effectively locks out IDP and vulnerable host-community members in outlying areas from employment opportunities, as they are unable to compete in the labor market without established social networks. Such practices produce inefficiencies as they do not leverage comparative advantages in the labor market and are more prone to preventing the free movement of labor. Lack of coordination between local labor and employers is exemplified further by the use of foreign labor, where networks for staffing would circumvent deficient local systems and tap into outside networks that are seen as more desirable to employers. Without the ability for employers to tap in to channels that match job openings with suitable labor, the economy has turned to less efficient and potentially more costly means of identifying workers providing evidence for the need for systems that improve the process.

**TEST 4:** Are firms that are less impacted by market coordination more successful?

Evidence that poor coordination between local labor and employers exists is identified by the existence of firms that choose foreign labor markets despite the availability of local labor. This would show that despite adequate levels of supply—in this case IDP and host-community workers—it is easier to identify suitable workers through outside markets. Currently there is no existing data on the labor practices of small to medium enterprises in Dohuk to investigate this further. However, there is anecdotal evidence that use of foreign workers continues to be a trend in the industrial sector. Interviews with the Dohuk Chamber of Commerce indicate that foreign labor is used to staff some large local factories and that employment decisions are based on perception of labor quality, primarily around effort. There currently is not enough information, however, to generalize this practice to the rest of the industrial sectors in Dohuk.
**DISCUSSION:**
The lack of coordination within the labor market is a barrier to future employment and entrepreneurial activities, particularly for IDP and vulnerable host-community populations. The weakening of public sector employment services due to reduced resources, combined with the lack of formal private sector employment networks in place, reduces the ability for private employers to effectively match with suitable labor in the workforce. IDP and vulnerable host-community populations are further disadvantaged, as they have weaker informal networks into the current job market. IDPs with existing businesses or engaging in business start-up activity are likely to be restrained in identifying suitable labor without proper labor market networks, while IDP jobseekers will be unable to overcome existing hiring practices that favor personal networks and preferences for foreign labor. As such, even in the case of economic expansion and increased opportunities, the benefits are not likely to be transferred to vulnerable groups due to this lack of access. That said, market coordination is a constraint to future economic growth and activity for IDP and host-communities in Dohuk.

**6.1.5 Access to Finance**
Historically, the government has provided the necessary inputs to investment for the KRI. This includes the full range of financial products and intermediary services, such as seed capital, land procurement, access to inputs, and guarantees to purchase output. The recent security and budgetary crises in the region has reduced and, in some cases, stalled government support of private sector actors resulting in a substantial reduction in overall economic investment and growth in Dohuk.

**TEST 1: Does a lack of formal finance substantially increase the cost of doing business?**
Within the KRI, the government has played the primary role as financial intermediary and lender. Low levels of development in the formal private financial market as well as poor perceptions of banks by the general population have further enhanced this role. As a result, the budgetary crisis, in limiting the ability for the government to lend and provide seed capital and subsidies, has crippled the primary source of finance within the region. Without any source of investment capital, the market is then unable to expand and invest in new opportunities, limiting the ability for the private sector to grow and create new jobs.

However, even in the case that the financial crisis becomes relaxed, IDPs will continue to struggle in the private credit market. This is due to a lending system in the KRI that revolves primarily around collateral as the primary means of guaranteeing loans. IDPs, by the nature of their displacement, are least likely to have fixed assets to offer in order to secure lines of credit. As a result, they are likely to be disproportionately reliant on public sector, NGO and informal networks for financial support.

**TEST 2: Do observed changes in access to formal finance result in changes in business creation and investment?**
Given that formal finance has primarily existed through government activities, reduction in these activities would have been followed by a decline in business creation and development. This trend was observed in KRI as a whole, but is also entangled with greater insecurity and the potential for macroeconomic instability. That said, the fact that money was named by IDPs as the primary barrier to establishing a livelihood illustrates that the current system lacks any means of providing the financial capital needed. Depending on the livelihood of the individual, this amount could vary from capital needed to buy tools and machinery or financing to purchase all materials needed to complete small-scale construction projects (i.e. completing unfinished homes).
**TEST 3:** Is there evidence that the market is trying to get around a lack of formal finance?

Without the government acting as formal primary lender, we would see actors in the market instead relying on alternative or informal sources of finance. When asked where one would theoretically find capital for future investment, interviews with IDP households showed that informal networks were identified as the most likely of places, followed by the government and NGOs (Table 4).

