UNHABITAT
FOR A BETTER URBAN FUTURE

IMPACT OF COVID-19 ON IRAQ’S VULNERABLE POPULATIONS

UN MIGRATION

UNITED NATIONS DEVELOPMENT PROGRAMME IN IRAQ.
# CONTENTS

ABBREVIATIONS AND ACRONYMS | 4
---|---
1. FOREWORD | 5
2. EXECUTIVE SUMMARY | 6
3. THE GLOBAL AND REGIONAL SOCIOECONOMIC CONTEXT | 8
   3.1 The global socioeconomic context | 8
   3.2 The Arab Region socioeconomic context | 9
4. SOCIOECONOMIC CIRCUMSTANCES AND LIVELIHOOD OPPORTUNITIES BEFORE THE PANDEMIC | 10
   4.1 Iraq’s progress on socioeconomic indicators prior to COVID-19 | 10
   4.2 Iraq’s economic growth before COVID-19 | 12
   4.3 Sustainable livelihoods in Iraq before COVID-19 | 13
   4.4 Social circumstances in Iraq before COVID-19 | 14
5. THE IMPACT OF COVID-19 ON SOCIOECONOMIC CONDITIONS AND LIVELIHOODS | 16
   5.1 Income losses were widespread with differences between Federal Iraq and the Kurdistan Region of Iraq, displaced and non-displaced populations, as well as male and female employees | 16
   5.2 Daily workers most affected by the economic downturn | 19
   5.3 Displaced populations, youth workers and female-headed households were disproportionately affected | 19
   5.4 COVID-19 measures led to high food costs and the need for coping strategies | 19
   5.5 Although community insecurity and gender-based violence increased, community tensions were low | 21
   5.6 Delayed income and loss of employment opportunities impacted households | 21
   5.7 Health and education services became less accessible, particularly for youth, women and the disabled | 22
   5.8 Reduced access to aid for displaced populations | 24
6. IRAQ’S RESPONSE TO COVID-19 | 25
   6.1 Federal Iraq | 25
   6.2 Kurdistan Region of Iraq | 27
7. CONCLUSIONS AND FUTURE TRENDS | 28
8. POLICY RECOMMENDATIONS | 31

May 2021
TABLES

TABLE 1. AVERAGE CHANGE IN MONTHLY HOUSEHOLD EMPLOYMENT INCOME IN DINARS,
BY LOCATION OF HOUSEHOLD

TABLE 2. AVERAGE CHANGE IN MONTHLY HOUSEHOLD NON-EMPLOYMENT INCOME IN DINARS,
BY LOCATION OF HOUSEHOLD

ABBREVIATIONS AND ACRONYMS

GDP  Gross domestic product
IDP  Internally displaced person
ICT  Information and communication technology
IMF  International Monetary Fund
IOM  International Organization for Migration
ISIL  Islamic State of Iraq and the Levant
NGO  Non-governmental organization
OECD  Organisation for Economic Co-operation and Development
SDG  Sustainable Development Goal
UNDP  United Nations Development Programme
UNHCR  United Nations High Commissioner for Refugees
WHO  World Health Organization
1. FOREWORD

This report is the seventh in a series of policy papers examining the impact of the COVID-19 pandemic on Iraq. The first report looked at its effects on fragility, while the second examined the macroeconomic consequences. The third investigated the effects on social cohesion, and the fourth assessed social protection mechanisms and their ability to address the repercussions of the pandemic. The fifth report considered how the pandemic affects environmental sustainability. The sixth laid out the findings of original data collection on the socioeconomic impact of COVID-19 on Iraq’s vulnerable populations.

The aim of these documents is to offer a comprehensive overview of how the pandemic has, and is, affecting the social and economic context of Iraq. This responds to the recent call from the United Nations Secretary-General for ideas on surviving and recovering from the pandemic so that families and businesses can stay afloat, and the foundation for an inclusive recovery can be laid to ensure attainment of the Sustainable Development Goals (SDGs).

This current report builds on primary data collected under the sixth report, Findings of the Assessment of COVID-19’s Socioeconomic Impact on Iraq’s Vulnerable Populations. It provides deeper contextual analysis on the social and economic impact of the pandemic on vulnerable households. It is intended to inform the responses of the Government of Iraq, the United Nations system and donor partners. As the COVID-19 pandemic is a rapidly evolving global phenomenon, socioeconomic circumstances for both Iraq and the wider world are likely to change rapidly.

The United Nations Development Programme (UNDP) is grateful to the International Organization for Migration (IOM) and the United Nations Human Settlements Programme (UN-Habitat) for their partnership and important contributions to this report. UNDP would also like to thank Barbara-Anne Krijgsman as the lead coordinator for the series of reports and IMPACT Initiatives as the main authors of this current report. Great appreciation also goes to the UNDP Iraq Country Office team for their support in producing this document.
2. EXECUTIVE SUMMARY

This report generates insights into the impacts of the COVID-19 pandemic and associated public health measures on Iraq’s vulnerable populations.\(^1\) It considers socioeconomic conditions, particularly for women, youth, displaced communities and persons with disabilities, and compares urban and rural inhabitants, and Federal Iraq and the Kurdistan Region of Iraq. Based on a comprehensive analysis of survey data and qualitative interviews, it maps future trends and provides policy recommendations for the Government of Iraq, development actors, the United Nation and donor partners.

The context prior to COVID-19

Since 1932, Iraq has navigated a number of complexities, culminating recently in the challenges of an oil-dependent welfare economy coupled with fallout from wars and conflicts. As a result, Iraq is categorized as a ‘chronically fragile country’ in the Organization for Economic Co-operation and Development’s (OECD) Fragility Report. It is in the top 20 countries in the States of Fragility index for 2020.\(^2\) As in most fragile countries, social protection is limited, which puts the most vulnerable at risk. Only 16 percent of women in Iraq participated in the formal labour force before COVID-19, and 36 percent of youth who wanted to work were unemployed as of 2019, compared to a national unemployment rate of 16 percent.\(^3,4\) Due to recent conflicts, more than 6 million Iraqis have been displaced, and 1.2 million internally displaced persons (IDPs) have yet to return to their areas of origin. Hundreds of thousands of refugees have sought asylum in Iraq from the crisis in Syria.\(^5\)

The onset of COVID-19

Iraq’s first registered case of COVID-19 was on 24 February 2020.\(^6\) To curb community transmission, Iraq, like many other countries, instituted movement restrictions, including partial and complete border closures, intergovernorate travel bans and curfews.\(^7\) Alongside social distancing practices, lockdown measures mitigated the spread of COVID-19 but had a deep effect on the economy—Iraqi small and medium enterprises experienced average income reductions of 65 percent between February and May 2020.\(^8\) As of April 2021, slightly more than one year since the first lockdown measures, Iraq continued to battle high caseloads of the virus and experience disruptions to government, work, school attendance and health care caused by public health restrictions.\(^9\)

Key findings

- **Income losses were widespread, with differences between Federal Iraq and the Kurdistan Region of Iraq, displaced versus non-displaced populations, and female and male employees.** Across the nation, the most ubiquitously reported change in socioeconomic and livelihood circumstances since COVID-19 was the loss of income. Households in Federal Iraq experienced a decrease in non-employment income to a greater degree, however, while households in the Kurdistan Region of Iraq saw larger declines in employment income. Falls in employment income were higher for IDP and refugee households, as well as for female and youth workers, compared to male adults.

