LABOR MARKET AND LIVELIHOODS COMPETENCY ASSESSMENT - IRAQ

Dohuk, Erbil, Diyala and Salah al Din governorates

April 2020
The Danish Refugee Council (DRC) is a humanitarian, non-governmental, non-profit organisation founded in 1956 that works in more than 30 countries throughout the world. DRC fulfils its mandate by providing direct assistance to conflict-affected populations – refugees, internally displaced people (IDPs) and host communities in the conflict areas of the world. In 2003, DRC became one of the first organisations to provide humanitarian assistance in Iraq and now operates in 10 governorates including Mosul, Baghdad, Dohuk, Tel Afar, Salah-al-Din, Anbar, Diyala, Basra, Kirkuk and Najaf allowing access to 50% of locations with IDP and returnee presence. DRC comprises an integrated demining unit in Iraq, conducting all Humanitarian Mine Action activities as well as maintaining community safety and armed violence reduction.
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Introduction

Conflict in both Syria and Federal Iraq, resulting waves of displacement, and a pervasive financial crisis affecting the public and private sector economy has had a profound impact on both the Kurdistan Region (KR-I) and Federal Iraq. The country grapples with continuing fragility, persistent unemployment, and major economic disruptions. For Syrian refugee households displaced to KR-I and Iraqi households recovering from conflict with IS, access to livelihoods is necessary for attaining self-reliance (HNO, 2020).

Despite a challenging political climate, KR-I remains largely favorable for Syrian refugees. However, the absence of an effective national legal framework for refugee protection continues to preclude their longer-term residency rights and other legal benefits. Findings from a UNHCR multi-sector needs assessment suggests that economic vulnerability lies at the core of many sectoral and overarching needs of refugee households living out of camps in the KR-I and remains the root cause of protection issues such as child labor and child marriage.¹ Research in Iraq by the Durable Solutions Platform found that livelihoods opportunities are Syrian refugees’ biggest need — and greatest obstacle — to achieving meaningful local integration.²

Displacement-affected Iraqis face similar challenges. Recent IOM studies found that searching for jobs and securing livelihoods is a main reason that IDP households move to different locations while in displacement, re-displace after returning to their area of origin, or do not attempt returning. In crisis-affected governorates such as Salah al-Din and Diyala, conflict and displacement affected market systems and pre-crisis livelihoods patterns, exacerbated by limited availability of services, infrastructure damage, and outdated administrative and regulatory systems. Access to livelihoods opportunities is one of the major factors determining severity of needs among returnees.

According to DRC assessments conducted throughout 2019 in Salah al-Din and Diyala, 72% of the 1,914 households sampled do not have any member generating income. For those working, the main sources of income are temporary employment, especially in the construction sector (46% of respondents) and self-employment, mainly in transportation and service industry (21% of respondents). Agriculture, once an important source of income for households living in rural areas, is now one of the sectors which was most impacted by the crisis, with only few returnees and IDPs returning to agriculture following the crisis.³

In addition to the displaced, women and youth are population groups that bear a heavy burden during crisis and economic recession. Women’s labor market participation rates are low across Iraq, with many struggling to access employment and demonstrating a lack of knowledge of their labor rights. Surveys among conflict-affected women in Iraq found that 40% of respondents reported being unaware of any labor laws or policies, and only 54% reported having an employment agreement.⁴ The conflict also significantly limited Iraqi youth’s educational and employment opportunities, with young Iraqis often lacking the appropriate skills to find paid work.⁵ Youth unemployment is also associated with poverty and unrest. A DRC multi-sector needs assessment in Diyala, for example, found that a high number of people— particularly youth— joining armed groups as a means to earn income for themselves and for their families: a common negative coping mechanism together with debt, early marriage, and child labor.⁶

Emerging from conflict and economic crisis, Iraq now faces humanitarian consequences of COVID-19. DRC-collected data from between April 2 and April 5 illustrate the significant socio-economic impact of coronavirus across all assessed areas. 82% of the respondents do not have any household member working during the government-imposed lockdown and 97.5% of the assessed households report resorting to incurring debt to meet their basic needs. Only a small minority of respondents (15%) report having any savings. Of these, 76% stated that savings would last for less than one month, should movement restrictions and the inability to resume income-generating activities continue. The long-term consequences of the crisis on the local market and labor market are still to be fully understood. However, the scale of the immediate impact of COVID-19 can be observed in the widespread loss of income-generating opportunities affecting

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¹ 3RP Country Chapter 2020/2021 – Iraq
³ IOM Displacement Tracking Matrix, Returns Update, Returnees Working Group, December 2019
⁴ UNESCO, Assessment of the Labour Market and Skills Analysis, Iraq and KRI – Agriculture, 2019
⁵ UNHCR, Assessment of the Labour Market and Skills Analysis, Iraq and KRI – Agriculture, 2019
⁶ Danish Refugee Council, Context Analysis – Diyala governorate, January-February 2019
all economic sectors, with public sector workers and owners of businesses selling basic commodities being the only ones partially shielded by the socio-economic threat of coronavirus.

In response to the needs outlined above, DRC implements economic recovery activities that aim to promote self-reliance and livelihood opportunities for displacement-affected IDPs, returnees, Syrian refugees and vulnerable host communities in Erbil, Dohuk, Salah al-Din and Diyala governorates. DRC economic recovery program is designed to serve as a bridge between humanitarian assistance and longer-term recovery and development strategies by identifying entry-points to assistance for households at different vulnerability stages: addressing basic needs and reducing reliance on negative coping strategies for extremely vulnerable households, and job creation and income generation for vulnerable households. This will result in participants having improved capacity to start their own business and generate sustainable income and/or improved work skills and access to the labor market through wage employment. The continuum of support allows extremely vulnerable households to then graduate to job-creation and income generation assistance, thus strengthening the overall resilience and the self-reliance of crisis-affected communities.
Methodology

In order to inform the implementation of its economic recovery program, DRC conducts regular market assessment and labor market analyses in all locations of operation. This study summarizes the overall findings from specialized assessments and regular market monitoring conducted between June 2019 and April 2020. The recommendations from this report will be used to inform the implementation of 2020 activities in Dohuk, Erbil, Diyala and Salah al Din.

Desk review

Humanitarian, development and academic actors have been focusing on how to best promote livelihoods opportunities for conflict affected communities in Iraq for years. This has resulted in a significant amount of literature being published and made available to partners implementing in this sector. DRC program are always informed by existing literature and additional resources are only deployed to address gaps in knowledge and to better understand the local dynamics and the needs of target beneficiaries in locations of implementation.

Literature consulted included studies conducted by other actors operating in Iraq and published on specialized websites (reliefweb, humanitarian response, D-groups) as well as studies conducted by DRC.

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Household economy analysis

In order to best understand the socio-economic needs of target population, DRC conducts regular baseline household economy analyses. Household Economy Analysis (HEA) is a livelihoods-based framework for analysing the way people access to basic needs and income and expenditure patterns which pertain to their survival and livelihoods enhancement. The use of this framework allows DRC to better understand target communities’ socio-economic profile, wealth breakdown and profiling of livelihoods strategies and coping strategies in the absence of income-generating activities.