<table>
<thead>
<tr>
<th>PRIMARY SOURCE FOR CAPITAL</th>
<th>(% OF TOTAL)</th>
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<tbody>
<tr>
<td>Friends/Family</td>
<td>37.1%</td>
</tr>
<tr>
<td>Government</td>
<td>26.2%</td>
</tr>
<tr>
<td>NGO</td>
<td>17.1%</td>
</tr>
<tr>
<td>Not Possible</td>
<td>13.8%</td>
</tr>
<tr>
<td>Bank</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

Focus group discussions indicated that prior to the crisis, government programs and services were the primary means of attaining seed capital. While similar programs would have been offered in the Ninevah region, surveys show that they were less prominent. We would expect to see more individuals state the “not possible” option as the situation continues to move forward unchanged and personal networks become further depleted.

**TEST 4:** Are firms that are less reliant on formal finance more successful?

As a result of a lack of formal finance in the market, we would see economic activities that are less intensive in capital much easier to establish. Reported increased employment rates of IDP day laborers in agriculture, small public work projects and construction are a sign of this. This normally would be more pronounced in the agricultural sector as, apart from land, physical labor is the primary input to production. However, given that displacement would have taken away IDPs access to land and the fact that agricultural investment in Dohuk is generally low compared to other sectors, it is not surprising that the agriculture sector has not grown. Sectors that are more capital intensive would also be more negatively impacted. In the context of Dohuk, the decline in the construction sector would be an example of this.

**DISCUSSION:**

Historically, private sector financial markets have been weak within the KRI region. This was brought about by the combination of restrictive regulations imposed on the sector as well as poor perceptions of financial institutions within the public. These deficiencies, however, were overcome in large part by public sector spending that supported private sector investment. With the reduction of available public sector resources brought about by the financial crisis, public sector services that supported investment have been substantially reduced. As a result, the KRI economy as a whole lacks reliable access to capital and financial credit. The result has been sharp declines in funds available to start businesses and expand the private sector economy. IDP communities are particularly affected,
given the reliance on collateral to establish creditworthiness and that most high-value physical assets were lost in the displacement process. Given this reality, assisting private sector actors with the channels to acquire financial support will be critical to immediate economic growth and development. This applies to IDP and vulnerable host-community populations seeking to start businesses or engage in capital intensive trades (i.e. small-scale construction work) as well as for jobseekers reliant on the ability for employers to acquire working capital needed to continue and expand businesses.

7.0 CONCLUSION
Applying the growth diagnostic to the economic context in Dohuk reveals several major deficiencies within the private sector that hinder it from expanding and offering economic opportunities to IDP and vulnerable host-community members. The differential analysis allows the research team to identify which of these is the most binding constraint. At this time, the lack of access to finance and the lack of formal coordination in the market between employers and jobseekers are identified as the primary barriers for IDPs and vulnerable host-community members. While the security situation also has a detrimental effect on the region as a whole, addressing external security threats are beyond the scope of Tearfund and similarly situated organizations.

The framework and accompanying analysis should not be interpreted as identifying the only limitations in Dohuk. As the region grows and develops beyond the immediate crises, we would expect to see additional issues present themselves. Infrastructure and education quality are only some of the major concerns that will likely need to be addressed in the near future. However, in order for the region to make immediate and real gains towards livelihood and economic development, the study recommends focusing first on the identified constraints in order to maximize progress as the KRI seeks to emerge from the current crises.

7.1 Priorities for Expanding IDP Economic and Livelihood Opportunities

1) Expand access to credit or provide connections to obtain means for capital investment

Lack of access to finance is, at the core, a binding constraint to local economic growth for all of Dohuk and, in particular, for IDPs and vulnerable host-communities. The budget crisis has drained all public and private lending sources within the financial system. This has only served to further weaken a private sector financial market that has suffered from poor public perception and little to no market penetration. Combined with a lack of economic investment from traditional foreign and domestic sources means that some level of investment will need to come from households and vulnerable communities. However, without access to credit, there are limits on the ability for local investors to take advantage of the market and create their own investment opportunities. To make matters worse, IDP populations are particularly disadvantaged, as they have already experienced substantial shocks to savings and incomes and will likely lack physical collateral leverage with any few remaining sources of lending. In light of this, the NGO and supporting public and private sector stakeholders should seek to address credit constraints that face IDPs and host-community populations in order to help relieve the bottleneck that prevents economic growth in the area.

