

KEY PEOPLE KEY KNOWLEDGE FOR IRAQI WOMEN

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- ◆ **KEY- PEOPLE** Key knowledge for Iraqi Women is a project conceived and leaded by **MEDITER** (Resèau euro-mèditerranèen pour la cooperation).
- ◆ It includes several international players:
 - Municipality of Mosul, University of Mosul WEO (Women Empowerment Organization in Erbil),
 - Mosul Chamber of Commerce, Ninawa Governorate – IRAQ,
 - University of Rome "Tor Vergata" CEIS (Centre for economics and international studies).
 - The University of Mosul

◆ The main goals of the project are:

- To reinforce and facilitate the development of a culture of civil society and to help increase the level of cooperation and mutual knowledge between civil society and local authorities in the Northern Area of Iraq, notably the city of Mosul and the Region of Ninawa.
- To enhance the cooperation of civil society and local authorities to provide social services according to the idea of subsidiarity.
- To reinforce the capacity building of the Iraqi society, through women empowerment.
- To help social inclusion of women in Iraq,
- To support the female leadership inside the local enterprises (SME) and of the NGOs and, through them, giving an answer adapted to the risks of economic, political and cultural marginalization of the territory of North Iraq.

THE TARGET OF THE PROJECT

- ◆ The present project identifies its reference target in a group of women areas in the north of Iraq (Municipality of Mosul and Governorate of Ninawa) in some cases, they hold educational qualifications; in some others, they don't.
- ◆ The majority of them are unemployed women, or managers of local authorities and of small family enterprises, producing hand-crafted quality manufactures, which need little capitals, competences and market accessibility to be competitive.

THE TARGET OF THE PROJECT

- ◆ The identified beneficiaries will include both women assisted in micro-enterprises start-up, and operators trained for helping territorial actions, support, start-up and credit access.
- ◆ The project target is to train 100 women working in Local Authority or members of local NGO and SME.
- ◆ In particular, the beneficiaries of such intervention will be:
 - Women working in local government/authorities
 - Teachers and professors
 - Micro-entrepreneurs
 - Women working in local NGOs
 - Widows

HOW TO ACHIEVE THE GOALS

- ◆ The goal is to start and develop a continuous process of social inclusion, encouraging the creation of new microenterprises, microcredit and implement processes to enable the startup of businesses and NGOs.
- ◆ A strategic key of sustainable development lies in its capacity to connect local institutions and enterprises, NGOs and associations, encouraging a shared strategic plan at a regional level.
- ◆ This is why the project aims at strengthening relations and synergies between Local Authorities and other actors, to enhance stability and equal opportunities for economical development and social and cultural growth.

HOW THE REPORT IS ORGANIZED - 1

1. Discuss the motivations of the research study and why it is relevant to the whole project.
2. Present the general macroeconomic condition of Iraq and some of its contradictions, the role of the recent advent of ISIS and its effect of some main macroeconomic indicators:
 - a) the peculiarities of the labor market,
 - b) the gender issue
 - c) The problems with poverty in some regions, with special emphasis on the Mosul area.
3. List the problems of doing business in Iraq
4. Discuss the role that small industrial projects can have on fostering the development and growth of the Iraq economy.

HOW THE REPORT IS ORGANIZED - 2

1. Deepen these concept analyzing the role and evolution of small enterprises the Province of Ninavah
2. Present and analyze the current situation of small businesses in Iraq and the problems and obstacles facing small businesses.
3. Identify the businesses suggested by the Report, illustrating which is the strategy used and the reasons which lead to choosing each project/intervention.
4. Discuss the limitation of this study and presents some conclusions and recommendations in terms of sectors/activities/projects where to direct the attention of the remaining phases of the project.

THE ROLE OF THIS REPORT

- ◆ To maximize the efficacy and effectiveness of this project it is important to understand which are the sectors/projects that could guarantee the highest level of investment returns in terms of employment and social inclusion of the frailty groups of the population.
- ◆ Therefore, this report is focused on the analysis of local needs to identify the actors, the territories, the rules and the priorities on which to concentrate all the efforts to guarantee the best social and economic outcome.
- ◆ Furthermore, the objective of this report is to highlight and provide analysis of the constraints faced by small and medium sized enterprises in the Iraqi province of Mosul and to provide recommendations on how some of these constraints can be overcome through targeted assistance to SMEs.