- **Daily workers were most affected by the economic downturn.** Without workplace protections and stable employment, daily and casual workers, who constitute 66.9 percent of the labour force,\(^10\) saw their livelihoods most negatively affected by COVID-19 restrictions.

- **COVID-19 measures led to high food costs and the need for coping strategies.** To manage rising food costs, 30 percent of all households started to reduce food intake. This was more prevalent in rural areas (42 percent) than urban areas (26 percent). In addition, 70 percent of surveyed households began to use or increase the use of methods to obtain additional income;
35 percent spent some or all of their household savings.

• Although community insecurity and gender-based violence increased, community-level tensions were low. In 2020, security-related incidents escalated at all levels of the population.\(^9\) The number of areas deemed ‘insecure’ for women and girls rose, and more women (35 percent) than men (25 percent) stayed home almost all of the time. These findings align with reports of increased incidents of gender-based violence, as more time at home, reduced mobility and limited access to prevention and support services coalesced to put women at greater risk.\(^{12}\) Despite insecurity and a rise in gender-based violence, however, most households (93 percent) reported that the pandemic and associated restrictions did not lead to a change in the incidence of crime, including stealing, fighting, harassment, unrest or tension within or between communities. Survey and interview respondents said they responded to greater needs from COVID-19 with increased consideration for others, and that having a shared obstacle in the pandemic increased their sense of solidarity.

• Delayed income and loss of employment opportunities impacted households. The cash liquidity crisis and measures to address it resulted in delayed payments for salaries and other operations. Income reductions were less common among those able to work online. Most people, however, lacked the necessary infrastructure for online work.

• Basic services became less accessible, particularly for youth and the disabled. The pandemic exacerbated existing gaps in education and health-care services, particularly for youth and disabled populations. Among children who did not attend school regularly between December 2020 and March 2021, 48 percent were in the Kurdistan Region of Iraq versus 14 percent in Federal Iraq.

• Reduced access to aid further disadvantaged displaced populations. Displaced populations could not reach offices issuing necessary documentation to obtain aid and/or rations.

Policy recommendations

The following policy recommendations can assist the Government of Iraq, the United Nations system, and development partners in developing responses to the fallout from the pandemic while keeping a focus on achieving the SDGs.

Short-term policy recommendations (6-12 months)

- Pay particular attention to vulnerable groups, especially women, youth and IDPs, in national and subnational recovery agendas.
- Pursue evidence-based recovery policies and plans with measurable impacts to sustain public trust.
- Ensure that essential health services are maintained, including roaming medical services, to care for the chronically ill, among others.

Medium- to long-term policy recommendations (12-24 months)

- Take a long-term approach to job creation and diversification by investing in key development, market and economic infrastructure initiatives.
- Prioritize and increase government spending for youth and women’s rights and economic empowerment.
- Include the formalization of the informal sector in longer-term service and infrastructure development.
- Spearhead entrepreneurship by streamlining regulatory and lending processes.
- Review unrestricted social protection schemes, such as the Public Distribution System, to ensure prioritization of the needs of the most vulnerable people.
3. THE GLOBAL AND REGIONAL SOCIOECONOMIC CONTEXT

3.1 The global socioeconomic context

Addressing inequalities in essential areas of development, including education, livelihoods and women’s equality, is at the core of the 2030 Agenda for Sustainable Development and its 17 SDGs. Countries that signed the agreement had anticipated making progress to reduce inequalities over the coming decade. Yet none could have anticipated how the COVID-19 pandemic would exploit and exacerbate disparities, which now hinder global efforts to mitigate the spread of the virus.

To curb transmission of COVID-19, most countries have introduced restrictions on movements and social gatherings. These constraints—along with diminished financial transactions and uncertainty around the global trajectory of the virus—have led to unprecedented economic consequences. According to the International Monetary Fund (IMF), fallout from COVID-19 caused an estimated contraction of -3.3 percent for the global economy in 2020. This reduction could delay implementation of humanitarian, development and peacebuilding programming, while decreasing the ability of countries to invest in systems and capacities to achieve the SDGs.

Widespread job losses and reduced incomes have limited the ability of people across the globe to meet basic needs. An estimated 95 million more people may have fallen below the threshold of extreme poverty in 2020 compared with pre-pandemic projections. And while the health and socioeconomic effects from COVID-19 are evident globally, they have fallen disproportionately on more vulnerable and marginalized populations. In many cases, people living in areas already disadvantaged by minimal public investment have suffered higher rates of infection. Many individuals with health or social risk factors that would make them more susceptible to severe COVID-19 infection are more likely to work in jobs that require in-person contact, and therefore more likely to be exposed to the virus. Those jobs often entail informal sector work such as in food services and transportation.

COVID-19 has deepened pre-existing inequalities for women and youth in particular. Globally, job losses were higher for women than men, with 5 percent of previously employed women having lost a job in 2020 compared to 3.9 percent of men. Women also faced greater burdens from unpaid care and domestic duties, and higher rates of gender-based violence due to social isolation, movement restrictions and barriers to accessing key preventative and response services. At the same time, young people lost jobs at a higher rate than older adults, with 8.7 percent of youth globally becoming wholly inactive in the labour force compared to 2.6 percent of adult workers.

The consequences of COVID-19 can be particularly complex for fragile and crisis countries with fewer resources, including through potential declines in humanitarian and development aid as donor countries focus on their own populations. The magnitude of the current crisis has in fact led to calls for revisions or delays on the SDGs.

