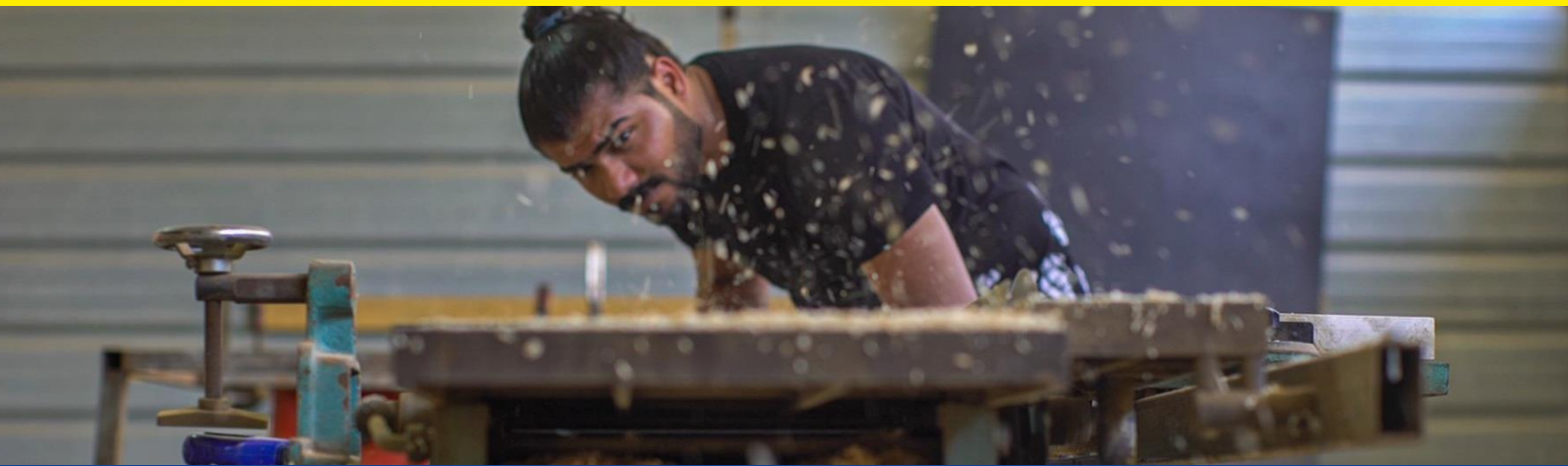




Co-funded by the European Union



Investment Builds Jobs – Jobs Build Futures

Private Sector Development and Employment Promotion in Iraq

The challenges

Since the defense against ISIS, the economic situation in Iraq has remained 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 need economic prospects, and the 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. In particular, the economic and social prospects of the youth, including returnees, are low. Moreover, vocational education and training was only 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.

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| 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 | 56.75 Mio. EUR (37.65 Mio. EUR BMZ funds, from 02/2021 19.1 Mio. EUR EU funds) |
| Duration | December 2017 to May 2024 |
| Project Regions | Federal Iraq (FI) and Kurdistan Region of Iraq (KRI) (special focus on Baghdad, Basra, Diwaniya, Diyala, Erbil, Mosul) |
| National Partners | Prime Minister Office (PMO); Deputy Prime Ministers Office (DPMO), Ministry of Planning (MoP); Ministry of Higher Education and Scientific Research (MoHESR); Ministry of Labour and Social Affairs (MoLSA); Ministry of Youth and Sports (MoYS), Federal Commission of Integrity (FCoI) |

Implemented by





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 is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and 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 works on two main aspects:



Training on Business Integrity, Baghdad, May 2022

1. Investments Build Jobs

The project works with government partners on developing fact-based economic policies. Other stakeholders such as civil society and academia can participate through formats such as public-private

dialogues. Promoting business integrity plays an important role as well to foster growth and investments.

2. 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.



Training on Drywalls in Basra, May 2019

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 dialogue platforms 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 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 intends to deepen the specialist knowledge of staff for the preparation of risk analyses. At the same time, economic actors are sensitised 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, youth forums and career development centres. To foster integration into the labour market, any measure incorporates needs-based career counselling, life skills, psycho-social support and/or legal information sessions.

MSME development and Business Development Services:

Better business also results in increased revenues which consequently create jobs. To support their members in doing so and meet their needs and aspirations, 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 enhance 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 sectors the project promotes market innovations.

Key results (as of January 2023)



One analysis of governmental fees and revenues that contributing to a policy making process for non-oil revenues has been presented to the Kurdistan Regional Governments.



Seven Twinning Events of Iraqi businesses with suitable counterparts from Germany took place to share knowledge and experiences.



31 reform proposals from the private sector were recorded in dialogue events targeting the implementation of economic policy reforms.



More than 19,000 young people have received labour-market oriented trainings and toolkits (technical and soft skill development).



2,310 young people (around 1,000 women) are (self)employed in the private sector after receiving support from the project.



More than 950 MSMEs and 815 young entrepreneurs (366 women) received business development services. **220 MSME** confirm improved employment opportunities for young people.

Meet one of our beneficiaries



Abdullah in his workshop

Abdullah Ali Lazem is a 26 years old young man who returned from Greece in 2018 and resides in Basra province. After

arriving in Iraq, Abdullah was keen to open his woodcraft business and house decorating business. Using his limited resources, he opened a micro-business. Abdullah joined some training courses organized by the project and learned how to develop his business ideas. Over the course of the project, Abdullah went through three stages:

1. In the first stage, PSD offered him a five days business management training. The training included a feasibility study, SWOT analysis, time management, financial planning, marketing, business module development, customer services, and other topics.
2. During the second stage, Abdullah received professional support from selected coaches to evaluate his business plan and set-up. Together with the team, Abdullah conducted a market assessment to understand customer demands, align his ideas with these demands and improve his service quality to generate a higher income.
3. Within the third stage, Abdullah received equipment and tools based on the needs analysed in the earlier stages. This support allowed him to expand his business and significantly increase his income. His designs have become more accurate, and he can deliver products in a timely manner.

Today, Abdullah's workshop is well known in Basra. Moreover, based on his experiences in designing and decoration and the knowledge he acquired during the PSD trainings, Abdullah's work is in high demand and adds a new component to the market in Basra.

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| Published by | Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH |
| Registered offices | Bonn and Eschborn, Germany |
| Project | Private Sector Development and Employment Promotion (PSD) Project www.giz.de/en/weltweit/83039.html |
| Contact | Adeline Defer, Project Director psd-iraq@giz.de |

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| Design/Layout | GIZ/PSD Project |
| Photo credits | GIZ/PSD Project |

The 'Private sector development and employment promotion (PSD) project' is co-funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Union and the Federal Republic of Germany. It is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

As at January 2023, Baghdad