- ◆ According to World Bank (2015), the Republic of Iraq is a country emerging from conflict and facing the challenge of reconstructing core physical infrastructure and delivering public services to 34 million people.
- ◆ Its gross domestic product (GDP) per capita was estimated at US\$ 6,305 in 2012, putting Iraq in the category of middle-income countries.
- ◆ Its economy is dominated by oil: Iraq produces about 3.0 million barrels per day, and crude oil accounts for nearly half of GDP and over 90 percent of total exports.
- ◆ The contribution of non-oil sectors is relatively small both in GDP and in exports, and the role of the private sector in the economy is very limited.

- ◆ Iraq economy might then be best described as having partially evolved an era of central planning to an era of state-guided capitalism in which government tries to guide the market by supporting particular industries that it expects to become ‘winners’ or that are important sources of employment.
- ◆ But, if oil continues to dominate the economy, there is a real danger that Iraq’s state-guided capitalism evolves in an oligarchic capitalistic state - like most of the other countries in the Arab Middle East.
- ◆ Despite wealth from natural resources, such oligarchic capitalistic states tend to have great income inequality, sluggish growth, large informal or underground sectors, and massive corruption.

- ◆ The oil sector is a highly capital-intensive sector, which employs only about 1 percent of the Iraqi labor force of over 8 million.
- ◆ Therefore, the sector is like an enclave and almost all oil revenues from foreign and domestic sales of oil accrue to the government.
- ◆ The government uses oil revenues to subsidize basic goods and services and maintains tight price controls on food and medicine. The non-oil economy is only affected when the government spends these revenues.
- ◆ Therefore, through its control over the oil sector, the government influences virtually all economic activity in the country.
- ◆ The private sector plays only a secondary and minor role.

- ◆ Aside from oil, state-owned enterprises (SOEs) operate in the agriculture, trading, and manufacturing sectors.
- ◆ Since these SOEs are highly subsidized and supported by large transfers from the government, the private sector is put at a disadvantage and cannot compete and develop.
- ◆ Furthermore, the government has constrained the private sector through myriad and complex regulations covering the starting and operating of businesses, as well as limiting their access to credit.

- ◆ The structure of the Iraqi economy is largely unchanged from the end of the US occupation in 2004.
- ◆ Iraq today still depends almost exclusively on oil and the State still dominates the economy.
- ◆ The government has not implemented any major economic reforms or developed economic institutions over the past decade to achieve what was envisioned 10 years ago.
- ◆ The current civil war perspectives with the Islamic State will severely affect the economy through disruptions of the oil sector.
- ◆ This may lead to a large loss of output with serious consequences for the local population.

THE STRUCTURE OF THE IRAQ ECONOMY AND ITS CONTRADICTIONS

- ◆ There are various industries in Iraq, which make good quality products despite the outdated factories and machines and abnormal conditions the country has gone through over the last several decades.
- ◆ Examples of these industries are:
 - construction materials,
 - petrochemicals,
 - tobacco and
 - leather

THE STRUCTURE OF THE IRAQ ECONOMY AND ITS CONTRADICTIONS

- ◆ However, Iraq's economy is based upon a contradiction.
- ◆ It has huge natural wealth with its petroleum reserves that are being developed, and provides most of the country's revenues, but hardly provides any jobs.
- ◆ That is a classic dilemma posed by the oil curse (Dutch disease).
- ◆ Such countries tend to have worse economic and political outcomes than countries with more diversified economies.
- ◆ Iraq is seriously vulnerable to the oil curse. Not only is it the most oil-dependent country among the Middle East and North Africa (MENA) countries, Iraq is the most natural resource dependent country in the world.

- ◆ In the long-term, Iraq must deal with a severe demographic challenge as it is still a young country with a high fertility rate.
- ◆ By 2030, Iraq's population is expected to reach up to 50 million, and this will further complicate, the current housing problem.
- ◆ More important, even after adjusting for the low labor force participation rate of women in Iraq, the number of new job seekers is expected to grow by at least 250,000 this year and even more in the future.
- ◆ With a combined unemployment and underemployment rate among the young around 80%, will inevitably push toward political instability.

- ◆ Iraq must create enough jobs to not only absorb this annual increase but also shrink the pool of current unemployed and underemployed.
- ◆ It is unlikely that increased public sector employment will be sufficient.
- ◆ Public sector entities are already severely over-manned.
- ◆ In addition, in the absence of a sharply higher oil export earnings, the public sector will be hard pressed to achieve its current infrastructure investment goals and much less substantially increase government employment.