Some efforts have been made to link increased attention to extreme poverty, health disparities and educational access in COVID-19 responses. While some trends point to more insular national policies, efforts are underway to meet the needs of vulnerable populations globally. The United Nations Secretary-General and other world leaders have called on the Group of 20 and other wealthy countries to provide vaccination support to lower-income nations. The OECD has proposed the removal of export restrictions for essential products such as food and medical equipment, and for increased transparency in countries’ supply and trade of in-demand goods. Revisions of priorities in the wake of the pandemic open opportunities to address both pre-existing structural weaknesses and build forward better through an inclusive and sustainable post-COVID-19 recovery.
3.2 The Arab Region socioeconomic context

Prior to the pandemic, countries in the Arab Region faced stark socioeconomic divides, many driven by slow-growing or stagnant economies dominated by the oil industry, and repeated cycles of violence and armed conflict. The region is generally characterized by high levels of poverty and unemployment, which disproportionately affect youth and women. With needs unaddressed, dissatisfaction among populations has spurred primarily youth-led protests demanding social and political change. These continued until the onset of the pandemic, when restrictions against gatherings were enacted.

Oil as the dominant economic activity has for many years led to social inequality and fluctuating economic growth. This situation was compounded by unstable oil prices before 2020 and the flow of economic wealth into the hands of a few. Little was done to drive more systematic changes in equitable access to quality health care, education, other essential services and critical infrastructure, particularly for the most vulnerable populations. The proportion of those in need has remained high; in the past decade, the percentage of families in the region that could not afford to cover their basic monthly needs, or that could do so only by borrowing or seeking aid, fluctuated between 70 and 85 percent.

The economies of the oil-producing countries suffered as well from the global reduction in demand for oil that came with the pandemic. According to a recent IMF report, real gross domestic product (GDP) in the region is estimated to have fallen by 3.4 percent for 2020. This contraction is 1.6 percentage points higher than what was projected in October 2020, which at the time represented the lowest GDP for the region in 50 years—including during the 2008 financial crisis and the 2014 oil price shock. An additional 3 million people could be pushed into extreme poverty and one quarter of the entire Arab population will be poor as a result of the pandemic.

As is the trend globally, the consequences of COVID-19 have been, and will continue to be, unevenly distributed. Gender inequalities, already wide, are projected to worsen. According to UN Women, 700,000 jobs will be lost by women in the region amid the economic downturn, partly because women make up a greater proportion of those working in small and medium enterprises and part-time positions, both of which have been particularly damaged. Global trends showing increased gender-based violence are mirrored in the region. In Iraq, organizations providing services to respond to gender-based violence reported a 30-40 percent increase in emergency calls in March 2020 compared to previous months.

While the virus tends to have a less detrimental physical impact on youth, social measures including lockdowns, school closures and lifestyle changes have caused depression, anxiety and stress among youth to rise in the region and globally. Arab youth face additional uncertainty about future livelihoods, with the rate of youth unemployment being the highest in the world for the last 25 years. In 2017, an estimated 30 percent of Arab youth were unemployed, compared to a global average of 13 percent. At the same time, one out of every five people in the region is between 15 and 24 years old, making youth a key demographic group for supporting regional economic growth. The impacts of COVID-19 on young women are expected to be especially severe. When disaggregated by gender, unemployment for young women was 80 percent higher than for young men, compared to a global average gender differential of 20 percent.

The response to COVID-19 across the region has prioritized short-term emergency cash-based and in-kind transfers to households. Some nations have taken the opportunity to expand digital tools to conduct contact tracing, but such actions have been on a country-by-country basis. This review found no evidence of actions by leaders in the region to develop truly regional collaboration around priorities during the pandemic and beyond.
4. SOCIOECONOMIC CIRCUMSTANCES AND LIVELIHOOD OPPORTUNITIES BEFORE THE PANDEMIC

Iraq is afflicted by what has been referred to as the ‘resource curse’, the dichotomy where countries rich in mineral resources lag in development despite sufficient economic assets. The homogenous nature of Iraq’s oil-dependent economy has significantly contributed to overall fragility. Years of conflict, including under the Islamic State of Iraq and the Levant (ISIL) from 2013-2017, has amplified vulnerabilities, reduced livelihood opportunities and reversed past development progress. The war against ISIL yielded 6 million IDPs; 4.7 million have returned to their areas of origin while 1.3 million people remain displaced. Prior to the pandemic, among 4.1 million people requiring humanitarian assistance, 15 percent had both humanitarian needs and a disability.

More than three years after the end of the war, the reasons for continued displacement reveal additional, residual barriers to development. Reasons include community tensions in areas of origin, damaged or destroyed housing, concerns about explosive remnants of war, perceived insecurity, a lack of services—notably for health care and education—and a perceived lack of livelihood opportunities. In late 2020, the Government began consolidating and closing IDP camps in Federal Iraq, with the intent that all IDPs would return home by the end of 2020. According to a recent assessment, more than 90 percent of IDPs cited camp consolidation, camp closures or forced return as their reason for moving.

As a United Nations Member State and signatory to the 2030 Agenda and the SDGs, Iraq has committed to sustainable development for its people. This should be a central focus of the COVID-19 response, along with enhancing the integration of humanitarian, development and peacebuilding initiatives, in line with international support. A review of obstacles to sustainable development prior to COVID-19 will shed light on where Iraq stood as a means to inform future decisions.

4.1 Iraq’s progress on socioeconomic indicators prior to COVID-19

Following decades of conflict, Iraq’s recovery prior to COVID-19 was largely underway albeit slowly and unevenly. The conflict with ISIL interrupted the education of a generation of youth, some of whom aged out of mainstream education during the war. Post-conflict, obstacles included but were not limited to: widespread trauma, destroyed infrastructure, lack of resources and poverty, and limited educational opportunities. Since the end of the war, the Government and international actors have invested in education yet by late 2019, 18 percent of school-aged youth in IDP camps (38,579 youth) still faced major challenges in accessing formal and informal education, and 13 percent of youth living outside IDP camps (74,072 youth) had little to no access to education.