2) Assist in the navigation of local business community and help overcome “wasta” and other cultural barriers

Apart from the immediate and ongoing financial impact, IDP groups are likely to face a number of informational, process-related, and social barriers to entrepreneurship and general employment. Thus, any efforts to ensure sustainable employment and integration of IDP communities will need to improve coordination between the available IDP workforce and potential employers. Efforts should be directed towards expanding the current local government job center efforts or stepping in to replace systems that are no longer being supported (Foras). Additionally, this coordination effort must also seek to overcome “wasta” and other barriers that would seek to overlook the IDP community as viable workers.
Beyond immediate economic concerns, improving market coordination and information may provide social benefits as well. Key stakeholder discussions and interviews with ministry officials revealed concerns that current humanitarian aid resources and efforts were being directed solely to IDP and refugee groups, at the expense of host-community members. Focus group discussions with IDPs also acknowledged that their IDP status was the cause for social friction, particularly when seeking work. That said, many Dohuk communities and households have been accommodating of IDP households as evidenced by informal arrangements to provide free housing and short-term work for needy IDP families. However, as the security situation remains protracted and as public sector services are further constrained, the potential for tensions to flare between host and displaced communities remains. Well-executed efforts to integrate IDP populations into economic markets have the potential to increase social cohesion through the expansion of economic opportunities and growth within Dohuk and the rest of the KRI.

3) Measure livelihood and/or employment success as a primary outcome

Past programs and livelihood initiatives give meaningful guidance when considering the design of future interventions. The evaluation of the USAID Foras program, a recent employment initiative undertaken by the United States government in the KRI, notes that the lack of any employment outcomes used as indicators for program success obscures the ability to measure any real success of the program. Additionally, the lack of employment outcomes does not incentivize any efforts that would ensure that the program has real effects on livelihood. With this in mind, the primary outcome of any program developed to address IDP and vulnerable host-community livelihoods should capture levels of improved livelihood generation or meaningful employment. This ensures that the internal logic of livelihood activities follows a theory of change that leads directly towards livelihood development.

8.0 RECOMMENDATIONS

8.1 Potential Programs

Efforts to revitalize and streamline private sector expansion in order to grow economic opportunities will require coordination among stakeholders from all sectors. Even in the face of constrained finances and a reduction in public services, the public sector can play a large role in fostering growth and economic opportunity. Government officials and agencies such as BRHA (Bureau of Relief and Humanitarian Affairs), MOLSA (Ministry of Labor and Social Affairs), and the Dohuk governor’s office all have influence that directly affects the economic business climate for the governorate. Ensuring that such agencies are aligned with Tearfund’s efforts will be critical to success. Even with limited resources, the government’s role in coordinating efforts between the NGO and private sector community stakeholders should not be overlooked.

Partnerships with the existing NGO and private sector communities will also facilitate program success. At present, focus group discussions reinforced a commonly shared sentiment that the international community could be trusted to provide aid and assistance. Such efforts and goodwill within the community should be leveraged to strengthen connections between existing private sector actors and vulnerable community members. Furthermore, future initiatives will likely require multifaceted approaches or the assumptions that barriers in other aspects of the economy are also being addressed. An example of such coordinated efforts would be the combination of job placement activities with financial support to acquire business inputs and required tools. Given the potential scale and the large number of household communities affected, support from other NGO actors and partnerships with private sector stakeholders will help ensure that these goals are achievable.

The following examples draw upon evidence of observed need from the study, past programs conducted in the region, and existing evidence and research.
Comprehensive Job Center Approach
The creation of a job center that provides general information and employment services within Dohuk was the primary objective of programs such as USAID’s Foras. By creating an online database that gave employers access to skilled workers and platforms, the intervention attempted to address both supply and demand side issues within the labor market, while also supplementing existing market and public sector efforts to boost employment. However, as an internal program evaluation concludes, several flaws in the implementation may have reduced the overall ability for the program to have a measurable effect on livelihoods. The program evaluation cites the lack of an individual tracking system to monitor individual progress towards achieving various stages of employability, the lack of any provision or assistance with obtaining capital finance, and the lack of verifying actual job placement.

Tracking individuals through the job-seeking process allows program implementers to identify additional barriers to employment. These would include verification of compliance with regulations, such as registration and official certification. Tracking would also allow program implementers to better understand what characteristics and skills best improve employability.