- ◆ In developing countries, most jobs are created by new small private businesses engaged in services and light manufacturing.
- ◆ There are three institutional requirements for such job creation:
 - favorable regulatory environment,
 - available small business finance,
 - widespread literacy
- ◆ Iraq only has the third.
- ◆ In addition to regulatory hostility, the banking system is moribund, while microfinance reaches relatively few Iraqi businesses.

FEMALE PARTICIPATION IN THE LABOR FORCE

- ◆ Only 15 percent of adult Iraqi women of working age participate in the labor force; well below the already low rates in the Middle East and North Africa region (around 25%).
- ◆ The share of women aged 25 to 64 who are either employed or actively seeking work has remained stagnant in 2007/12.
- ◆ Participation varies sharply by education. Among adult women with intermediate or lower education, labor force participation rates are below 10%.
- ◆ With secondary education, these rates more than double to 24%, and increase six-fold with secondary and tertiary education. Well educated Iraqi women are therefore at least six times as likely to work or to be looking for work compared to the vast majority of Iraqi women.

FEMALE PARTICIPATION IN THE LABOR FORCE

- ◆ Overall, 70 percent of employed women work in salaried employment.
- ◆ Among the few less educated women who work, the majority are self-employed.
- ◆ Almost two-thirds of employed women work in the public sector, varying from around a fifth of women with primary education or less to almost all employed women with secondary or higher education.

- ◆ Women and women's rights in Iraq have been – and continue to be – affected by the country's recent wars and the current internal conflict.
- ◆ Despite some improvement in over the last decades, women are still discriminated on the possibility of starting and managing a business.
- ◆ UNDP notes that women routinely need permission from husbands or male relatives to engage in activities outside the home, including economic activities.
- ◆ Social perceptions reinforce the idea that men are better at business. This indicates that women face *de facto* restrictions on accessing credit.

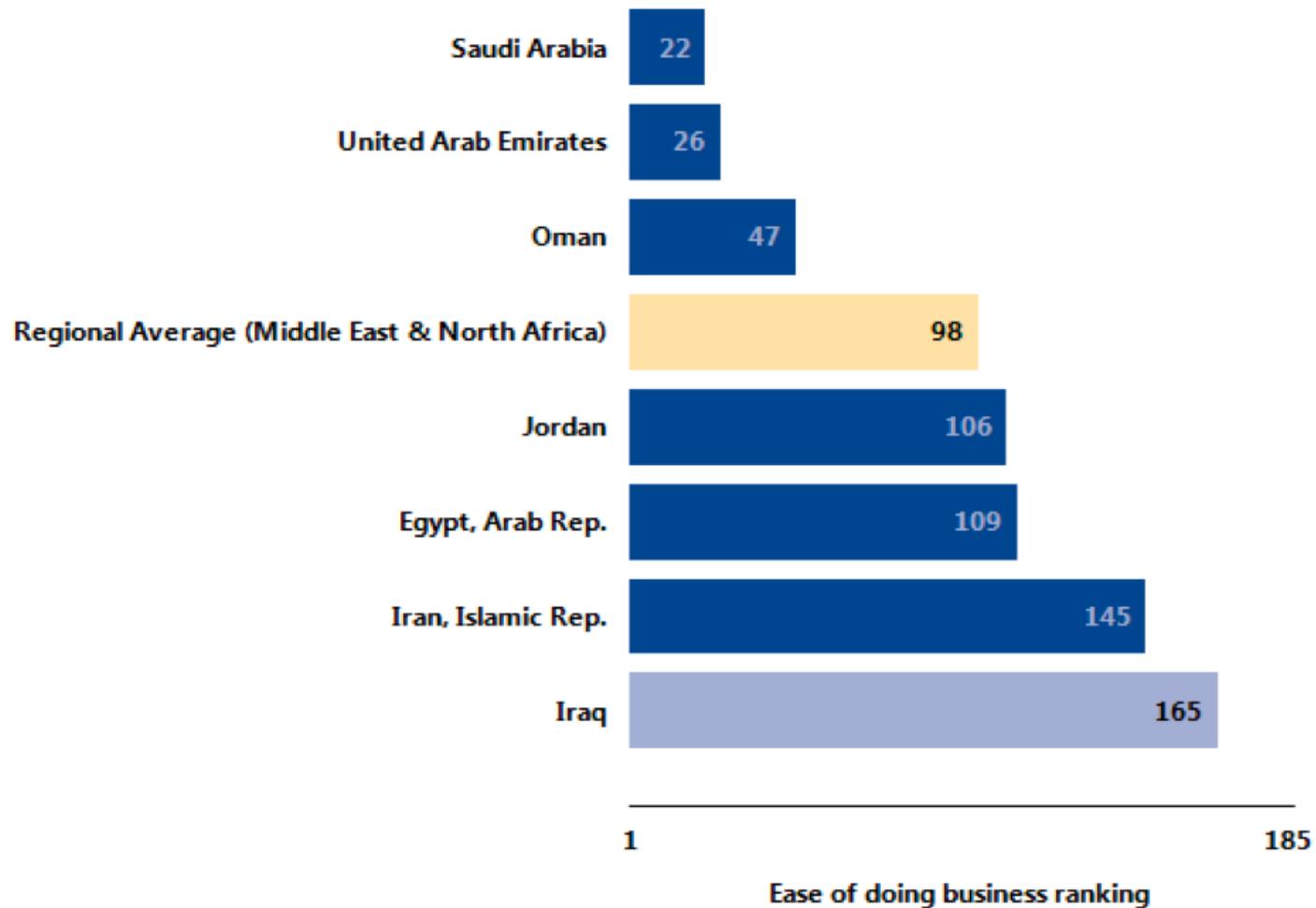
- ◆ The government does not appear to run any micro-credit programs for women, although some organizations do offer seed grants to women would-be entrepreneurs.
- ◆ Research by UNDP found that lack of familiarity, preference for borrowing from friends and family, and the need to secure permission from husbands or brothers or fathers meant that many women were reluctant to make use of micro-credit services.
- ◆ According to the Microfinance Information Exchange, in 2012, women accounted only for 15.74% of recipients of micro-credit in Iraq.