Between July 2019 and March 2020, DRC conducted 1,879 surveys with different population groups in target areas of Dohuk, Erbil, Diyala and Salah al Din. The survey respondents were self-selected among people interested in taking part to DRC economic recovery activities. As such, the sample is skewed towards the unemployed and socio-economically vulnerable population.

<table>
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<td>Location</td>
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<tr>
<td>Erbil</td>
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<td>Diyala</td>
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<td>Salah al Din</td>
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Market and labor market monitoring

Between July 2019 and March 2020, DRC conducted 780 semi-structured interviews with job seekers and employers in Dohuk, Erbil, Diyala and Salah al Din. The interviews conducted on a rolling basis aimed at understanding livelihoods plans, challenges and opportunities for job seekers in all locations of implementation as well as the needs of employers and HR practices. These interviews were also used to draw a profile of job seekers in all areas of implementation, including practiced income-generation activities, livelihoods plans, education background, and work experience. These
are then compared with available jobs in the market and sectors of predicted employment growth to identify avenues for job matching and – where needed – capacity building opportunities.

Table 3: Sample of informants for labour market monitoring by type and location

<table>
<thead>
<tr>
<th>Location</th>
<th>Job seekers</th>
<th>Employers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dohuk</td>
<td>171</td>
<td>90</td>
<td>261</td>
</tr>
<tr>
<td>Erbil</td>
<td>129</td>
<td>24</td>
<td>153</td>
</tr>
<tr>
<td>Diyala</td>
<td>107</td>
<td>106</td>
<td>213</td>
</tr>
<tr>
<td>Salah al Din</td>
<td>67</td>
<td>86</td>
<td>153</td>
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**Labor market assessments**

In addition to regular market and labor market monitoring, DRC conducted in-depth labor market assessments in Erbil, Dohuk, Diyala and Salah al Din. These included qualitative data that were used to better understand and contextualize the data from the market and labor market monitoring exercise and to understand labor market dynamics from a broader perspective, including sectors that were most affected by the conflict and sectors of growth, pre-crisis and post-crisis livelihoods patterns, as well as other bottlenecks influencing market performance (see infrastructure, services, rules and norms).

In total, DRC conducted 33 (8 in Diyala, 3 in Salah al Din and 22 in Dohuk and Erbil) key informant interviews with stakeholders and 34 FGDs (13 in Diyala, 21 in Dohuk and Erbil) with different market actors. Unfortunately, qualitative data collection in the form of focus group discussions had to be put on hold in March 2020 due to the government-imposed restrictions that prevent from gathering as a measure to prevent the spread of coronavirus.

**Livelihoods skills and competency assessment**

In April 2020, DRC conducted a special assessment to better understand skills gaps and capacity of target population. This livelihoods skills and competency assessment was conducted to address gaps in knowledge and to best tailor the activities planned under the PRM program in Dohuk, Erbil, Diyala and Salah al Din. The objective of this assessment was to gather a clear picture of available and needed skills and capacity of target populations, available opportunities for capacity building in target locations and avenues for programming. Due to the government-imposed restriction to prevent the spread of COVID-19, all 400 interviews had to be conducted over the phone with a random sample of respondents selected among DRC database of previously assessed households. This modality of selection has likely resulted in biases in the sampling of respondents.

Table 4: Sample of informants for livelihoods skills and competency assessment by type and location

<table>
<thead>
<tr>
<th>Location</th>
<th>Men</th>
<th>Women</th>
<th>Youth</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dohuk</td>
<td>66</td>
<td>25</td>
<td>21</td>
<td>91</td>
</tr>
<tr>
<td>Erbil</td>
<td>49</td>
<td>55</td>
<td>45</td>
<td>104</td>
</tr>
<tr>
<td>Diyala</td>
<td>65</td>
<td>34</td>
<td>45</td>
<td>99</td>
</tr>
<tr>
<td>Salah al Din</td>
<td>77</td>
<td>29</td>
<td>30</td>
<td>106</td>
</tr>
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COVID-19 socio-economic impact assessment

In light of the extreme changes resulting from the COVID-19 pandemic on communities’ socio-economic profile as well as market and labor market, in April 2020 DRC launched a longitudinal study aimed at assessing the impact of COVID-19 and of the government-imposed movement restrictions on households’ capacity to engage in income-generating opportunities.

The survey was administered over the phone and involved a total of 1,173 respondents across seven different governorates of Iraq, including 105 interviews in Dohuk, 114 in Erbil, 133 interviews in Diyala and 111 in Salah al Din. The respondents were selected randomly from DRC database of previously assessed households across all locations of implementation.
Economic outlook

IRAQ

Iraq is a medium-sized economy within the Middle East, with a GDP of USD 226.4 billion in 2019, and a population of 39.8 million. Today, Iraq’s economy is gradually picking up following the deep economic strains of the last four years. Real GDP is estimated to have grown by 0.6% in 2018, thanks to a notable improvement in security conditions and higher oil prices, reversing the contraction of 1.7% seen in 2017. Despite this, standards of living are on average lower than other countries in the Middle East, with a GDP per capita of USD 5,698 in 2019.7

Like many large oil-exporters, the Iraqi economy lacks diversification and the government plays a key role. According to the latest available figures, the public sector represents 28% of the country’s non-oil GDP, followed closely by the construction industry. Growth in labor income is shown to be the most important factor contributing to poverty reduction in Iraq. Between 2007 and 2012, increase in labor income played the most prominent role in increasing per capita consumption and, consequently, decreasing the poverty rate.8 In 2020 Iraq’s labor market continues to be in poor health, with one of the lowest labor force participation rates in the world. At least 2.5 million unemployed Iraqis urgently need jobs. Taking into account population growth and projected reduction in public sector employment following much needed fiscal reforms, the demand for new jobs can increase up to 100 or 180% in the next 13 years, underscoring that Iraq’s jobs challenge is anything but a short-term phenomenon.

Agriculture

Before the conflict, agriculture was the 6th largest economic sector in Iraq, representing 8.4% of non-oil GDP. However, during more than one decade of instability, the agricultural sector in Iraq has faltered due to conflict; climate change-related reduction in water inflows and increased salinity; challenging legislative environment, characterized by expansionary policy and inflationary pressure; and low public and private investment in new technologies for equipment, irrigation, farming, and fishing. Moreover, poor marketing and difficult logistics - including insufficient transport infrastructure, lack of cold storage, and storage facilities - often cause a loss of crops before they reach the market.9

Despite these challenges, agriculture is of primary importance to the government of Iraq, second only to the oil sector. This is because the production of crops, animals and agro-industries are labor-intensive and employ approximately 23% of the Iraq labor force, including some of the most vulnerable groups such as women and youth. Moreover, the sector presents opportunities for economic growth and diversification: currently, only a portion of available land suitable for cultivation is being used, productivity is not maximized and can be increased with improved methods and inputs, and – since the local demand for most agricultural products is not met by domestic production - Iraq imports most of its food needs.10