The conflict with ISIL left many in need of physical and mental health care yet without access to facilities. Years of conflict, chronic underfunding and corruption had left Iraq’s health-care system fragile prior to the onset of COVID-19. In 2019, the Government allocated 2.5 percent of the State’s US$106.5 billion budget to its health ministry while the security forces received 18 percent and the oil ministry 13.5 percent. Partially as the result of persistent underfunding, Iraq has had a longstanding shortage of qualified physicians, particularly female practitioners. An estimated 20,000 doctors have fled the country since the 1990s to avoid the war and targeted aggressions. The shortage of physicians burdens the health-care system as a whole but is additionally problematic for women who often prefer to see female physicians for religious or cultural reasons. The lack of available health care was a core complaint in recent protests in Iraq. Clips of families unable to obtain cancer treatments...
for their children frequently featured on television news programmes in 2019.65

Health care in the Kurdistan Region of Iraq is generally considered better than in Federal Iraq. In 2020, prior to widespread transmission of COVID-19 in Iraq, there were 1.1 hospital beds and 0.8 doctors per 1,000 people in Federal Iraq but 1.5 beds and 1.4 doctors per 1,000 people in the Kurdistan Region of Iraq.66 In 2018 in Federal Iraq, more than 85 percent of essential drugs and medicines were unavailable or in short supply.67 Doctors reported that they frequently purchased medicines with their own money. The law in Federal Iraq requires that medicines must be inspected by the Ministry of Health and cannot be imported. For purchases, the primary option is the often understocked ministry. The Kurdistan Region of Iraq has a more functional Ministry of Health. While purchases there must also be ministry inspected and cannot be imported, it has more reliable supplies, leading many health workers to purchase medicines there as a work-around for frequent stock-outs in Federal Iraq.68

The Government of Iraq has made shows of commitment to addressing governance gaps, such as those in education and health care, through drafting and signing policies prioritizing the country’s equitable socioeconomic development and guaranteeing human rights for the most vulnerable populations.69 After Iraq signed the 2030 Agenda, it adopted a country-specific SDG initiative, the Global Initiative Towards a Sustainable Iraq, and aligned the SDGs with its national strategic framework, Iraq Vision 2030.

The Global Framework and Iraq Vision 2030 include objectives for expanding the economy, instituting peaceful relations and entrenching good governance as a tenant of the public system. Additionally, the most recent National Development Plan 2018-2022 has a planned government investment of 132 trillion Iraqi dinars ($111.7 billion)70 to improve the quality and efficiency of public services, address overstaffing in the public sector and low productivity of the public labour force, and tackle financial and administrative corruption. The plan also focuses on eight economic challenges: a poor investment climate, the limited role of the private sector, an imbalanced budget structure, an underdeveloped banking system and a large informal sector.71

While the objectives laid out in the SDGs and national strategies provide a pathway for Iraq’s continued recovery, the country has struggled to monitor progress on implementation. There are major information gaps with regards to recent Census data,72 as well as for SDG implementation methodologies, deliverables, timelines and resources mobilized. Iraq took part in a Voluntary National Review of its progress on the SDGs in 2019 and is preparing for another for 2020. Although conducting a review demonstrates that some level of monitoring is taking place, the 2019 review found that the biggest obstacle in monitoring progress is a lack of current data with “close to 70% of SDG indicators currently missing.”73

Despite data challenges, the Voluntary National Review indicates general improvements in some areas, namely in school enrolment ratios and a reduction in fertility rates, as well as declines in child and maternal mortality. Poverty rates reportedly experienced a relative decline following an increase during the 2013-2017 war against ISIL. In 2012, the national poverty rate stood at 18.9 percent but rose to 23 percent in 2014 during the conflict, and then fell to 20 percent in 2018.74,75,76 The review also states that efforts have been made to address women’s empowerment, including through expanded coverage of social protection programmes, and reports a reduction in violence against women. Despite these efforts, only 12 percent of women 15 years of age and older participated in the workforce in 2019—a meager rate compared to neighbours such as Iran (18 percent) and Turkey (34 percent).77

Vulnerable populations in general have little say in the framing and design of strategic national plans. While consideration is given to their needs, it is unclear how these were ascertained. The ‘voices’ of persons with disabilities, women, youth and
other vulnerable groups are not evident in the plans.

Steps to improve governance have included administrative decentralization, the establishment of a high anti-corruption council, and reforms in financial management and service delivery.78 Iraq’s national strategies aim to foster an environment for private sector growth, which if successful, has the capacity to reorient the country’s development path by reducing reliance on oil and diversifying the economy.79,80 Nevertheless, in 2019, the global Human Development Report ranked Iraq 123 out of 189 countries, with a Human Development Index score of 0.674. This was above the average of 0.631 for countries in the medium human development group but below the average of 0.705 for countries in the Arab region.81

Guiding development strategies in Iraq often lack ground-level information and actionable steps. Goals can be ambitious given available resources and timelines, even without a global pandemic.82 As explained in a 2019 assessment of Iraq’s core documents, “current national targets do not match the ministerial-level targets in the ministries who were tasked with implementation. Furthermore, insufficient funding has been allocated to ensure that implementation is properly resourced, a fact which has been especially impacted by the worsening economic crisis.”83

The extent to which these strategies address socioeconomic development in the Kurdistan Region of Iraq is not clear. As a relatively autonomous region, it has its own guiding document, Vision 2020, which has many of the same objectives and faces similar challenges to Federal Iraq’s Vision 2030. As Vision 2020 was developed prior to major waves of displacement, it does not address displaced populations or their impacts, even though the Kurdistan Region of Iraq receives the greatest number of IDPs. Federal Iraq’s current efforts to close camps have not included the Kurdistan Region of Iraq despite approximately half of Iraq’s displaced persons being there.

### 4.2 Iraq’s economic growth before COVID-19

Even before COVID-19, Iraq’s economic performance was inconsistent. Economic investment was not comprehensive, and made only limited contributions to infrastructure while delaying implementation of broader strategic objectives for sustainable development. With Iraq as the world’s third largest oil exporter, in 2019, over 96 percent of exports, 92 percent of government budget revenues and 43 percent of GDP were from oil.84 An increase in the cost of exported oil and relatively positive macroeconomic development from 2017-2019 allowed the Central Bank of Iraq to increase reserves and fiscal buffers yet public investment was minimal and progress towards economic diversification was scant. Financing for citizen welfare initiatives was insufficient following the compounding impacts of years of conflict and the liberation of the territories occupied by ISIL.85

The lack of economic diversification leaves Iraq highly vulnerable to global oil price fluctuations and dependent on a single budget source for nearly all in-country needs, from infrastructure to military spending to staff salaries and pension funds.86 In early 2020, oil prices fell, causing a sharp decline in GDP.87 The obstacles to generating more diverse sources of revenues are rooted in years of conflict and globally imposed economic sanctions.88

The need to diversify the economy by expanding the private sector has been widely reported. Lack of progress remains a key cause of economic and societal fragility,89 as is well recognized in national policies and strategies. In addition to the Global Initiative Towards a Sustainable Iraq, National Development Plan and Vision 2030, the Iraq Private Sector Development Strategy 2014-2030 seek to address the homogenous nature of Iraq’s economy and fulfill SDGs 8 and 1790 by improving the business environment to stimulate job creation and investment in small and medium enterprises.91 It is unclear the extent to which the policy has or has not directly stimulated the creation of private sector jobs or the diversification of the economy,
but six years after it began it is only in its second phase.  