In addition to coordination between employers and jobseekers, the program should also include additional components to address the potential for other gaps in the employment process. While skills and training alone are unlikely to make IDPs fully competitive in the job market given issues such as “wasta,” combining these programs with placement efforts by the NGO community and government agencies can potentially overcome these barriers. Supplemental information could be provided through call centers or other public portals, such as websites, to ensure that the information is accessible to jobseekers. Additionally, the need to assist individuals in identifying sources of seed capital for inputs such as tools and materials will likely be needed given the current state of the financial market. Ultimately, registrants would drive the job placement process with assistance from the job center.

Job Center – Individual-based Casework Approach
A modified version of the job center model could instead aim to target a smaller subset of individuals in the Dohuk region. The focus of this approach would be less on disseminating information and publically available resources and more on assisting a small number of IDPs and vulnerable host-community members in navigating all levels of the employment process. This would include any skills-building and the provision of any financial/in-kind support, in addition to the tracking of jobseekers as they navigate the job market.

Within this framework, registered individuals would be assessed in order to identify what additional steps are needed to increase employability. This includes levels of skills competency, training, and the degree to which the individual is formally certified to engage in those activities. In addition to navigating employment requisites, supplemental capacity-building activities such as CV and resume workshops, a basic introduction to relevant technologies (i.e. computer and mobile devices), and the identification of relevant trade groups or unions could be made available. Program implementers would compile all required steps and assist the individual in navigating the process before ultimately assisting with the identification of potential employers. Partnerships with specific industries or private sector actors should also be explored as potential approaches for facilitating employment of program beneficiaries.

Grants for Income Generating Activity
Financial support for income-generating activities primarily addresses the lack of access to capital found in the current Dohuk economy. This approach would focus on bypassing deficiencies in labor market coordination entirely and instead aim to have vulnerable beneficiaries create their own opportunities or expand on existing livelihoods to potentially create economic opportunities within the community. A study conducted within post-conflict communities in Uganda can serve as an example and provide a program framework for this type of intervention (Blattman 2013). In this program, beneficiaries were asked to form groups and submit proposals for grants to fund vocational training and business start-up activities and inputs (i.e. livelihood tools that could be shared among group members). An endline evaluation of the program found significant increases to assets, reported work hours, and earnings for grant recipients. The program was targeted to young adults in the community, and the effects were found to be valid across a range of education and wealth levels. The program has additional relevance given the high level of constraints to credit found in both contexts, as well as the prevalence of previous conflict experienced by target communities.
Final program design, however, would need to ensure that issues most relevant to the Dohuk context as well as Tearfund’s desired impact are considered and incorporated. The study recommends that, within this approach, Tearfund’s focus be on creating a cascading effect for employment by which investment grants lead to benefits for the IDP and host-community, as opposed to individual households. A focus on maximizing community-wide effects will mean that initial beneficiaries are selected based on potential for shared impact as opposed to targeting households based solely on level of vulnerability. Additionally, Tearfund’s Self Help Group (SHG) model may also provide some insights of possible design approaches, as the ability to organically grow and distribute investments within communities would be a desirable option. However, in contrast to existing SHG communities, it should be kept in mind that the Dohuk context implementation will likely require the provision of outside capital given the higher standard of living and potentially more pronounced credit constraints.

**New Industry Approach – Agricultural Value-Addition**

At the current stage of industrial and economic development for the region, there are limited options regarding the emergence of new industry. However, current strategies in place by government ministries are focused on expanding the agricultural industry. The lack of access to large capital funds and the inability to expand into medium to large scale exports mean that potential new products and services will need to be catered to the domestic market and require relatively low levels of financial capital. That said, taking into account the general profile of IDP communities surveyed, and the low availability of domestically created products, the study recommends the agricultural value-addition chain with the Dohuk region as the most promising area for future market growth. Market analysis of Dohuk and surrounding areas and interviews with the Ministry of Agriculture indicate that little has been done on this area of product development. Given high demand for locally grown produce—namely tomatoes, cucumber and watermelon—and imported goods such as potatoes⁷, investment in the agricultural value-addition chain could be a potential avenue for livelihood creation for the aforementioned crops. Additionally, the creation of a new market in agricultural value-additional would potentially create opportunities for subpopulations locked out of traditional economic roles, such as low-skilled women seeking employment.

**8.2 Potential Donors**

The following list of potential donors was identified through research on past programs and funding of initiatives focused on livelihood development. A number of donors, including the Global Innovation Fund and USAID, Development Innovation Ventures, are particularly attractive given their focus on scaling cost efficient models to reduce poverty.