In acknowledgement of the potential of agriculture for economic recovery and growth, the Government of Iraq has committed to the re-establishment of commercial value chains through the clearance and rehabilitation of infrastructure, provision of inputs, and improved access to finance for small to medium farming enterprises. In the longer-term (upcoming 2-5 years), the government also committed to reforming the policy environment by pulling financing mechanisms to draw Private Sector engagement, re-establishing investment in public goods such as research extension, and developing a coordinated approach to rural investment, which integrates energy, communications, and road infrastructure.11 Possibly in light of these efforts and public/private investments into staffing and rebuilding of institutional systems as well as into restoring farm machineries and other input delivery systems (access to roads, market places, and irrigation systems), the World Bank forecasts a positive economic outlook for the agriculture sector in Iraq, with a real GDP growth from -2.3 in 2018 to +5.6 in 2020.12

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7 World Bank, Iraq Economy Update, April 2019
9 UNESCO, Assessment of the Labour Market and Skills Analysis, Iraq and KRI – Agriculture, 2019
10 Ibid.
11 World Bank and Government of Iraq, Iraq Reconstruction and Investment, part 2: Damage and Needs Assessment of Affected Governorates, January 2018
12 World Bank, World Economic Update: Iraq, October 2018
Manufacturing

Most of Iraq’s manufacturing activity has been closely connected to the oil industry, including refining, and the manufacture of chemicals and fertilizers. Manufacturing employs 8-10% of the total workforce, and the workers are mostly male (84%) with 26% youth. There are some small companies (mostly private sector companies, for metal products and furniture, in particular) but 79% are large companies, mostly owned by the government. Other manufacturing activities include food processing, textiles, leather goods, cement and other building materials, tobacco, paper, electronics, wood, and plastics.

Between 2009 and 2012, the manufacturing sector was on a growth trajectory, and doubled in value, but it has decreased significantly in recent years of political crisis and economic downturn. Even pre-crisis, the opening of the economy to trade post-2003, and the subsequent rise in the flow of imported goods without complementary sectorial reform, led to the closure of many factories. The impact of such reforms are still impacting the recovery of the domestic industrial sector today, with food processing enterprises being the most impacted. Adding the impact of the crisis, many surviving firms are in a precarious state, with strained balance sheets, aging equipment, and outdated processes. Supply difficulties for key business inputs such as electricity and water and high municipal fees have also had a significant negative impact on industrial activities.

Construction

15% of all private sector employment in Iraq is in the construction sector. In addition, the construction materials and linked industries constitute one of only two manufacturing sub-sectors in Iraq (in addition to food processing) with a meaningful level of private activity. As the reconstruction of Iraq and the rehabilitation and development of its long neglected infrastructure commences, the combined demand for construction labour and related services can support large-scale, private sector-led job creation in the short term.

Following almost four decades of war, insurgency, terrorism, state-led repression, foreign occupation, spill overs from cross-border conflict, ethnic strife, sectarian conflict, and civil unrest, reconstruction and repair is expected to span at least a decade and will be supplemented with new infrastructure projects and maintenance. Across the country, there is a considerable backlog in the restoration and maintenance of basic infrastructure such as access roads, bridges, irrigation and drainage channels, sanitation, and electricity connections. The Damage and Needs Assessment for Iraq estimates $16bn in investment needs in reconstruction alone. In the housing sector, a 2012 USAID estimate showed a shortfall of 1-3.5 million housing units even prior to the height of the internal displacement crisis.

Private Sector

In a conflict-free country, a vibrant private sector is the passport to job creation. However, historically, the private sector in Iraq has not functioned as an engine of jobs creation.

A long history of conflict has led to a relatively small and constrained private sector in Iraq. A combination of sanctions, conflict, and insecurity coupled with a history of heavy state involvement in the economy has limited private sector development in Iraq. In addition, the role played by State-Owned Enterprises (SOEs) in the economy has continued to grow at the expense of the private sector, also stunted from the dominance of public procurement and the effects of excessive procedures and regulations for commercial transactions.

The public sector accounts for nearly 40% of all jobs and for nearly all formal sector jobs. Large and medium-sized firms contribute a negligible proportion of all jobs, and nearly two-thirds of workers are likely to have informal jobs with no social security benefits. Iraq ranks 171 out of 190 countries in the Ease of Doing Business Rank: one of the lowest ranking economies in the Middle East and North Africa region. The private sector is constrained by limited access to electricity,

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15 Iraq Reconstruction and Investment: Damage and Needs Assessment of Affected Governorates, World Bank
16 World Bank, Bring Back Business in Iraq, 2019
the perception of high risk due to instability and insecurity, dominance of the public sector, poor governance, limited access to finance, and a challenging regulatory environment.

The World Bank’s Doing Business in Iraq profile analyses the regulatory environment that applies to local firms with a focus on aspects such as regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Among these, the most challenging aspects for entrepreneurs in Iraq include accessing credit (Iraq ranked 186 out of 190 countries) and trading across borders (181 out of 190).17

**Accessing credit in Iraq**

It is estimated that fewer than five percent of SMEs in the formal sector have ever received a bank loan. Only 23% of Iraqi households have access to an account with a financial institution, one of the lowest levels in the Arab world. Women are particularly disadvantaged as additional steps are required for women to register and start businesses (including requesting their huban’s permission to leave the house), and their access to finance is limited. Out of the 400 respondents interviewed by DRC in Dohuk, Erbil, Diyala and Salah al Din, only 22 (5.5%) stated that they have a bank account. Only 8 of them are women.

Similarly, when asked about which institution would provide credit to entrepreneurs wanting to start a business, only 12% answered banks while 22% answered family members, 17% answered NGOs, and 13% answered other community members. However, the majority (33%) responded that entrepreneurs wanting to start a business would have no access to credit. On the other hand, government subsidies and village saving schemes (VSLAs) are reported as the most accessible sources of credit for established businesses, with 31% of the respondents mentioning them during the interview.

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17 World Bank, Doing Business 2020: Iraq Economy profile, 2020
**WOMEN**

Gender relations in Iraq are shaped by complex social, religious, cultural, and political conditions, which vary depending on factors including geographic situation, urban-rural divides, class, ethnicity, tribal affiliation, age, and religion. Gender plays a major role in vulnerability levels and exposure risk in Iraq, exacerbated by pre-existing disparities in access to rights and entitlements, education, and economic opportunities between men and women.

Existing gender roles and power dynamics create significant barriers to women’s ability to access employment and economic opportunities, minimizing the economic security they need to rebuild their lives and re-enter society. Conflict-affected women, specifically, face numerous challenges in accessing employment, including limited economic opportunities, individual- and community-level barriers, legal restrictions, and exacerbated vulnerability, particularly for displaced people and female-headed households. Conflict-affected women can face additional barriers such as legal restrictions, a lack of social support, exacerbated vulnerability, and increased levels of unpaid work, particularly for displaced and female-headed households.18

Women’s labor force participation in Iraq is low: in 2020, only 10.6% of the employed population in Iraq is female.19 Years of conflict and IS occupation in areas such as Diyala and Salah al Din have had a significant impact on women, girls, men and boys and on prevailing gender norms. Research found that prevailing gender norms among conflict-affected populations are based on a division of labour that assign to men responsibilities as protectors and providers and to women domestic roles and responsibilities centred around the wellbeing of the households.20 The imposition of radicalised gender norms during IS occupation strengthened even further this gendered division of labour, by imposing the strict separation of women from unrelated men in public spaces. This resulted in men assuming responsibility as the sole household providers and facing significant constraints in living up to these expectations.21,22