LIMITS AND CONSTRAINTS OF DOING BUSINESS IN IRAQ

- ◆ Iraq's legal and regulatory regime discourages the free flow of foreign trade and investment.
- ◆ The uncertain security environment also impedes international commerce.
- ◆ Inadequate supervision, political uncertainty, and a lack of security have severely undermined the financial system. Banks suffer from a lack of liquidity.
- ◆ The state has used banks to finance deficit spending and has required loans to state-owned enterprises.

DOING BUSINESS IN IRAQ

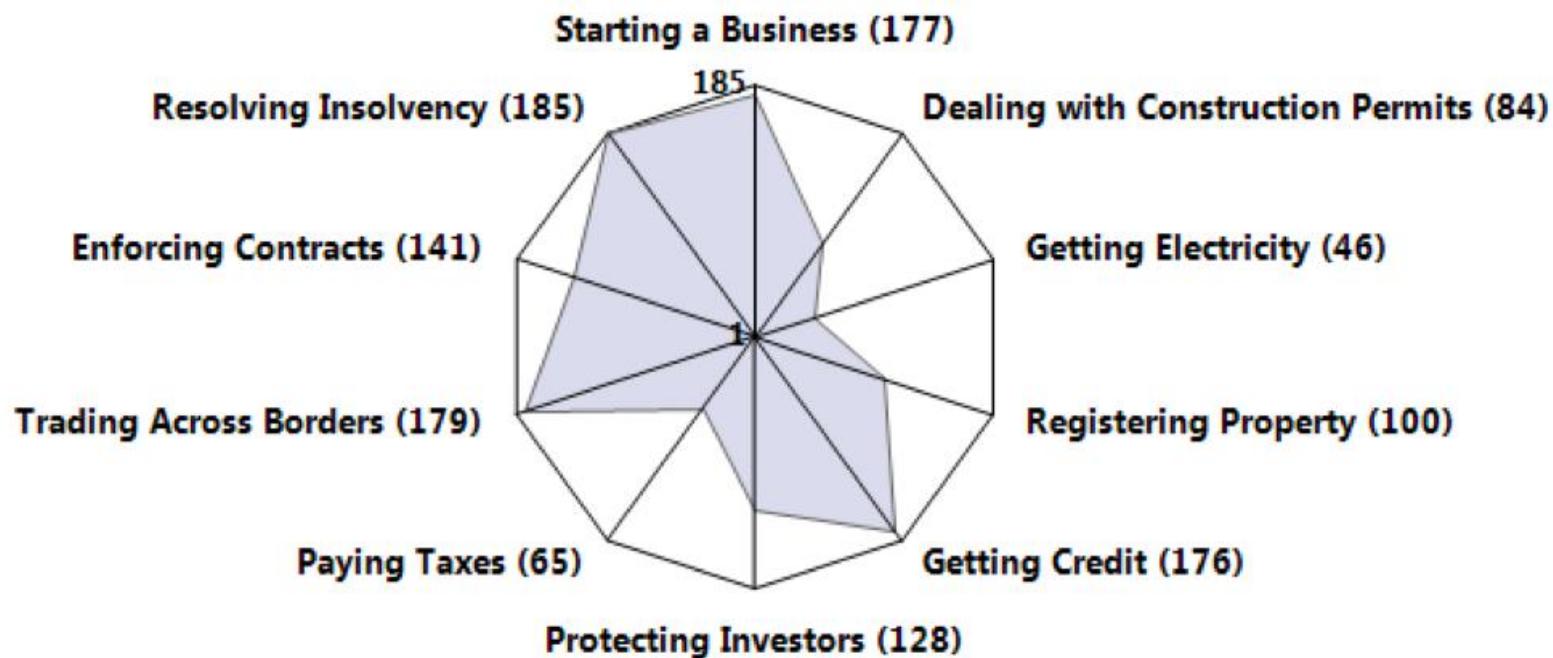
How Iraq and comparator economies rank on the ease of doing business 2014