**Bilateral Donors**

- Department of International Development (DfID) (https://www.gov.uk/international-development-funding)
- USAID, Development Innovation Ventures (DIV) (https://www.usaid.gov/div)
- US Department of State, Bureau of Population, Refugees, and Migration (http://www.state.gov/j/prm/)
- Department of Foreign Affairs and Trade – Australia (http://dfat.gov.au/pages/default.aspx)
- Swedish International Development Cooperation Agency (http://www.sida.se/English/)
- Global Innovation Fund (GIF) (http://www.globalinnovation.fund/)

**Foundation/Private Funders**

- Muslim Hand Foundation Funds for Livelihood Projects Addressing Poverty
- Ashmore Foundation Grants for Livelihood Projects
- Rockefeller Foundation Supports Livelihood Programs
- ACF International Grants to Enhance Livelihood
- Frankel Family Foundation
- Omidyar (https://www.omidyar.com/)

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⁷ See annex for agricultural consumption breakdown in Dohuk for 2013.
9.0 REFERENCES


In addition to secondary sources focused on government and NGO publications, academic reports, and media reporting, the study conducted relied on the following primary sources of information:

**TABLE 5: Description of Information Gathering Activities – Livelihood Assessment**

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>TARGET ACTORS/SOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key Informant Interviews</strong></td>
<td><strong>Government</strong></td>
</tr>
<tr>
<td>• Conducted a total of 13 Key informant interviews</td>
<td>Ministry of Industrial Development</td>
</tr>
<tr>
<td>• Interviewees identified through Tearfund and local contacts</td>
<td>Ministry of Labor and Social Affairs</td>
</tr>
<tr>
<td></td>
<td>- Vocational Training Center</td>
</tr>
<tr>
<td></td>
<td>- Job Placement Center</td>
</tr>
<tr>
<td></td>
<td>Office of the Governor</td>
</tr>
<tr>
<td></td>
<td>Sharya IDP Camp Administration</td>
</tr>
<tr>
<td><strong>NGO/International</strong></td>
<td></td>
</tr>
<tr>
<td>ACF</td>
<td>Danish Refugee Council</td>
</tr>
<tr>
<td>Danish Refugee Council</td>
<td>People in Need</td>
</tr>
<tr>
<td>People in Need</td>
<td>Tearfund Country Team</td>
</tr>
<tr>
<td>Tearfund Country Team</td>
<td>UN Development Program</td>
</tr>
<tr>
<td><strong>Private Sector</strong></td>
<td></td>
</tr>
<tr>
<td>Dohuk Labor Union</td>
<td></td>
</tr>
<tr>
<td>Dohuk Chamber of Commerce</td>
<td></td>
</tr>
<tr>
<td>Private Sector Vocational Training Centers</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Focus Group Discussions</strong></td>
</tr>
<tr>
<td>• Conducted a total of 8 focus group discussions</td>
<td><strong>Villages:</strong></td>
</tr>
<tr>
<td>• Focused on the following</td>
<td>Grepane</td>
</tr>
<tr>
<td>sub-categories: IDP Head of</td>
<td>Kalabadre</td>
</tr>
<tr>
<td>Household (Male and Female),</td>
<td>Khankey</td>
</tr>
<tr>
<td>IDP Youth, IDP Business</td>
<td>Garash</td>
</tr>
<tr>
<td>Owners, Host Community</td>
<td>Lower Balkos</td>
</tr>
<tr>
<td>• Summary of responses included in annex</td>
<td></td>
</tr>
<tr>
<td><strong>Household Questionnaires</strong></td>
<td></td>
</tr>
<tr>
<td>• Conducted a total of 267 computer assisted personal interviews</td>
<td><strong>Villages:</strong></td>
</tr>
<tr>
<td>• Focused on economic activity and economic perceptions</td>
<td>Grepane</td>
</tr>
<tr>
<td></td>
<td>Kalabadre</td>
</tr>
<tr>
<td></td>
<td>Khankey</td>
</tr>
<tr>
<td></td>
<td>Garash</td>
</tr>
<tr>
<td></td>
<td>Lower Balkos</td>
</tr>
</tbody>
</table>
FIGURE 8: The Growth Diagnostic Framework

PROBLEM: LOW LEVELS OF PRIVATE INVESTMENT AND ENTREPRENEURSHIP

Low return to economic activity
- Low social returns
  - Low human capital
  - Micro risks: property rights, corruption, taxes
- High cost of finance
  - Low domestic savings + bad international finance
  - Bad local finance
  - High risk