Similar challenges are faced by women in KRI. According to the latest census, 86.8% of women in KRI are unemployed compared to 37.4% of men. Around 75% of women in the workforce are employed in the public sector, whereas men’s occupational status is more varied: 44% of active males work in the public sector; 12% in the private sector (8% private sector employees and 4% employers); 21% are self-employed; 21% are daily workers and 2% are (unpaid) family workers. Higher education is often a guarantee of finding employment in the public sector: 92% of women holding a secondary or a graduate degree work in the public sector, compared to 57% of women who have completed primary, intermediate or basic education and 25% of women who have no degree.23 In addition, a 2018 assessment found that only 4% of Syrian refugee women respondents in the KR-I were employed, though 24% indicated a desire to work.24

A study conducted by the World Bank on women employment in KRI found that the main challenges faced by women with accessing private sector jobs found that hiring discriminatory play a role, with employers favoring male applicants with equivalent qualifications to female applicants.25 In addition, the weak legislative protection to women and families in the workplace also disfavors women working in the private sector, including through shorter maternity leave than the international standards (72 days compared to 18 weeks), lack of child care support (Childcare subsidies or services to employees in the private sector are not mandated by law), and legally mandated job restrictions. The Labor Law in KRI imposes restrictions on women’s employment in sectors that are considered “arduous” and “hazardous” with granting the Minister of Labor the discretion to determine these sectors. Finally, one of the most critical areas to be tackled is prevention of sexual harassment at the workplace. Women indicated that sexual harassment is very common, and it occurs in all places, including public spaces, and there are no legal provisions or guidelines to prohibit or penalize sexual harassment incidents at the workplace.

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18 Jayasinghe, D, “Choices, changes, and safety in crisis: A model for women’s economic empowerment,” International Rescue Committee, January 2019
20 UN Women and OXFAM, Gender and Conflict Analysis in IS Affected Communities of Iraq, May 2018
21 Ibid.
22 UN Women and OXFAM, Gender Profile – Iraq, December 2018
23 Kurdistan Region Statistics Office (KRSO), Demographic Survey – Kurdistan Region of Iraq, 2018
25 World Bank, Women And Jobs For An Inclusive Labor Market In Krg: A Pilot Program, January 2019
PROMOTING WOMEN ECONOMIC EMPOWERMENT

Research and DRC experience in promoting meaningful participation of women and men in humanitarian and recovery interventions have highlighted the following as potential mechanisms to promote positive engagement of all population groups:

1. Gender-responsive planning and consultations: prior to the start of the activities, DRC will consistently consult different groups of women and ensure equal and equitable access to humanitarian and recovery assistance can contribute to women’s meaningful participation in shaping interventions that enhance community cohesion;

2. Use of behavioural strategies to overcome social norms, personal belief and intra-household dynamics affecting women’s participation in income-generating activities. These might include the use of tailored messages, campaigns and social referents to improve community outreach to target women within the household;

3. Implementation of culturally acceptable collaborative (between husband and wife) or collective (women’s cooperatives) income generation options: the limitation of participation to economic recovery activities to only one member of the household result in women in male-headed households often not being given the opportunity to participate in activities due to the men traditional role as sole provider for household. In order to promote women’s economic empowerment and increase wives’ participation in decision-making regarding the household’s income and expenditure, DRC will allow women to participate in cash for work opportunities together with their husband;

4. Provision of measures and services to ensure that activities provided by DRC are women-friendly and do not compromise women’s traditional domestic roles, including the implementation of gender-segregated activities, allowing male relatives to accompany women during the implementation of the activities, and the provision of child care services;

5. Allow more flexible shifts for women: job sharing is a common mechanisms by which two people split the duties and hours of one job. According to research, this mechanism was found effective to promote women’s participation in income-generating activities as it could give women more freedom to choose manageable hours. Within the context of the proposed intervention, DRC will allow more than one women within the same household (i.e. part of the same PDS card) to divide the working hours among themselves;

6. Provide safe, reliable, female-only transportation to and from work (“Pink” transportation) to avoid harassment to and from the location of the activities: where possible, DRC will organize transportation using locally based drivers would create reliable and trustworthy transportation for women wanting to travel to and from their home;

7. Complement wage employment opportunities with short life skills training, capacity building sessions on savings and household budgeting;

8. Digitalize payments: in order to ensure that female participants have a safe place to save money earned in locations with high restrictions on mobility and women’s participation in the public space, digitalized social payments have been found effective in improving women’s decision-making regarding household expenditure;

26. IOM, Perceptions on Women’s Economic Opportunities in Urban Areas of Iraq: Motivations and Mechanisms to Overcome Barriers, 2019
27. World Bank, Measuring Social Norms about Female Labor Force Participation in Jordan, June 2019
29. Women’s Refugee Commission, Integrating Protection/GBV Mitigation into Livelihood Programs, 2016
30. GDPR&LP, Iraq Livelihoods Technical Forum, 2019
REFUGEES

Of the 5.5 million Syrian refugees worldwide, the vast majority reside in neighbouring countries and more than 225,000 live in the Kurdistan Region of Iraq (KRI). According to recent studies, 78% intend to remain in their current location and only 1% wish to return to Syria; 2% of interviewed households intend to move to another location and 19% reported not knowing where they want to be. With this backdrop, humanitarian agencies, including DRC, have started looking at avenues for supporting Syrian refugees transition to local integration.

Since the start of the Syrian conflict, the Kurdistan Regional Government (KRG) has shown hospitality and positive efforts to accommodate Syrian refugees, despite Iraq’s domestic challenges and difficult circumstances. Nevertheless, gaps remain for Syrian refugees in basic needs and protection, and community tension could worsen if gaps, including perceived gaps, are not adequately addressed.

Findings from a recent study conducted by the DSP illustrate gaps in basic needs and protection for both Syrian refugees and the host community. These include access to employment and livelihoods opportunities (19% less among refugees) followed by access to and replacement of personal and other documents (16% less for Syrians). The study also found particularly high perceptions of unequal access to income generating opportunities, with 74% of refugees and 45% of host community reporting unequal access to livelihoods. The study concluded that access to income-generating opportunities is the most urgent constraint to local integration, as it impacts community relationships, increases tensions, and compromises refugee self-reliance.

Preliminary findings from research DRC has conducted with Syrian youth in KRI reinforces these findings. Focus group discussions (FGDs) found that youth often find themselves at crossroads, unable to access sustainable livelihoods opportunities, and expressed the need for more assistance to be able to overcome common economic, cultural, regulatory and social barriers as they grapple with uncertain futures. The surveyed youth unanimously expressed their inability to find decent work, with many -- especially men and boys -- working in the informal sector: construction, hospitality, and agriculture. Many arrangements were carried out without written contracts and many participants of the FGDs felt that they were “exploited” by employers, forced to work long hours for little pay, or were never recompensed. FGD respondents felt they could not complain or report cases of exploitation, because legal remedies were inaccessible, took too long, they feared reprisal or they would gain a reputation of being “difficult” thereby losing out of future job opportunities. Girls and women also reported that they could not find work and were particularly constrained by social and cultural mores from looking for jobs that were further away from home.

