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Investment build Jobs – Jobs build Futures

Private Sector Development and Employment Promotion in Iraq

The challenge

After the defense against ISIS, the economic situation in Iraq remains tense and the heavy dependence on oil unchanged. Due to the dynamic world oil market, the state budget of the Government of Iraq (GoI) is vulnerable and repeatedly affected by economic shocks. This situation is exacerbated by a high number of returning refugees, internally displaced persons and migrants who also need economic prospects, and the severe consequences of the COVID-19 pandemic. The Iraqi government will need to address these challenges through the implementation of a successful economic policy. Given the extensively subsidised public sector, the contribution of the private sector to economic output and employment is low. The private sector is not able to create enough jobs for the population. In particular, the economic and social prospects of the youth, including returnees are low. Moreover, vocational education and training in the education system of Iraq could only be maintained to a limited extent in recent years. Thus, investments into economic policy development, education and jobs are key success factors for a future in Iraq. The current GoI has taken new reform steps to overcome its challenging situation, with promising effort.

The approach

To support the Government of Iraq and to create opportunities for the Iraqi people, the Private Sector Development & Employment Promotion (PSD) Project has been commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) and co-funded by the European Union (EU). This project relies on a multi-level approach that interlinks policy / network level with institutional development of key partners and capacity development. Enabling vulnerable groups such as women and returnees is an imperative to our work. Furthermore, special attention is given to sectors with a strong potential for growth such as agribusiness, solar energy, waste management, and hospitality, with a regional focus on Baghdad, Basra, Diwaniyah, Diyala, Erbil and Mosul. The PSD project divides its fields of action into two main approaches:

Project name	Private Sector Development and Employment Promotion / (Re)Integration of Young People and Returnees (PSD) in Iraq
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ) and co-funded by the European Union (EU)
Implemented by	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Volume	53.75 Mio. EUR (34.65 Mio. EUR BMZ funds, from 02/2021 19.1 Mio. EUR EU funds)
Duration	December 2017 to February 2024
Project Regions	Federal Iraq (FI) and Kurdistan Region of Iraq (KRI) (special focus on Baghdad, Basra, Diwaniya, Diyala, Erbil, Mosul)
National Partners	Deputy Prime Minister for Economic Affairs (DMPO); Ministry of Planning (MoP); Ministry of Higher Education and Scientific Research (MoHESR); Ministry of Labour and Social Affairs (MoLSA); Federal Commission of Integrity (FCoI)

Investments build jobs: The project strengthens the capabilities of the government partners to develop fact-based economic policies and strategies, fostering public-private dialogues, engaging civil society organisations and academia as well as promoting business integrity to improve economic policy conditions for a growth-oriented business and investment climate.

Jobs build futures: The project improves employment prospects in the private sector for young Iraqis, especially women and returnees, following an integrated approach that combines labour market-driven skills development and job placement measures as well as entrepreneurship development, and advisory services for MSMEs. The project supports local education providers, businesses, and civil society groups in providing new (self-)employment and business opportunities to give them a perspective.



Image caption: Students at INTILAQ entrepreneurship competition, Al-Hikmah University, Baghdad, Nov. 2018

Our services

Economic policy advisory services: The project aims at strengthening human and institutional capacities to help transforming Iraq's economy. In addition, civil society organisations and academia are supported to actively participate in the policy-making process through constructive dialogues with the government and provision of data and research. Governmental and private sector institutions working on data collection and analyses receive support, such as trainings on evidence-based policy design, communication of analytical findings to decision-makers or utilising a business climate index.

Business and investment climate improvement: The project supports the set-up of public-private dialogues to strengthen the abilities of the public sector to identify business challenges and investment barriers. Priority topics are identified in a participatory manner by engagement with representatives of the private sector, such as business and professional associations. Additional experts are mobilised whenever a detailed diagnosis on specific policy bottlenecks is needed. The diagnosis is shared between public and private actors to identify concrete solutions and need for action.

Business integrity: The project supports strengthening individual competencies and institutional capacities of government agencies, especially the Federal Commission for Integrity (FCoI), the Iraqi Anti-Corruption Academy (IACA) as well as the private sector, to fight corruption and create transparency in economic policy reform processes. The dialogue with the business community is intended to deepen the specialist knowledge of staff for the preparation of risk analyses. At the same time, economic actors are sensitized to the issues of compliance and integrity.

Youth capacity development: Job seekers between 16 and 35 years (especially vulnerable groups like

women and returnees) are supported through qualification measures based on labour market demands, and through linkages to companies, on-the-job training, job placement and internship. The selection of basic, advanced and professional trainings is based on the labour market demands in cooperation with various partners such training centres (MoLSA), youth forums (MoY&S) and career development centres (MoHESR). To foster integration into communities and the labour market, any measure incorporates needs-based career counselling, life skills, psycho-social support and/or legal information sessions.

SME development and Business Development Services: Better business also results in increased revenues which consequently create jobs. To support their members in doing so and to meet their needs and aspirations towards expansion and/or upscaling, business associations are supported to improve their Business Development Services. The project supports a range of measures such as business guidance, mentoring, coaching, and advisory sessions as well as networking events, business linkages and trainings. Trainings range from foundational to advanced, with topics such as marketing, book-keeping and cost control, and supply chain management being among some of the pressing needs of SMEs.

Entrepreneurship promotion and market innovations: Building successful partnerships with academic institutions and private sector creates entrepreneurial opportunities. For instance, a country-wide competition in cooperation with MoHESR called "INTILAQ!" ("Start!") educates students on how to develop innovative business ideas and how to realise them in a competitive market. To better conditions for young business founders, the project is also involved in media campaigns about entrepreneurship and working with Iraq entrepreneurs on policy matters. With a special focus on the waste management, solar energy, agribusiness, and tourism sector the project promotes market innovations.



Image caption: Young Iraqi practicing with soldering iron for mobile phone repair in a TVET-course on maintenance, Basrah, Jan. 2021

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