The Kurdistan Region of Iraq has benefitted from relative security compared to Federal Iraq but nonetheless maintains a similarly growth-inhibiting reliance on oil revenues, particularly as its growth and public investment capacity are closely tied to constitutionally mandated oil revenues from the Government of Iraq. These revenues constituted 85 percent of the revenues of the Kurdistan Regional Government in 2018. The majority of oil export revenues are redistributed through the State via contracts among those who are publicly employed, with the remaining funds going to pensioners (20 percent), social welfare beneficiaries, and families of martyrs and victims of chemical weapon attacks. As the economies of the Kurdistan Region of Iraq and Federal Iraq are closely linked, the former has also suffered from the lag in oil revenues. In March 2020, ahead of the pandemic, the Kurdistan Region of Iraq agreed with Federal Iraq to transfer a quota of 250,000 barrels per day to a State marketing firm in exchange for a share of Iraq’s national budget. As oil prices fell following the spread of COVID-19, however, Baghdad froze budget transfers to the Kurdistan Regional Government. This move played a key part in the delay of salary payments to public servants in the Kurdistan Region of Iraq, political tensions between Baghdad and Erbil, and ongoing poor economic conditions.

The Kurdistan Regional Government acknowledges these conditions and aims to diversify the economy by reducing debt; “gain[ing] a fairer share of our revenues”; investing in industry, agriculture and tourism; and creating regulatory frameworks that encourage foreign and domestic entrepreneurs. Vision 2020 outlines the resources of the region, major obstacles to growth and policy propositions to remove obstacles. It notes the need for a systems-level analysis to define the legal and regulatory environments surrounding the private sector and to identify bottlenecks. The plan aims to expand business opportunities for women through legislative actions including “work-from-home schemes, promoting child-care centers for working mothers, and ensuring equal opportunity under the law.” The links between obstacles and proposed solutions in Vision 2020 as well as its provisions to support vulnerable populations are encouraging and should be retained as a minimum standard. It is unclear if the legislative aims in Vision 2020 have been enacted, however.

4.3 Sustainable livelihoods in Iraq before COVID-19

The fragile nature of Iraq’s economy has led to a dearth of jobs and income-generating opportunities. While the oil industry contributes the majority of Federal Iraq’s revenue, it only creates 1 percent of formal, paid jobs. In light of macroeconomic obstacles, Iraq’s formal labour force participation rate is one of the lowest in the world, with only 72 percent of men, 16 percent of women and 25 percent of youth (male and female combined) formally employed. In 2019, around half of the total population was not in employment, education or training.

The lack of economic diversity is well reflected in employment indicators. In Federal Iraq and the Kurdistan Region of Iraq, the State dominates formal employment. Estimates indicate that nearly half of the population is employed in the public sector. Thus, the ability of nearly half of households to meet daily needs is directly tied to oil. At the same time, estimates indicate that around 20 percent of GDP is generated by those employed in the informal economy.

Displaced populations are more likely than non-displaced ones to work in the informal economy. The Investment Law of Iraq allows employers to hire both local and foreign employees, but they must give preference to local hires where skill sets are equal. This preference excludes refugees from formal labour and requires local hires to present national identification, which IDPs may not have due to displacement. For IDPs, compounding factors such as moving; a lack of opportunities; a lack of land access in the location of displacement; and missing documents such as identification...
cards, diplomas or certifications all add barriers to formal employment. Insufficient personal connections or wasta informally also limits access to the job market. Prior to the pandemic, 2.39 million IDPs needed emergency livelihood support, with many having exhausted their coping strategies and savings. Following the pandemic, this number has surely increased. For IDP households, a lack of livelihood opportunities has potential to again displace families and further disenfranchise vulnerable people and groups.

National estimates from 2017 indicated that the formal unemployment rate was 13 percent. Other sources estimate higher rates in the Arab States region, between 22-26 percent. Unemployed youth make up 25 percent of the labour force. When stratifying by gender, the unemployment estimate for female labourers (both youth and adults) is considerably higher, at 31 percent of the total national population.

Among youth in the Kurdistan Region of Iraq and Federal Iraq, there is interest in and talent for entrepreneurship. A 2017 study by Search for Common Ground in the former found that “80% of surveyed youth would consider starting their own business with the most common sectors being media (28%), civil society (21%), handcrafts and health (19%).” In Federal Iraq, start-ups such as Bazary, Dakakenna and Iraq Tech Ventures have shaped the Iraqi online marketplace, despite Iraq not legally recognizing or registering online businesses. While regulations in general have yet to account for private sector needs, the Government of Iraq and Kurdistan Regional Government have formally recognized the entrepreneurial appetite by incorporating calls for the establishment of a 200 billion dinar ($170.5 million) seed capital fund under the Private Sector Development Strategy and the Central Bank of Iraq. They proposed the Tamwil initiative “with the intent of offering competitive loans (five years, maximum 4.5% interest) in the hope of creating 250,000 private sector jobs.” Collateral requirements have been too high for many businesses, however, and the Tamwil programme has had limited success. Additionally, regulatory burdens have been cited as inhibiting factors as “the business incorporation process...can take up to a month in the best of circumstances and cost upwards of 3 million dinars ($2,500).”

Female workers lack legislative, social and financial support to sustain employment. The Kurdistan Region of Iraq has a number of framework documents dedicated to promoting women in the workforce, including the National Strategy for the Advancement of the Status of Iraqi Women and the Iraq Labour Law of 2015. These cover 14 weeks of paid maternity leave in Federal Iraq and 72 days of paid maternity leave in the Kurdistan Region of Iraq, and prohibit discrimination against women in hiring and the workplace. Vision 2020 includes policies that enable work-from-home schemes, promote childcare centres, and ensure equal consideration for male and female job seekers. Even so, a 2020 report found that hiring discrimination, sexual harassment and a lack of protections around family-related leave limit women’s job access in practice.

4.4 Social circumstances in Iraq before COVID-19

Prior to COVID-19, limitations inherent in the economic structure and the subsequent lack of job opportunities stalled progress on poverty reduction. The Ministry of Labour and Social Affairs established the Social Protection Network in 2005 to raise the standard of living for impoverished families, and create a system to handle requests, store and process beneficiary data, and support job seekers in finding employment. The system also benefitted persons with disabilities, minor orphans, married students (up through graduation from undergraduate studies), families of the incarcerated, widows, the displaced, divorcees, and those unable to work due to old age, illness or an act of terrorism.