In 2019, the unemployment rate in KRI is estimated at between 22 and 26%, countering a downward trend reported prior to the 2014 crisis and now at similar levels to 2012. Unemployment among Syrian refugees is even higher, with just 59% of refugee households reporting access to income-generating opportunities compared to resident households (78%). In a context of widespread economic recession and unemployment, Syrian refugees are disproportionately affected due to societal and legal barriers to full economic integration. Today, 38% of Syrians in KRI live below the poverty line. Those who are able to access employment often report having to accept low wages, long working hours and working in low-skilled sectors, as well as facing exploitation and harassment at the workplace. Syrians also reported that employers did not recognise qualifications from Syria. Meanwhile, legal constraints impact the potential of longer-term integration, as there are no laws to provide a legal pathway towards citizenship for refugees and the absence of an effective legal framework for refugee protection in Iraq continues to preclude longer-term residency rights and other legal benefits for Syrian refugees. This poses limitations to refugees’ ability to attain full local integration, such as having the right to work in all sectors, rights to own property, freedom of movement across the country and political participation.

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33 Ibid.
34 These are preliminary findings from FGDs with Syrian refugee youth in Basirma Camp, (August 2019).
37 Regional Refugee and Resilience Plan 2020-21 to Syria Crisis
Impact of COVID-19 on markets and labor markets

A distinguishing trait of the COVID-19 crisis is the extent to which the necessary public health response (notably, the complete closure of everyday life to prevent the spread) accelerates the pandemic’s severe social and economic consequences. This characteristic, combined with the grave epidemiological shock and severe impact on livelihoods, defines coronavirus as a triple threat.

The measures introduced by the Iraqi government to contain the spread of COVID-19 have already had drastic consequences on the country’s economy. With the initial ‘curfew’ announced by the Kurdistan Regional Government on March 14th, the Government of Iraq introduced a national curfew covering Federal Iraq on March 17th. Movement restrictions have subsequently been extended through April 11th both for Federal Iraq and the Kurdistan Region (KRI), with the potential for extension. These measures apply to all non-essential activities, including government offices and the national banking system.

Data collected by DRC between April 2nd and 6th illustrate the significant socio-economic impact of coronavirus across all assessed areas of Iraq. 83% of the respondents do not have any household member currently working and 97.6% of the assessed households reported having to resort to incurring debt to meet their basic needs. The impact of COVID-19 on the socio-economic profile of conflict-affected communities and on the labor market is widespread and affecting all assessed governorates almost equally, with variations probably attributable to how strictly the movement limitations are enforced.

Only a small minority of respondents (16%) reported having any savings. Of these, 70% stated that savings would last for less than 1 month, should the movement restrictions and the inability to resume income-generating activities continue. In addition to basic needs such as food, non-food items and basic hygiene items including soap and disinfectant solution, the lack of cash exposes numerous households (30% of those living in rented accommodation) to the risk of evictions due to their inability to pay for rent.

In terms of impact of the spread of the pandemic and government-enforced measures to prevent it on the labor market, most sectors are impacted, with only government employees and public security officials reporting a smaller change in the number of people generating an income during the lockdown. This is probably due to the fact that civil servants can remain on a government payroll even when government services have been halted as a result of the lockdown.
In addition to deteriorating resources and an uncertain economic outlook, conflict-affected households in Iraq also face another challenge brought by the COVID-19 pandemic. As prices of basic commodities surge due to the increase in demand and disruptions to international and national trade, vulnerable households are seeing their already limited capacity to purchase essential items and meet their basic needs decrease. Market and price monitoring initiatives conducted by DRC and other partners of the Cash Consortium for Iraq (CCI) document the first results of an inflation in the price of the items included in the survival minimum expenditure basket (SMEB) of up to 22% in some locations of Iraq since mid-March. Price monitoring will continue during the coming weeks to measure any change. However, an upward trajectory in the price of basic commodities is expected. Shortages of items in high demand, including personal protective equipment, disinfectant solution, detergent, vegetable oil, rice and lentils were also reported. Closures of local shops due to lack of liquidity to re-stock commodities are common due to the majority of their customers who purchase on credit being unable to repay their debts. 27% of the respondents of the CCI Beneficiary Market Perspectives (1st round) stated that their local shop is currently closed and 17% of them reported not having any other option they could access.

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Figure 4 Change in employment by sector

Figure 5 Loss of employment by district in North and Central Iraq
Local labor market and livelihoods competency assessment

DOHUK AND ERBIL

Household economy analysis

DRC assessment focused on underserved areas in the pre-urban space of Dohuk and Erbil. The criteria for selecting underserved areas included low coverage from other economic recovery partners, a high prevalence of poverty, and high ratio of vulnerable households. Based on these criteria, DRC selected the following locations for its intervention:

1. Erbil: Mamzawa, Twra, Qatawi, Gird Ahmed, Sebiran, Kani Qirjala, Daratw, Bnaslawa, Baharka and Qushtapa
2. Duhok: Zakho, Amedi, Sarsang, Shikhan, Qadshe, Zaweta, Bagera, Mangeshka, Sumel, Nzarke, Avreke and Etit

The demographic composition of communities in these locations is mixed, with several Syrian refugees and Kurdish IDP households displaced to Bnaslawa (Erbil) from Kirkuk during Saddam regime.

Unemployment is widespread and reported by 67% of the sample of people interviewed by DRC (see figure 6). The main reasons provided to explain the high numbers of unemployed people are varied and include a general lack of jobs (34% of the respondents), limited availability of capital to open a business and become self-employed (22% of the respondents). For the households assessed between late March and April 2020, the government measures to prevent the spread of COVID-19 also played a role, with 26% of the people interview reporting this as the reason why they were unable to engage in income-generating activities (see figure 7).

As a result of unemployment, household may resort to different negative coping strategies to meet their basic needs. DRC monitors the use of negative coping strategies among target populations using a standard set of behaviours also used by all cash actors in Iraq. These include the use of more common strategies such as the use of credit, spending of savings, and selling of assets as well as more hazardous coping mechanisms which often result in increased social vulnerabilities and protection risks such as child marriage, child labor, force marriage and the use of socially unacceptable behaviours that might result in social stigma or imprisonment.
As shown in figure 8, the most used negative coping mechanisms in Dohuk and Erbil include buying on credit (used by 65.4% of the respondents), followed by reducing household expenditures (48.76%), selling household properties (39.97%) and spending savings (37.35%).

Among the population that is practicing an income generating activity, DRC assessment found significant gender disparities, with women being significantly less represented among the employed population in Dohuk and Erbil. The most practiced livelihood activity is self-employment, with the majority of respondents reporting to own a small business followed by low skilled service industry (including construction), mostly practiced by men.

Finally, differences between genders can also be observed when analysing the monthly income and expenses of female and male-headed households. While the mean monthly income among women is lower than for men (532,500 IQD compared to 632,000 IQD), the mean monthly expenses are very similar, with 435,000 IQD for women and 425,000 IQD for men. This is also in line with other findings from the CWG, which found very small differences in consumption patterns between female-headed and male-headed households, concluding that, while access to employment for women is more limited than for men, this does not translate in higher levels of poverty (measured using consumption as a proxy) among women-headed households.
Labor market assessment

DRC study found a severe lack of employment opportunities in the underserved locations of peri-urban Erbil and Dohuk results in job seekers having to travel to the city centres to find jobs. However, the significant cost for transportation represents a significant challenge for low-skilled labor from these areas, especially as public transportation is limited or non-existent and the salary for low-skilled labor is too small to cover the cost of public transport and the family’s survival.

