

Promoting Employment in the Digital Economy in Iraq (ProDIGI)

The challenge

With a rate of 15.5% Iraq has one of the highest unemployment rates in the world (ILO 2022). This figure reflects the country's ongoing difficulties in creating employment opportunities for Iraqis, particularly in the private sector. Every year, about one million young people enter the Iraqi labour market. Young people are particularly affected by the unfavorable economic conditions. 25.8% of Iraqi youth and 28.2% of women are unemployed according to the World Bank (2022). Out of 13 million women in the age of employment, only one million is working (ILO 2022).

Employment opportunities in the country's two main employment sectors, the oil industry, and the public sector, cannot provide sufficient jobs for a growing population. Oil production accounts for nearly half of Iraq's GDP and almost 90% of government revenues, but it accounts for only one per cent of the country's total labour force. According to the Iraqi Central Bureau of Statistics, public sector employees accounted for around 28.5% of all employees in the country in 2018. Due to the already bloated public sector and the mono-structure, ensuring sustainable incomes for Iraqi citizens and revenue for the Iraqi government is key.

The Iraqi population is very young, with around 60% under the age of 25 (as of 2021). Among youth – aged 15 to 24 – one third is currently not in any education nor training program nor employed. As young Iraqis are increasingly interested in the digital economy as a possible area of work, there is a lot of growth and untapped employment potential for the digital economy in the country.

The digital economy is currently underdeveloped. According to the World Economic Forum's latest Global Competitiveness Report, Iraq ranks 140 out of 141 countries in terms of technology availability and innovation. A challenge remains the lack of skilled labour and the limited availability of investment. Therefore, the digital economy can currently only benefit a part of the Iraqi

population and cannot significantly improve the living conditions of the Iraqi population through technological innovation.

Project name	Promoting Employment in the Digital Economy in Iraq (ProDIGI)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Baghdad, Basra, Mosul, the region of Anbar, Erbil, Sulaymaniyah
Lead executing agency	Ministry of Planning, Iraq
Duration	01.09.2023 – 31.08.2026

Recent measures

ProDIGI builds on the impact that the 'Information and Communication Technology (ICT) – Perspectives for a Modern Youth in Iraq' project has achieved so far. 64 ICT start-ups – including 17 of which are led by women – have reached the next stage in the start-up lifecycle.

In addition, more than 250 young people, 30% of whom were women or disadvantaged groups (IDPs, refugees), found a job following technical and digital skills trainings partly implemented by innovation hubs established and supported by the ICT project. In addition, over 50 online or offline skills training programmes were offered by ecosystem intermediaries on ICT topics. Several interventions were implemented resulting in seven targeted regional exchange formats of ecosystem actors from the MENA region for intra-regional networking. The interventions at the macro and meso levels had a major impact on the technology sector ecosystem.

This is evident not only in the numbers achieved, but also in the growing tech community and the increasing interest of Iraqi youth in the technology sector. For example, the number of



registrations for training on digital skills increased dramatically in 2022. However, to ensure the sustainability of the tech ecosystem and to further perpetuate employment prospects in a cooperative, locally anchored, and self-sustaining ecosystem, follow-up support through ProDIGI is necessary.

Our approach

ProDIGI continues to diversify and strengthen the Iraqi economy and create employment opportunities for Iraqi youth by contributing to the growth of a digital economy. ProDIGI directly addresses the necessary improvements regarding the qualification of skilled workers, the strengthening of companies in the digital ecosystem, the promotion of cooperation in the digital ecosystem. In addition to that, the project will raise awareness about the potential of the digital economy among both, the Iraqi public and governmental policy makers.

ProDIGI aims to improve the conditions for the growth of the digital economy through the following measures:

- 1) **Skills Development:** The project aims to improve the skills of workers, especially women, regarding their employment situation in the digital economy. An improved employment situation can be achieved through improved competences in the areas of IT, digital transformation and soft skills, as well as through closer medium-term support for individuals from a training relationship to an employment relationship, but also for companies such as start-ups in their growth phase.
- 2) **Cooperation of actors:** The project aims to establish cooperation to promote employment in the Iraqi digital economy. Through increased cooperation between actors in the digital economy, namely IT companies, start-ups, support organisations such as hubs, incubators, accelerators, and university-based entrepreneurship centres, as well as with actors in the established economy (small and medium-sized enterprises, larger international corporations, chambers of commerce, etc.), support services will be demand-oriented and sustained through partnerships. These partnerships lead to improvements in the employment situation

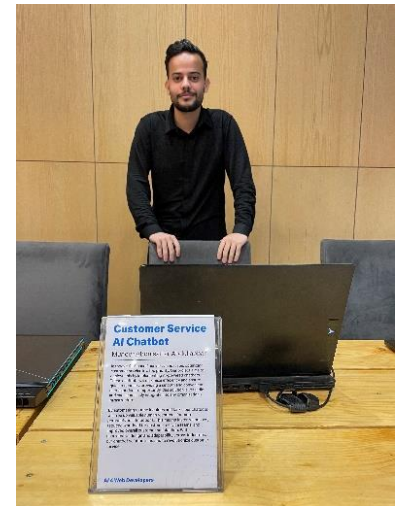
and contribute to improved conditions for the growth of the digital economy through improved networking.

- 3) **Advocacy:** The project aims to increase the visibility of the digital economy as an employment-relevant growth driver. An improved data basis on the employment and growth potential of the digital economy can improve attitudes and the attractiveness of employment in the digital economy. Through improved coordination, representation and the creation of dialogue formats between the digital economy and its support organisations on the one hand, and the public sector on the other, an expansion of (state) support services for the digital economy can also be achieved.

An example from the field

The ICT project has run several AI bootcamps in cooperation with a service provider in Baghdad, offering Deep Learning, AI for Software Developers and AI for Web Developers bootcamps to over 70 young people. These training programmes, each lasting four to six months, were concluded with a final project in which the training participants developed products and services in the sectors of health, SEO, e-commerce, and construction.

One of the participants, Muneer A., has developed a chatbot designed for seamless integration into the websites of various organizations and services. This model was successfully tested by Baly, the largest ride-sharing service in Baghdad. Baly found that the chatbot was a perfect fit to improve their customer service. As a result, Muneer received an offer from Baly to implement the chatbot as an integral part of their online services.



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