Low appropriability
- Bad infrastructure
  - Macro risks: financial, monetary, fiscal instability
- Information externalities: "self-discovery"
- Market failures
  - Coordination externalities
  - High cost
- Low competition
  - Low risk
### TABLE 6: Dohuk Agricultural Consumption – Local and Import 2013 (in Tons)

<table>
<thead>
<tr>
<th>Produce</th>
<th>IMPORT</th>
<th>LOCAL</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tomato</td>
<td>21428</td>
<td>10048</td>
<td>31476</td>
</tr>
<tr>
<td>Cucumber</td>
<td>8717</td>
<td>8086</td>
<td>16803</td>
</tr>
<tr>
<td>Potato</td>
<td>12894</td>
<td>2879</td>
<td>15773</td>
</tr>
<tr>
<td>Watermelon</td>
<td>4838</td>
<td>8108</td>
<td>12946</td>
</tr>
<tr>
<td>White Onion</td>
<td>6856</td>
<td>3441</td>
<td>10297</td>
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<tr>
<td>Red Apple</td>
<td>5107</td>
<td>4509</td>
<td>9616</td>
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<tr>
<td>Banana</td>
<td>7630</td>
<td>0</td>
<td>7630</td>
</tr>
<tr>
<td>Yellow Apple</td>
<td>4554</td>
<td>2870</td>
<td>7424</td>
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<tr>
<td>Orange</td>
<td>6779</td>
<td>32</td>
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<tr>
<td>Pomegranate</td>
<td>2819</td>
<td>3840</td>
<td>6659</td>
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<tr>
<td>Eggplant</td>
<td>3638</td>
<td>3008</td>
<td>6646</td>
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<tr>
<td>White Cabbage</td>
<td>5405</td>
<td>783</td>
<td>6188</td>
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<tr>
<td>Red Onion</td>
<td>5213</td>
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<td>Lettuce</td>
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<td>Squash</td>
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<td>3288</td>
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<tr>
<td>Melon</td>
<td>2410</td>
<td>2360</td>
<td>4770</td>
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<td>2248</td>
<td>4618</td>
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<tr>
<td>Lemon</td>
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</tr>
<tr>
<td>Peach</td>
<td>259</td>
<td>4092</td>
<td>4351</td>
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<tr>
<td>Red Cabbage</td>
<td>3453</td>
<td>166</td>
<td>3619</td>
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<tr>
<td>Mandarin Orange</td>
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<td>Carrots</td>
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<td>Green Apple</td>
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<td>766</td>
<td>2080</td>
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<td>Turnip</td>
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<td>380</td>
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<td>Table Beet</td>
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<td>Apricot</td>
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<td>Dates</td>
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<tr>
<td>Snake Cucumber</td>
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<td>806</td>
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<td>Okra</td>
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<td>Hot Pepper</td>
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<td>764</td>
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<tr>
<td>Green Onion</td>
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<td>214</td>
<td>745</td>
</tr>
<tr>
<td>Garlic</td>
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<td>84</td>
<td>673</td>
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<td>Pear</td>
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<td>422</td>
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<td>Fig</td>
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<td>Red Plum</td>
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<td>Grapefruit</td>
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<td>396</td>
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<td>Cherry</td>
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<tr>
<td>Plum</td>
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<td>203</td>
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<td>Quince</td>
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<td>179</td>
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<tr>
<td>Pineapple</td>
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<td>77</td>
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<tr>
<td>Coconut</td>
<td>66</td>
<td>0</td>
<td>66</td>
</tr>
<tr>
<td>Loquats</td>
<td>35</td>
<td>13</td>
<td>48</td>
</tr>
</tbody>
</table>

**TOTAL**                   | 135291 | 75271 | 210562

*Source: Ministry of Agriculture, KRI*
Focus Group Discussion Recap

Focus Group Discussion #1

VILLAGE: GREPANE
Group Characteristics: 2 Males–IDPs, Age 17-36

Discussion was conducted primarily with 30+ year-old individuals. Family for respondent was from the Sinjar area and worked as an interior design for homes for 5 years before leaving for security threats. He has completed 5 years of formal education and can speak Arabic and Kurdish. His brother worked as a day laborer for him on various projects. They, along with their families, have been living in Grepane (unfinished building) for about the last year.

Respondent notes that there is little to no work in the area. Some IDPs have gone to join Peshmerga, otherwise there is no farming or ability to care for animals here. His previous line of work required large amounts of upfront capital, as contract work was completed before payment was made for upgrades and additions to homes completed by his firm. In order to return to doing previous level of work (Sinjar) he estimates he would need $10,000 of start up capital, $200-300 for basic tools. From his perspective, the government and local population are not a hindrance to beginning a business; the largest constraint is capital.