The labor market in the areas assessed is mostly concentrated around small and medium enterprises, including malls, restaurant, fuel stations, and beauty salons. In Dohuk, employment opportunities in peri-urban and underserved areas also include small and medium factories producing juices, chips, mattresses, furniture, and food items. Enterprises linked to retail, catering, and tourist companies also offer opportunities for seasonal labor, mostly in the summer months. The only business sectors showing signs of growth are the food sector (production, processing, and retailing of food items), catering, and construction. However, this pattern has been significantly affected by the global spread of COVID-19 and the governments’ measures to prevent it.

According to the FGDs conducted, one of the challenges faced by job seekers interviewed in Erbil and Dohuk is that the employment opportunities available outside of the city centre do not match the level of skills and education of the local population (see figure 12). While a high number of residents of these areas have high educational attainments (secondary school and above), the jobs available in underserved areas of Erbil and Dohuk are mostly low skilled and do not require specific qualifications. As such, the great majority of people prefer opening their own business than being employed, leading to an increased risk of oversaturation, especially in the retail sector.
Laborers from countries like Bangladesh and India are also represented among the low-skilled service labor working in factories in areas of Dohuk and Erbil. According to the key informants interviews conducted with employers, they are sometimes preferred to local laborers because they are willing to work for longer hours and during holidays and for lower salaries. Because of this, they are often perceived as competition to workers from KRI and Iraq.

As shown in figure 6 above, the level of informality in businesses in assessed areas of Erbil and Dohuk is relatively high, with 42% of the people reporting to be employed in informal businesses. While this is in line with the national trend, DRC study found that the high level of informality in these areas is also linked with the government regulation for which, when an existing business is formalized, it is also expected to pay taxes starting from the day of establishment. The financial burden of retrospective taxation is often an obstacle for small businesses to become formal, outweighing the benefits resulting from being able to access government subsidies.

The assessment also looked at working conditions and payment methodologies. The majority of the workers interviewed reported being paid less than the minimum wage (400,000 IQD per month), with the majority of informants reporting to earn less than 20,000 IQD per day (see figure 14). Formal contracts are also rarely used and hiring practices are reportedly very informal, as employers often rely on personal connections and word of mouth to recruit labor. Job seekers, especially the youth, also reported relying on in-person visits to potential employers and personal connections rather than applying for vacancies using the internet or other formal vacancies postings.
Women employment in Dohuk and Erbil

Interviews and FGDs conducted with women in Dohuk and Erbil found that one of the main barriers to accessing employment in the private sector is the long working hours. Due to their responsibilities as main caregivers, women often find it impossible to fulfil their household duties and work full-time as employees in business ventures outside of their house. Several women interviewed stated that the maximum hours they could work is 3-4 per day. While part-time work opportunities are not widespread among private sector employers in these locations, the research conducted by DRC found that this could be a good strategy for promoting women’s participation in the labor market.

Livelihoods competency assessment

Finally, DRC conducted a targeted assessment to understand skills in demand within the labor market and gaps and communities’ expectations regarding the provision of such skills.

Figure 15 above show that people’s perceptions regarding the skills needed to enter the labor market are varied and include vocational skills, life skills and literacy skills. According to the above, the main gap in the skills available is represented by life skills, which are perceived as needed but not available. This is an important finding for programs, as it shows the importance of integrating complementary skills for employment in the curriculum of trainings provided for job seekers. This was also confirmed by the FGDs and KIIs conducted with employers, who stated that motivation and dynamism are sought after characteristics when hiring employees in addition to specific technical skills and – for some jobs like retail – good looks. Interestingly, NGOs are seen as the main training providers in locations of Dohuk and Erbil, with 45% of the respondents indicating this.
When comparing the skills perceived as necessary for people to become self-employed or employed, the assessment found similar results (see figure 17). According to the assessment, the main important factors determining a person’s success in the labor market is relevant skills and experience, followed by life skills (especially for self-employment). On the other hand, language skills and computer/IT skills are perceived as more important for employees than the self-employed. Again, business skills are not often listed among the most important skills for either the self-employed and the employee, probably as a result of business skills being perceived as something that can be learned on the job rather than through formal trainings. This assumption is further supported by the data in figure 18, which represent the factors perceived as essential for determining business success.

**Figure 16 Training providers in Dohuk and Erbil**

**Figure 17 Skilled needed for self-employed and employee workers**

**Figure 18 Factors determining business success**
DIYALA AND SALAH AL DIN

Household economy analysis

In line with its programming priorities in 2019 and 2020, DRC focused assessments in Muqtadiyah (Diyala) and Bajii district (Salah al Din). These areas were selected due to the high numbers of return and levels of vulnerability observed following the end of conflict with IS in 2017. The household economy analysis conducted by DRC as a baseline for its intervention confirmed these findings. High levels of unemployment are reported in both locations, with 42% and 46% of the respondents reporting to not be practicing an income generating activity in Diyala and Salah al Din respectively.

The reasons given to explain the widespread unemployment in these locations reflect a climate of economic recession, with lack of capital and a general lack of employment opportunities cited as the main factors determining the rate of unemployment in target communities. This situation was also worsened by the socio-economic impact of COVID-19 and government-imposed movement restrictions impacting the ability of workers to continue practicing an income-generating activity.

As a result of widespread unemployment, conflict-affected households in Diyala and Salah al Din are forced to rely on negative coping mechanisms to meet their basic needs. Figure 23 below shows that coping mechanisms such reducing household expenditure (78.4%), buying on credit (75.6%) and spending savings (68.32%) are common among households who face challenges meeting their basic needs. On the other hand, more hazardous strategies such as child
marriage and forced marriage are less utilized, with only children dropping out of schools being used by a concerning proportion of the population (10.30%) as mechanism to cope with economic hardship.

The employment base differs between Diyala and Salah al Din and reflects the rural versus urban nature of the labor market in these two locations. While in Salah al Din, the majority of respondents are small business owners or practice trade/vocation, more respondents in Diyala are involved in agriculture and low skilled/skilled labor. Differences are also observed between women and men engagement in the labor market, with women being generally less represented among the employed.

Differently than in Erbil and Dohuk, where women’s income was clearly lower than men’s, in Diyala and Salah al Din the trend is not as clear. In these locations, women’s income patterns are more sporadic and no clear trend in terms of lower or higher income than for men can be distinguished (see figure 25 and 26 below).
Labor market assessment

Diyala

The labor market assessment conducted by DRC team in Diyala found that the agriculture sector has started deteriorating with the conflict in 2007 and completely collapsed during IS occupation in 2014 and with the armed conflict that followed. This is mostly due to the burning of most orchards by IS, the lack of rain and displacement.

The food processing industry also constituted an important sector of the economy in Muqtadiyah, especially due to a very large dairy factory enterprise which, between 2003 and 2005 used to employ 3,000 laborers. A date processing workshop was also operating in the area, with 1,000 workers. However, both these enterprises closed after 2005 as a result of the conflict and subsequent instability.