While comprehensive in theory, in practice, the Social Protection Network included many individuals who were not in need and excluded those who were. Recognizing the problematic
nature of the categorical targeting of beneficiaries, the Government of Iraq, working with the World Bank, adopted the national poverty line as a method to identify social protection recipients and implemented the Social Protection Law No. 11 in 2014. This programme offered incentivized conditional cash transfers to households based on actions that benefit children. For example, households that sent their children to school on a regular basis or ensured children received required vaccinations and medical check-ups were eligible for cash transfers. The pilot of this programme was slated to continue until 2019, at which point an impact evaluation was expected. An end date for the programme and an impact evaluation could not be identified for review, however, nor were documents found that stated whether the programme would continue during the pandemic.

To support families with or without children, the Ministry of Planning proposed the first Poverty Reduction Strategy in 2010. Implementation is led by the High Committee for Poverty Reduction and the Executive Directorate. They state that between 2012-2015, “48 out of 57 activities envisaged by the [former] strategy were carried out, involving 199 projects and...1.6 trillion dinars was spent on the effort (about $1.4 billion).” Despite these efforts, the war against ISIL and subsequent mass displacement, coupled with lower-than-anticipated oil prices, outpaced poverty reduction efforts. The national poverty rate rose from 18.9 percent in 2012 to an estimated 22.5 percent in 2014, likely as a result of ISIL’s occupation.

Following the last Iraq Household Socio-Economic Survey in 2012, the prevalence of child poverty was one in four. Yet the national indicator of prevalence showed more concerning regional differentiation. Prevalence was 5 percent in the Kurdistan Region of Iraq and 50 percent in the southern Federal Iraq governorates of Al-Muthanna, Al-Qadissiya, Maysan and Thi Qar. In areas more heavily affected by violence from the war and with larger displaced populations, unemployment was about double that of other areas (21.1 percent and 11.2 percent, respectively). The prevalence of unemployment was more than double for youth and the uneducated in these regions, compared to their peers in less-affected areas.

In 2018, the Multidimensional Poverty Index showed that around 20 percent of people living in Iraq were multidimensionally poor. As with child poverty, this indicator varied distinctly by region, displacement status and age. In southern areas such as Missan governorate, nearly 17 percent of the population was suffering multidimensional poverty, while the southern city of Basra demonstrated a rate of 13.8 percent. Baghdad, where 7.2 percent of the population suffered multidimensional poverty, stood in contrast to areas of the Kurdistan Region of Iraq, such as Duhok or Al-Sulaymaniyyah, which had rates of 5.2 percent and 2.3 percent, respectively.

IDP households are 1.7 times more likely to suffer multidimensional poverty than non-displaced ones. Additionally, while the calculation of the Multidimensional Poverty Index does not disaggregate by youth and adults specifically, the proportion of Iraqis experiencing multidimensional poverty is driven by high proportions not receiving adequate education, based on both school attendance and years of schooling, (6.9 percent of people in multidimensional poverty) or adequate nutrition (9.9 percent). Both needs are particularly acute among youth.

To address poverty, the State has implemented a number of support systems. The most ubiquitous is the Public Distribution System, which provides basic in-kind food rations to nearly all of the population. As the programme is untargeted, between 90-99 percent of Iraqis regularly benefit from it. The 1-10 percent of the population not covered comprises government and private sector employees earning more than 1.5 million dinars per year (approximately $1,260). While the system provides almost universal food ration distribution and is fundamental in ensuring that displaced populations have access to basic goods, sources have stated that “nearly 80% of total government expenditure on this system benefits more affluent Iraqis and only one-fifth (20.5%) of total government
expenditure on the Public Distribution System reaches the poor and extremely poor.”

Frustration at poverty and underemployment, the *muhasasa* system, high levels of corruption, and poor accountability in civic structures led Iraqi youth to take up the “longest and most enduring antigovernment protests in Iraq’s modern history” in 2019. During protests between October 2019 and May 2020, 490 protestors were killed and 7,783 persons injured. These reports omit injuries caused by tear gas, assasinations of demonstrators by unidentified armed actors away from demonstration sites, persons who remain missing and those harmed during abduction or detention. As a result, accurate numbers of persons harmed or killed during the protests are likely higher.  

In response to the unrest, the then-Prime Minister Abdul Mahdi resigned, yet many feel that this was only superficial and that deep reforms are still required. As splintered groups, militias and ethnicities have different priorities for reform and different preferences in leadership, Iraq entered 2020 as a fragile State.

### 5. THE IMPACT OF COVID-19 ON SOCIOECONOMIC CONDITIONS AND LIVELIHOODS

This section will look at how COVID-19 has impacted Iraqis socioeconomically with a focus on vulnerable and marginalized groups. The analysis draws largely from primary survey and interview data collected and published in the sixth report in this series as well as secondary sources to provide additional context.

#### 5.1 Income losses were widespread with differences between Federal Iraq and the Kurdistan Region of Iraq, displaced and non-displaced populations, as well as male and female employees

The most widespread change in Iraqis’ socioeconomic and livelihood circumstances since COVID-19 began has been the loss of income. Nationally, households in 15 out of the 18 governorates saw some decrease in mean income following pandemic restrictions. Prior to the start of the pandemic in March 2020, the average reported employment income was 594,239 dinars ($412.70) per month. As of December 2020, the reported average had decreased to 496,923 dinars ($344.40) per month, a decline of 16 percent. Displaced households (IDPs and refugees) saw greater changes to mean household income (declines of 28 percent and 32 percent, respectively) than non-displaced households (declines of 27 percent for returnees and 14 percent for host community households). Along with a greater likelihood of decline in household income, displaced households more often reported that the change in income was indirectly due to COVID-19, as opposed to non-displaced households, who more often attributed income changes directly to COVID-19 restrictions. This may reflect differences in populations’ perceptions regarding the accessibility of jobs and their ability to earn income; displaced populations are historically economically disadvantaged compared to the non-displaced. Therefore, they may be more apt to attribute a decline in household finances to reasons beyond COVID-19, whereas households with fewer barriers to income might see a recent financial downturn as directly related to the pandemic.

The decrease in mean household income was higher for households in the Kurdistan Region of Iraq compared to those in Federal Iraq. In the former, all three governorates experienced a decrease of at least 29 percent, whereas the worst affected
governorates in the latter were Al-Najaf, Kirkuk and Ninewa, which experienced a drop between 17-27 percent. This was in stark contrast to the least-affected governorates: Wasit, with an average 4 percent decrease in income, and Thi-Qar, Maysan and Al-Muthanna, which all showed average declines of 6 percent. These regional variations were echoed by the majority of individual interview respondents (59), who also reported that income had fallen as a result of COVID-19 restrictions.

In Federal Iraq, a decrease in non-employment income was greater than in the Kurdistan Region of Iraq, and greater than the decrease in employment income in Iraq overall (see Table 1). A greater share of households perceived this change in income as directly related to COVID-19 in Federal Iraq (92 percent) than in the Kurdistan Region of Iraq (58 percent).