Individual lost roughly 6 million IQD to relocation. His goal is to return his family to original community even if he is able to earn money in Dohuk. Respondent identified that personal networks were the primary way of looking for work. He has not utilized the internet, government, or NGO for job placement assistance. The primary source of finance and capital is friends and family.

Focus Group Discussion #2

VILLAGE: KALABADRE
Group Characteristics: Older Husband and Wife – Host-Community, Age 60+, Agricultural based

Respondent is an owner of several large plots of farmland. Four IDP families are managing the farmland. The owners have given an unfinished home to the families to live in and supplied a greenhouse for them to use for additional farming. The financial arrangement between the farmer and IDP communities is that, in exchange for housing and farming, they split the profits from selling at the local marketplace. The respondent notes that the government, at one time, was able to give financial support for IDP families. The financial crisis has stopped these resources from coming in. The farmer also notes that prices are not completely fixed. There are differences in prices based on scarcity. The marketplace is currently experiencing a surplus of cucumber and wheat. The government still buys wheat from farmers, however, it now takes about a full year to receive payments.

The respondents note that, overall, the IDPs have a similar enough skillset to farm in Dohuk. Though there is some concern that, due to differences in soil between Dohuk and Sinjar, IDP farmers tend to overuse chemicals.

The respondents estimate that roughly ¾ of IDP families will return home when it is safe to do so. This is partly because he believes that pastoralists and farmers will try to reclalm assets once it is safe.

Recently the government has sent daily workers to his farm to help clear the land. They were paid regular daily labor wages by the government. He notes that the price of labor has gone down since the security crisis began, though the price remains stable among IDP, refugee, and host-community workers.
Focus Group Discussion #3

VILLAGE: KALABADRE
Group Characteristics: 6 Women – IDPs, Age 30-60+

According to respondents, women are not currently generating any income within their community. Though this was the case before the crisis as well. Younger women also generate no income, though this is due more to a lack of opportunity. In the past, younger women were able to find government jobs as nurses and teachers. Private enterprise did not appear exist in Sinjar prior to fighting.

The group identified the following as ideal areas of employment for women: sewing, bakery, cleaning, NGO admin. There is a strong preference for home-based work. There is currently no access to these types of opportunities in the local and surrounding area. Additionally, there is no way to get necessary inputs (machines and capital). Sewing machines were estimated at 500,000 IQD and require good sources of electricity. Additionally, access to local markets would need to be improved in order to guarantee returns.

Nearly all women said that they would want to return home once the security situation permitted, especially if they were given resources to rebuild their homes.

Focus Group Discussion #4

VILLAGE: KHANKEY
Group Characteristics: 3 Men – IDPs, Business Owners, Age 30-50+

Respondents came from various backgrounds but mostly served as government employees or worked for private state supported enterprises (ID card creation). When asked about the potential for starting a business here, respondents reported that they would rather return home when it was safe. When asked about the resources needed if they were to open a business or start work here, the consensus was that $10,000 was needed to start purchase a storefront and start a business.

One individual stated that he would expand a dough selling service that currently operates out of his van. Capital is his largest barrier to creating a livelihood. The respondents stated that in Sinjar, the government had a program to provide up to $2,200 to provide seed capital to start a business. They report that if similar programs were available in Dohuk, that they would take advantage. When prompted about why they should be given seed capital if they were fully intent on leaving the area, they responded that they could easily sell the shops to others in order to go back home. Property rental costs were described as being higher in Dohuk than in Sinjar.

By the end of the discussion, respondents acknowledged that while their immediate goal was to return home, as the conflict dragged along further they have realized that the process will be much slower than anticipated and even in the event of liberation for their areas there would not be an immediate return home.
Focus Group Discussion #5

VILLAGE: KHANKEY
Group Characteristics: Youth–IDPs, 2 males, 3 females, Age 14-17+

Male respondents indicated that they were currently doing day labor jobs in the construction sector (painting and cement work). The female respondents all indicated that they were not generating income. No respondent was currently enrolled in school. All respondents indicated that they would be in school if they were in Sinjar. The respondents also indicated that their fathers worked as taxi drivers and had done similar work in Sinjar. No respondent has a mother that generates income. In terms of skills, no respondent indicated that they had any computer skills or knowledge. Male respondents said that they would need capital in order to start any type of business.