Today, the agriculture sector is also suffering from the lack of government support, once extremely important for farmers in the area as they provided them with agricultural inputs (seeds and pesticides). Due to the loss of competitiveness of agricultural products in Diyala, today the market dominated by imported products.

There are three main markets in Muqtadiyah: Al-Asry market, Al-Mualmen market and Al-Muqadadiya market. The majority of businesses in the markets are micro and small enterprises. However, it is worth noting that functional markets are only present in city centers. The surrounding villages have have small shops with essential food items and the inhabitants have to frequently travel to the city centres to purchase other commodities. Most of the participants of the 13 FGDs conducted stated that they do not face difficulties finding products in the local market. However, several participants flagged challenges with accessing agricultural materials and medical supplies and equipment. This is mostly due to the movement restrictions imposed by checkpoints controlling access to Diyala from the main cities and ports of commerce.
Salah al Din

Baiji district experienced destruction and widespread displacement when IS seized the city in 2014. Returns reached 105,750 by December 2019; however, over 30,000 families remain displaced. While some residents have managed to find work in the construction industry, 52% report livelihoods needs, and many rely on loans. As no mechanisms exist to provide loans, these are usually provided by family and community members, and local capacity is rapidly decreasing. DRC interviews with the Baiji Municipality Manager and shop owners in Baiji Industrial Area found that the commercial sector is the biggest employer of Baiji, followed by the industrial and agriculture sectors (mostly practiced in the villages outside Baiji city). However, military operations negatively affected all economic sectors. Before the crisis, the industrial area had a large amount of economic activity, consisting of two flour factories, six block factories, 50 blacksmiths, 675 different repair shops, including mechanics and electricians, 18 car dealerships, and many other service providers. Less than 30% of these businesses remain open, and none are functioning in full, pre-conflict capacity.

Approximately 50% of infrastructure is in need of rehabilitation and this, along with theft of essential assets and equipment, prevent many businesses from reopening and pose a further barrier to the recovery of local markets. With the provision of business grants, many could restore materials and supplies, allowing skilled workers to return to employment.

As shown in figure 27, while the level of education attainment are similar between Diyala and Salah al Din, with the majority of the respondents interviewed reporting to have achieved primary school, stark differences can be observed between the level of education of women between the two locations. While the majority (81%) of the women interviewed in Salah al Din have no or only primary level education, 30% of the women interviewed in Diyala have a bachelor degree. This is probably due to the fact that Muqtadiyah district – where the data was collected - is one of the locations in Diyala with the best education system which is open and accessible to residents. Low levels of education, however, do not seem to be a bottleneck to enter the labor market in either Diyala or Salah al Din, where the main factors mentioned to explain unemployment are mostly the lack of jobs to be employed into and lack of capital to be self-employed.

The assessment also looked at working conditions and wages in both locations of operations. As shown in figures 20 and 21 above, a significant portion of employment in Diyala and Salah al Din is highly informal, with 28% and 33% of the respondents stating that they work in informal business in each location respectively. The wages paid are also below the minimum as stated by the Iraqi Labor law (400,000 IQD), with the majority of respondents (73%) being paid below 20,000 IQD per day of work. The majority of the people interviewed reported relying on friends and relatives when seeking employment as no formal platform for job advertisements is available in either location.
Livelihoods competency assessment

Finally, DRC conducted a study of the skills and competencies existing in the labor market in Diyala and Salah al Din to understand needs and gaps that can be addressed through the program. The comparison between the skills available in the community and those perceived as needed to enter the labor market found that business and life skills are the biggest gaps that need to be addressed through programming (see figure 30). The third biggest gap is vocational skills while literary skills and financial skills are not perceived as essential by a high number of respondents. DRC also enquired about what are the available providers of trainings for livelihoods skills and found that, similarly to Dohuk and Erbil, NGOs are seen as the main provider of this service.

Labor associations in Salah al Din

Bajii is the only location among those assessed here where DRC has found the presence of labor unions, i.e. cooperatives of people practicing the same trade or vocation. According to respondents, the main service provided by these associations is financial assistance. Some of them – for example the farmers’ association – play an important role of interface between the workers and the government. Engaging with labor associations can represent an important entry point for programs and it can increase the relevance and sustainability of the intervention. Where appropriate, DRC works with labor associations through the provision of capacity building opportunities and small block grants for the implementation of activities aimed at improving the operational environment for workers involved in a specific trade.
When comparing the skills perceived as necessary for people to become self-employed or employed, the assessment found similar results (see figure 32). According to the respondents, the most important skills for becoming self-employed are lifeskills followed by business skills while the most important skills for acquiring a job as an employee are business skills, followed by relevant skills and experience. Interestingly, connections only come as 4th factor in terms of importance when assessing the skills needed to enter the labor market in Diyala and Salah al Din. In addition to skills, access to capital is considered one of the main factors determining the success of a business venture.
Remote trainings opportunities for job seekers and entrepreneurs

In light of the significant changes brought by COVID-19 in the way we consider gatherings and social interactions, DRC looked into the possibility of providing remote training opportunities for job seekers and entrepreneurs via phone, laptop or tablets. In order to assess the feasibility of this type of intervention, DRC conducted a country-wide assessment comparing 1) availability of a fast and stable internet connection; 2) ownership of smartphones, laptops, or tablets among conflict-affected households; 3) interest of respondents in taking remote training opportunities for job seekers and entrepreneurs.

The assessment found that, while access to internet (see figure 35) and ownership of IT equipment (see figure 36) would allow the implementation of remote trainings in some areas of Iraq, the disposition of target households towards this type of service (see figure 37) would represent a challenge that would need to be addressed through a special incentives and through a strict monitoring mechanism.

Figure 35 Access to internet
Figure 36 Ownership of IT equipment
Figure 37 Interest in remote learning
Conclusions & Recommendations

Business support

Market-based programming

Activities aimed at providing business support need to be informed by regular market monitoring to ensure that they not only address market gaps but also support the market to respond to changes in consumption patterns. This is particularly important, especially considering the deep changes in local and international markets resulting from the COVID-19 emergency and governments’ attempts to stop the spread of coronavirus.

Enterprises focusing on the production and trading of basic food and non-food items, hygiene items and personal protective equipment used to prevent the spread of the virus are likely to see an increase in demand in the upcoming months. On the other hand, non-essential sectors such as catering and tourism, beauty care, manufacturing, and retail trade will probably bear the burden of the current crisis.

Provision of direct cash grants to COVID-19 affected small and medium enterprises (SMEs) to bridge the drop in revenues

The profound impact of the COVID-19 crisis has disproportionately affected SMEs involved in non-essential sectors, including transportation, tourism, entertainment, catering, and retail of non-basic items.

The provision of cash grants to these enterprises is a commonly adopted social protection response aimed at allowing business owners to protect their assets during the crisis and to promptly restart their economic activity after the shock. Asset protection mechanisms such as direct cash grants to crisis-effected SMEs are essential to minimize the long-lasting impact of COVID-19 on local market and labor markets.