Divergent perceptions of the relationship between income loss and COVID-19 as well as differences in losses of employment versus non-employment income in the two regions may reflect different lived experiences in Erbil versus Baghdad. Primary data from the Kurdistan Region of Iraq indicated that incomes were delayed and that this was, in some part, linked to the decision by Federal Iraq to freeze budget transfers to the Kurdistan Regional Government, and possibly to prioritization of funds by the Government of Iraq. Overall, this would disproportionately affect public workers in the Kurdistan Region of Iraq and have a lesser effect on those in Federal Iraq. For some in the former, reduced employment income could be perceived as being ‘indirectly’ due to COVID-19 as overall Iraqi economic revenues decreased due to the global recession but the freeze in budgetary transfers pre-dated the pandemic. The decrease in non-employment income in Federal Iraq was mostly linked to reductions in remittances (27 percent) and pensions (27 percent). While these figures were lower for the Kurdistan Region of Iraq, those for other types of non-employment

### Table 1: Average reported change in monthly household employment income in dinars, by location of household

<table>
<thead>
<tr>
<th>Employment</th>
<th>Monthly average employment income before the COVID-19 pandemic</th>
<th>Monthly average employment income at time of interview</th>
<th>Reported change</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kurdistan Region of Iraq</td>
<td>526,570</td>
<td>361,099</td>
<td>165,471</td>
<td>-31%</td>
</tr>
<tr>
<td>Federal Iraq</td>
<td>618,011</td>
<td>544,726</td>
<td>73,265</td>
<td>-12%</td>
</tr>
<tr>
<td>Overall</td>
<td>594,239</td>
<td>496,938</td>
<td>97,301</td>
<td>-16%</td>
</tr>
</tbody>
</table>

### Table 2: Average reported change in monthly household non-employment income in dinars, by location of household

<table>
<thead>
<tr>
<th>Non-employment</th>
<th>Monthly average in non-employment income before COVID-19 pandemic</th>
<th>Monthly average in non-employment income at time of interview</th>
<th>Reported change</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kurdistan Region of Iraq</td>
<td>107,829</td>
<td>101,356</td>
<td>6,473</td>
<td>-6%</td>
</tr>
<tr>
<td>Federal Iraq</td>
<td>120,929</td>
<td>95,892</td>
<td>26,307</td>
<td>-21%</td>
</tr>
<tr>
<td>Overall</td>
<td>117,738</td>
<td>97,223</td>
<td>20,515</td>
<td>-17%</td>
</tr>
</tbody>
</table>
income (including from rent and social services/disability allowance) were on an equal footing with those in Federal Iraq. This could point towards the challenges experienced by more vulnerable, urban households in Federal Iraq.

The majority of households who saw their monthly non-employment income decrease in Federal Iraq had vulnerable members as demonstrated by their reliance on pensions or remittances. In terms of remittances, these comprise less than 1 percent of the GDP of Federal Iraq, suggesting that either only a small portion of people receive them or many households do but in small amounts. Those who are reliant on them and whose income decreased by as much as a quarter are likely to be those who are highly vulnerable or unable to earn income. Those who largely rely on a pension for their total monthly income are likely elderly. Disability allowances by the Government were not significantly delayed or reduced. In another recent survey, 71 percent of respondents perceived that COVID-19 has had a disproportionate impact on the elderly, displaced populations and daily labourers.

Between December 2020 and March 2021, there was little to no change in the number of household members earning money/having an income from permanent employment since the start of the pandemic. The same conclusions could be drawn for households with members in casual or irregular work. This is likely related to few vacancies in the labour market. While almost all of these households experienced income losses, lay-offs were less common, resulting in fewer available job vacancies that otherwise might motivate people to search for additional work. Both layoffs and income losses are problematic but changes due to layoffs, as opposed to instances where jobs were retained but wages were reduced, indicate different programmatic and policy responses during the recovery phase. Recent assessments of small and medium enterprises reflect the finding that many households experienced a reduction in their wages but few went through layoffs.

Small and medium enterprises were negatively impacted by COVID-19 across all metrics but revenue loss outpaced layoffs. According to a study by the IOM, between February 2020 and November 2020, small and medium enterprises in Iraq saw their average number of full-time employees decrease from 5.4 to 4.1 (an 11 percent decline) and the number of total employees fall from 5.6 to 4.6 (a 7 percent decrease).

Employee layoffs in small and medium enterprises were not mentioned among the top three losses as a result of COVID-19. The top two were “not paying bills” (63 percent) and “reduced investments” (32 percent), while average monthly revenue decreased by 23 percent from February 2020 to October 2020. This may indicate that while revenues declined, the majority of employers chose to retain employees rather than paying debts or investing. Yet significant differences exist among employees retained and let go, with women being laid off more than men.

In a study of 893 small and medium enterprises in July 2020, 38 percent of females stopped receiving salaries temporarily and 10 percent were laid off, while 25 percent of males stopped receiving salaries temporarily and 4 percent were laid off. Of employees asked to work at home, 48 percent of males retained full employment compared to 31 percent of females.

Why small and medium enterprise owners chose to maintain employees but reduce salaries should be further investigated. This may be as a result of avoiding or maintaining public benefits, or through a general feeling of solidarity with staff during challenging times. The preference to maintain male employees over female employees should also be studied and remedied with stronger guarantees of equality. This analysis is additionally notable in that tracking job losses, particularly those at the household and not the individual level, does not adequately address the full scope of the economic downturn. Income losses from all sources must be followed to see the full picture of the current labour market.
5.2 Daily workers most affected by the economic downturn

Over half (52 percent) of all labourers in Iraq are employed in casual or informal work. Casual contracts hold no labour protections for employees from furloughs or job loss, nor do they generally provide insurance against harm or illness. Despite this, daily labour and casual jobs pose among the highest risks of exposure to COVID-19, with examples including garbage collectors, mechanical manipulation of compactor lorries and persons who unload garbage at disposal sites.

A lack of workplace protections coupled with unstable employment meant that daily workers and casual labourers were also those most negatively affected by restrictions around COVID-19. Three reasons were routinely stated. First, many projects that require casual labour were stopped or delayed in 2020, largely due to movement restrictions and fears of transmitting the virus. Second, the curfew limited the time that daily labourers could queue to be hired for projects that did continue. Third, daily labourers were unable to shop for basic needs items due to the lack of time between the end of their work and the curfew.

Daily labourers, with large shares of youth and IDPs, were consistently found to be the most economically impacted by the pandemic. They were also more likely to be disproportionately burdened by wage losses, exclusion from jobs and an inability to meet basic needs.