Focus Group Discussion #6

VILLAGE: KHANKEY
Group Characteristics: 2 Males–IDPs, Age 30-40, Educated – Upper Secondary

Respondent indicates that among IDP communities there was an expectation that displacement would take no longer than a few months. Only recently has he observed that communities are beginning the think about longer term prospects.

When asked about work prospects in Dohuk, he reported that he relied primarily on personal networks to find opportunities. He is aware and has used sites such as NCC and Foras but explained that personal contacts here tend to trump job postings. For most people, there are not robust connections to the community.

From his perspective, small shops are not unattainable for people, especially with about $2,000 worth of capital. However, higher level positions are out of reach for most of the IDP community. There is not enough capital to fund large scale projects. Additionally there is an education disconnect in the community as he can only recount hearing about one Arabic school for the city. For the moment, banks and government don’t loan funds. He believes there would be a strong place for a small lender (microfinance?)

From his perspective, transportation is adequate for the region, most people, including IDPs have access to some kind of vehicle. Many daily workers travel out of the governorate to find work in Erbil and Sulaimaniyah. His perception is that there is more work in Suly due to the larger number of factories in the area. Money keeps people from leaving Iraq altogether. Despite that security remains the top concern over livelihood.
Focus Group Discussion #7

VILLAGE: GARASH
Group Characteristics: 5 males—IDPs, Age 30-60+, Daily Laborers

Respondents are primarily comprised of non-specialized day laborers and pastoralists. In general, income for them is poorer compared to other focus groups that were interviewed. Employment is constrained primarily by a perceived lack of opportunity. Nearby land owners are reported to not be hiring additional farm labor. They have heard of other who are getting some work with other land owners, but that wages are much lower than they would like (10,000 IQD/day). Respondents reported that their current living arrangement with landowner is that accommodations and land use are provided in exchange for caring for animals.

In the past, work opportunities are identified primarily through family and friend connections. In some cases, younger males migrated to other governorates or Turkey for temporary labor. This network does not exist as strongly in Dohuk. Their networks are also focus on the construction area, which has seen a large decline in activity. The men report having registered with Government Job Centers, but have not heard any news of work from them.

Initial expectation was that fighting would not last more than 15 days. The respondents indicated that it would be their preference to return home, especially if services return and security is restored. However, if good work were found in Dohuk, the income earner would stay behind while the family returned.

At the moment they are completely reliant on NGOs for support. If able, they would look to add own animals to herd, but don’t have the resources to procure animals. If given capital they would do this. If training were provided, they have indicated that auto-repair would be their likely preference, however, they acknowledge that returns from auto-repair would take time, while the returns from animals would help address immediate needs. These needs include medicine and winterization items.

When questioned about a nearby factory, respondents indicated that they had applied for work there but were told that there were no openings. They believe that there is general preference for local workers and even if given higher training and lower wages that they would still not be hired.
Focus Group Discussion #8

VILLAGE: LOWER BALKOS
Group Characteristics: 6 males–IDPs, Originated from Mosul area, Age: 30-60+

Discussion was held with a group of non-Yezidi IDP males. Respondents generally reported previous work experience in daily labor and construction related activity (large truck driving). A few males report that they are now working for the Peshmerga. Contacts within Mosul and with Peshmerga colleagues directed them to this area. Government workers within the group report that the government, since last January, has not paid them.

The group sees unemployment as primarily attributed to a lack of economic opportunity. KRI is seen as having a problem employing all locals, much less IDPs. When asked about factories and local hiring practices, the respondents indicate that firms have a preference for own community and personal networks. Foreign companies were described as only bringing in foreign labor.

As strangers to the community, they are unable to tap into networks to find work in the area. Access to the internet to look for work is nonexistent and no one in the discussion had heard of the job websites described to them. They also had not heard of government job centers, but are pessimistic that among the thousand of IDPs that they would be able to find work.

When prompted to share their thoughts about starting a business, the following enterprises were named: shop owner, Taxi, and animal husbandry. Taxis are all individually owned and not networked. For all businesses, money was named as the primary constraint. Banks were generally not trusted. Instead respondents would rather borrow from an NGO. There is little trust between potential borrowers and lenders to pay back loans.

According to respondents in this area local landowners have farm labor already employed. They do not perceived there to be any unused parcels of land. When asked about preferences for vocational training they indicated that opportunities are generally not available to them and that such trainings are usually conducted to far away. When pressed further for a specific training they would desire they reiterated that many in their community could perform a variety of skills but just needed the opportunity to work.