The disbursement of direct cash grants will take place based on the macro-analysis of the impact of COVID-19 on different economic sectors as well as on the in-depth assessment of the effect of the crisis on target enterprises.

Resilience-focused grants

In light of the current crisis, programs are advised to maintain the capacity to provide micro-business grants aimed at promoting household resilience. These can include financial support for households wanting to establish home-based agro-businesses which would promote the food security of the household and their small circle of connections and acquaintances. While such grants may not lead to employment creation, they could play an important role in allowing extremely vulnerable households to meet their needs without resorting to negative coping strategies, especially in light of the increasing cost and challenging access to essential food items during the COVID-19 crisis.

Support to SMEs with scaling up teleworking capacity and use of digital marketing to expand revenue base

Although the context is evolving, current analysis predicts that social distancing measures will continue at scale for a significant period of time — until the distribution of a vaccine or suitable treatment methods are identified. The significant social changes and adaptation of working modalities requires a new way of thinking and operating for businesses in order to weather enduring social-distancing measures. These will include a reduction of physical contact and gatherings and will create the space for the adoption of remote working modalities (using telecommunication technologies) as well as different methods for engaging with customers (see digital marketing and home deliveries).

Business development support

Business skills were found to be a significant gap in target communities. Business and financial management training targeting entrepreneurs was found to be a valuable entry point to promote self-employment among target communities. Life skills were also identified by respondents as one of the main skills needed by entrepreneurs.
Programs should consider integrating life skills training in the business and financial management training. During the business development service, a session could focus on market understanding to be delivered to beneficiaries so that they can take informed decisions on the changing market dynamics they will be operating in.

**Advocacy and legal support with business formalization**

In light of the challenging legislative environment that characterizes doing business in Iraq, programs are recommended to include targeted support to entrepreneurs with business formalization and – where possible – access to formal financial services. Formalization, however, should not be considered an essential pre-condition for the provision of business support. This study found that often existing business cannot formalize because the financial burden of retroactive taxation would compromise the sustainability of small enterprises. For this reason, programs are recommended to complement individual business support for formalization with government-level advocacy on the risks and challenges of the current regulations for the continuity and sustainability of small and medium enterprises.

**Wage employment**

**Flexible programming**

The economic recession resulting from the global spread of coronavirus is likely to significantly impact the capacity of small and medium enterprises to create employment. In a climate where employment in the private sector is already challenging due to the small and informal nature of businesses and the significant role played by state-owned enterprises, programs aimed at supporting wage employment may encounter significant bottlenecks. This is especially true in locations such as Diyala and Salah al Din, where the opportunities for business innovation and adaptation are more limited by the post-conflict environment, the lack of services and the significant damage to infrastructure impacting new or recovering business. Programs are therefore advised to maintain an element of flexibility which would allow to support beneficiaries with other services (including self-employment and emergency cash assistance for households impoverished by the crisis), should the economic recession prolong for an extended period of time.

**Combine push and pull interventions**

In all locations assessed, the size of private sector enterprises is a significant limitation for employment generation. Therefore, programs focusing only on the supply side of the labor market (push interventions) through trainings and job placements may not succeed in achieving sustainable results. Such interventions should therefore be complemented with programs strengthening the potential of the private sector to employ job seekers (pull interventions). This should be achieved through targeted business support to enterprises showing the potential to scale-up, multiplying their employment capacity.

**Advocacy and sensitization of employees on decent employment**

The assessment found that informality and challenging working conditions represent significant challenges for job seekers looking for stable employment opportunities. In addition, the assessment has found widespread discriminatory employment practices, especially against displaced populations (IDPs and refugees) and women, who are perceived by employees as ‘unreliable’ and not qualified for the position. In addition, the majority of work contracts and hiring practices are also highly informal, preventing employees from acquiring job security and access to social protection mechanisms.

Programs are advised to complement wage employment support with targeted advocacy and awareness raising with employers on the basics of the labor law and the importance of providing employees with social benefits and employment contracts. Additional support should be given to more marginalized population groups – including women and refugees – as a result of the additional challenges faced when looking for jobs.
Promoting women engagement in the labor market

The challenges faced by women with entering the labor market are several and often systemic and deep-rooted. Support to women employment should include advocacy with employers on the implementation of family-friendly policies and on the importance of enforcing anti-harrassment regulations. In addition, flexible employment opportunities that allow women to balance work with household responsibilites should be promoted. This includes, for example, piloting part-time work schemes which was flagged by women informants are a welcomed alternative that would allow them to engage in the labor market without disrupting household dynamics. Additional recommendations for programs to promote women engagement in the labor market can be found in the box at page 13.

Provision of complementary skills for employment

The study found significant gaps between skills needed and skills available in target populations. The assessment also found that communities look at NGOs such as the main providers of employability skills. The main skills gaps identified across all locations include business skills, life skills and – to a lesser extent – vocational skills. Interestingly, business skills are also considered important for people looking to be employed and not only for those interested in becoming self-employed. Programs are therefore recommended to consider integrating elements of business and financial management skills in their employability training. These will allow beneficiaries to support employers not only with clerical tasks and with the provision of services but also with business support.

Graduation support

Provision of emergency cash assistance to promote the graduation of conflict-affected households to sustainable livelihoods

The household economy analysis conducted across all locations to understand the socio-economic profile of target communities found widespread vulnerabilities and heavy reliance on negative coping strategies to meet basic needs. Assisting households who to rely on negative coping mechanisms - including the use of debt, spending savings, and selling assets - to meet their basic needs with livelihoods assistance (especially financial assistance) runs the risk of them using the support provided for immediate consumption. In light of this and the socio-economic make up of target communities, programs are advised to complement livelihoods assistance with an initial cash injection for consumption support. This is especially needed for extremely vulnerable households, whose reliance on negative coping strategies has also exposed them to protection risks.

Provision of emergency cash assistance to socio-economically vulnerable COVID-19-affected households in target communities

In line with the CWG response strategy for COVID-19, programs should integrate the distribution of cash assistance to socio-economically vulnerable households and quarantined workers to support them with meeting basic needs without having to resort to hazardous and catastrophic negative coping mechanisms. This is especially important due to the loss of employment and heightened vulnerabilities resulting from the government-imposed lockdown as well as changed in the market which limits poor households’ access to basic needs.

The amount of cash assistance distributed should be in line with other cash actors in Iraq and informed by the analysis of households’ survival needs, inflation of prices and the increase in hygiene and possibly medical expenses.

In a context of limited resources, cash partners should maintain a needs-based targeting strategy which will allow the prioritization of socio-economically vulnerable households with cash assistance. Beneficiary selection will be conducted using an adapted version of the standard socio-economic vulnerability assessment tool (SEVAT), adjusted to increase the threshold of eligibility to account for the impact of COVID-19 on impoverished households.
‘Graduating’ extremely vulnerable households out of reliance on humanitarian assistance or negative coping strategies entails the provision of additional cash assistance to these households compared to other beneficiaries only receiving livelihoods support (business support or wage employment). In order to avoid the creation of social tensions resulting from perceptions of unfairness and inequality that may arise from the provision of graduation support to selected households, programs should adopt clear and transparent targeting criteria. These should be informed by beneficiaries’ needs rather than their status and measured using a standard and coordinated vulnerability model.