Source: Doing Business database (2015).

DOING BUSINESS IN IRAQ

How Iraq ranks on Doing Business topics - 2014



Source: Doing Business database (2015).

- ◆ Despite the lack of official data, it is estimated that tens of thousands of civilians in the Mosul region are facing problems accessing
 - clean water,
 - fuel and electricity
 - transportation
- ◆ This is due to deteriorating conditions under the rule of their Islamic State occupiers. The economic conditions in ISIL-held territory, including Mosul, have deteriorated since ISIL's offensive in June.
- ◆ There is no sustainable electric power supply in Iraq, and the national grid can only provide 10 hours a day of electric power to families even during periods when there is no high demand on power.
- ◆ Average of electric power supply that families in Iraq get in their houses is 16 hours a day. That includes power coming from the national grid plus the power families buy from private generators.

THE ROLE OF SMALL BUSINESS TO ACHIEVE DEVELOPMENT

- ◆ Despite the growing role played by large industrial enterprises, large enterprises have not been able to eliminate the effective role of small businesses.
- ◆ Small businesses have been playing a big role in achieving economic development, and in particular industrial development (successful stories are Japan, Italy and South Asian countries like Taiwan and South Korea).
- ◆ Small businesses occupy an important position in the manufacturing sector.
- ◆ The role these businesses play in the process of economic development differs across countries, over time, according to development levels reached in each country, and, finally, according to governments' stance regarding these businesses.

- ◆ Small businesses in Iraq can highly contribute in speeding industrial development.
- ◆ The importance of small businesses can be explained through the following:
 - These businesses do not require large initial investments.
 - They are capable of employing large numbers of workers.
 - They contribute in raising small individual savings and directing them towards investment.
 - They underline the importance of time, innovation and invention.
 - They are characterized by their flexibility regarding location due to their small size and their limited need to location services such as roads, electrical power and water supply.

- These characteristics make a lot of advantages for the small businesses such as better distribution of workers and income, as well as economies of scale, internal and external, which come as a result of the choice of location.
- The reason is that shortage of expertise in developing countries does not pose any obstacles to small businesses as is the case in large enterprises.
- Furthermore, small businesses don't require high levels of training for people who operate them.
- They are regarded as businesses that somehow "feed" other businesses, and they play a vital role in widening local production base.
- This is done by providing hard currency for the country through cutting imports of goods that these businesses can produce.
- Finally, since these businesses are flexible and away from routine, they can adapt to the changes happening quickly in the market.

- ◆ According to official statistics, the most popular profession available in the Ninawa governorate are:
 - Gold and silver making
 - Textiles industry
 - Plant fiber profession
 - Pottery profession
 - Wood industries
 - Iron profession
 - Leather industries
 - Copper profession
 - Tile industry

- ◆ In light of what has been presented and discussed in the previous sections, here below is a list of suitable projects that can be proposed:
 - ◆ 1. Memorabilia tourist heritage.
 2. local Sweets (sajacat / Man al samaa).
 3. Manual heritage wall carpets.
 4. Tahinia factory (sesame paste).
 5. Peltry and Mosul cloak.
 6. Ba'shiqa olive oil soap.
 7. Medical dry herbs.
 8. Tel Afar Bulgur.
 9. Aljazeera animal fat .
 10. Manual heritage clothes (Nineveh Plain).
 11. Natural honey (Individual apiary).

MOTIVES AND REASONS TO PROPOSE THE ABOVE PROJECTS - 1

- If opened, it would produce goods that are related to the local identity in order to maintain identity of areas and towns where the proposed projects would operate.
- Availability of basic supplies and convenient locations locally for opening the proposed projects.
- Availability of raw materials required to operate the proposed projects at the local market.
- Availability of skilled and specialized workers especially among women, as well as men to operate the proposed projects.
- Some of the proposed projects products are already made in local markets, but with primitive styles making these products of low quality.

MOTIVES AND REASONS TO PROPOSE THE ABOVE PROJECTS - 2

- The proposed project aims to provide job opportunities as one of the top goals of starting those projects.
- Possibility of implementing the proposed projects in a timely manner, no more than four months, once budget is available.
- Increasing demand on products that can be produced by the proposed projects in Iraq and a number of neighboring countries.
- The proposed projects can help in keeping what is left of Ninawa governorate legacy and restoring what has vanished, and maintaining its traditional identity.
- Possibility of monitoring the activity of the proposed projects by certain government bodies in Ninawa to make sure these projects achieve the ultimate goals.

THE LIMITS FOR THE DEVELOPMENT OF A BUSINESS ENTERPRISES - 1

- ◆ Availability of the requirements of starting small extinct or still operating businesses after overcoming obstacles and restrictions that would otherwise prevent individuals (men and women) from getting into the domain of small businesses in the governorate.
- ◆ The deteriorating security situation has negatively affected small businesses and caused their numbers to dwindle in Iraq in general and in Ninawa in particular.
- ◆ There has been instability in small businesses situation with the lack of trained and qualified workers. Besides, the existence of these businesses has been limited to certain places, and there has been lack of strong relationship between them and large enterprises.

THE LIMITS FOR THE DEVELOPMENT OF A BUSINESS ENTERPRISES - 2

- ◆ Lack of organization and unavailability of information, statistical data and adequate means of communication to develop these businesses in the governorate of Ninawa.
- ◆ Scarcity of sources of funding, and lack of banking awareness, and lack of understanding of developed patterns of funding and investment on the local level.
- ◆ Limited supply of basic services and their high cost, and the difficulty of executing the procedures of the business activity because of the tough government bureaucracy.
- ◆ Incapacity of the marketing role especially with regard to advertising and methods of packaging small businesses products.

- ◆ In order to overcome obstacles and difficulties to turn small businesses back into medium-large size industrial firms and empower the role of the community to foster these activities in Ninawa governorate, some suggestions and recommendations can be adopted.
- ◆ These suggestions and recommendations are directed to different stakeholders, including the central government of Iraq, the local government of Ninawa, the Chamber of Commerce, the Industries Union in Iraq and the several civil society organizations currently working in the Ninawa region.

- ◆ Emphasize that small businesses are a fruitful domain to attract new ideas and give way to creativity, and they are also an effective way to fight unemployment.
- ◆ Reduce bureaucracy by facilitating official procedures/permits and the required paperwork for starting small businesses, in particular those procedures related to obtain funding and to allocate convenient locations for them, and supporting their products through tax relief.
- ◆ Create information centers in the Chambers of Commerce, Chambers of Industry, civil society organizations and universities that can provide consulting services and other sorts of assistance to owners of small businesses in order to develop and promote their businesses.

- ◆ It is crucial that managers of small businesses analyze and study their activities in cooperation with other elements of society.
- ◆ Create a “small businesses body” to support these businesses and help them succeed.
- ◆ Increasing discussion sessions and conferences and conducting various studies including feasibility studies for the purpose of developing small businesses and ensuring their success.
- ◆ Taking care of rural and traditional businesses and supporting them in order to protect their products and help them to be more competitive in the market.

- ◆ Providing social security and health care services for workers in these businesses; and assist these businesses in getting basic amenities, raw materials and technical requisites.
- ◆ Raising environmental awareness so that these businesses be more environmental friendly, and enhancing their role in the community in order to draw attention to their products and attract customers to buy them.
- ◆ It is highly recommended that universities and vocational institutes, with fields of study such as administration, engineering and technical studies, conduct specialized studies in the domain of small businesses through scientific research papers, theses, dissertations, etc. written by graduate students and academic staff.

THANK YOU!