To address precarious labour practices, Vision 2030 has a goal of creating decent job opportunities for all. The plan states that “this preference [for formal, public sector employment] is growing in light of the lack of labour protection in the private sector.” The fact that those in permanent positions have experienced less economic vulnerability than those engaged in casual work was evident across all governorates.

5.3 Displaced populations, youth workers and female-headed households were disproportionately affected

COVID-19 impact surveys conducted in April and July 2020 reported that daily labourers, IDPs and the elderly were disproportionately affected, and that assistance to these groups decreased from 73-56 percent from April to June. Populations vulnerable prior to the pandemic were more likely to be employed in the informal sector, which lacks labour protections. As the pandemic continues, those same populations are more likely to be unemployed and possibly receiving less support, compounding their pre-existing vulnerabilities. While the need for labour protections has been cited by the Ministry of Planning and is present in the Government’s White Paper for Economic Reforms, proof of implementation is not readily available.

All population groups reported decreases to average monthly employment income from the start of the pandemic, but this change was slightly higher for IDPs and refugees compared to host community members and returnees, and more detrimental to youth workers than adults. Female-headed households also showed higher impacts on employment indicators such as the reduced proportion of households earning income from permanent employment (25 percent of female-headed households compared to 11 percent of male-headed households) as well as a decline in the number of household members earning employment from casual labour or regular work (33 percent for female-headed households versus 24 percent for male-headed households).

5.4 COVID-19 measures led to high food costs and the need for coping strategies

Iraq’s food supply is heavily dependent on State schemes, as the Public Distribution System supports between 90-99 percent of Iraqi families.
with basic foodstuffs. It relies on State fiscal solvency as around 50 percent of it comprises imported items and 50 percent Iraqi products, paid for with State revenues.\textsuperscript{162} If revenues diminish, as they have recently, the food supply is vulnerable.\textsuperscript{163} In June, it was stated that Iraq’s “local wheat production will meet (Public Distribution System) demand for 2020 [but] the government only has 190,000 tons of rice in reserve, enough to cover only two distribution cycles.”\textsuperscript{164} Iraq’s recent economic crisis has constrained domestic production even as labour and transportation have been further hampered by COVID-19 public health restrictions.

While the Government excluded officials and employees of the ministries of agriculture and trade from curfews, and agricultural workers were given an exemption from movement restrictions, all aspects of the agricultural supply chain were affected by COVID-19 restrictions.\textsuperscript{165,166} These were linked with the reduction of agricultural extension programmes, fewer agricultural inputs received as State offices were closed, and the limited time that daily labourers could queue for jobs given curfews. Movement restrictions impacted those who could not transport goods; the curfew hindered shops who could not sell them.

With increased demand and lessened supply, some Iraqis saw rising food prices and hunger.\textsuperscript{167} Prices of key staples such as sugar, oil and vegetables “continue[d] to witness severe volatility.”\textsuperscript{168} A July 2020 IOM assessment found that 41 percent of respondents reported price increases and an additional 22 percent noted both price increases and shortages of goods in their subdistrict.\textsuperscript{169} In December 2020, the Government devalued the dinar by nearly 23 percent, which had the additional effect of limiting households’ purchasing power on imported products.\textsuperscript{170} The currency devaluation, as well as increased private sector participation and food exports, allowed economic reforms. Between December 2020 and April 2021 (the time of writing), food prices in Iraq had largely stabilized, although 6.5 percent of Iraqi households (approximately 2.5 million people) remain food-insecure.\textsuperscript{171} This is on par with the pre-COVID-19 context.\textsuperscript{172}

To cope with rising food costs, some Iraqi households started to reduce food intake to cut expenses. This coping mechanism was predominantly used in rural areas (42 percent) compared to urban areas (26 percent). Differences by location could indicate either that urban populations decreased their food purchases to a greater extent or that urban households had less scope to reduce in this area to begin with. In addition to reducing food expenses, households used the following mechanisms to bridge the increasing financial gap: borrowed money (23 percent), loans or debt (27 percent) or spending savings (35 percent).

There were minor differences in coping mechanisms reported by female- and male-headed households. A higher proportion of female-headed households (41 percent) reported buying less food compared to male-headed households (28 percent).\textsuperscript{173} The proportion of households that reported not buying necessary non-food household items and not buying clothing was consistent across both groups, which could suggest that while the types of coping mechanisms used were different in some cases, the overall need for coping mechanisms was consistent for both.

There is some indication that agriculture and construction will provide the most job opportunities in the near future. These sectors historically require substantial daily or casual labour. Agriculture currently constitutes a sizeable proportion of Iraq’s economy (5 percent of total GDP), is the largest source of private sector employment in the country (approximately 20 percent of jobs) and has potential to increase private sector investment.\textsuperscript{174} Further investing in these two sectors may offer opportunities to implement Goals 1-1 and 1-2 in Vision 2030.\textsuperscript{175} One of the biggest changes observed was an increase in the proportion of individuals reporting that they worked in construction and vocational positions (up 13 percent).
5.5 Although community insecurity and gender-based violence increased, community tensions were low

Over 2020, security and protection declined at various levels. Nationally, armed groups launched multiple improvised explosive device and rocket attacks against coalition force bases and convoys in central Iraq, in an attempt to dissuade these forces from remaining in the country. ISIL activity in North and Central Iraq escalated, from smaller attacks such as raids to more sophisticated ones including air strikes, abductions and executions of civilians.

At the community level, violence against communities and households with perceived connections to ISIL grew, particularly against IDPs and returnees, with the intent to deter displaced households from returning to their areas of origin. During 2020, there were multiple reports of abductions, threats and armed attacks against returnees. Additionally, since the pandemic, the number of geographic areas deemed insecure for women and girls has increased.

At the individual level, lockdown measures that reduced mobility, increased time in potentially unstable home conditions and a scale-down of in-person response resources coalesced and contributed to a reported rise in gender-based violence cases, primarily domestic violence, catalyzed by increased stress levels. Individual stress was prevalent mostly from concerns about decreased income or contracting the virus. Médecins Sans Frontières found that in their Mosul clinic, the proportion of patients experiencing anxiety rose from 45-68 percent, and depression from 10-20 percent over 2020.

Despite a backdrop of increased insecurity, incidents of gender-based violence and individual stress, nearly all households reported that the pandemic and associated restrictions were not increasing insecurity. A high proportion (93 percent) reported that the pandemic did not result in more crime or stealing, fighting, harassment, unrest in a community or neighbourhood, or tension within or between communities. Communities reportedly responded to greater needs resulting from COVID-19 through greater consideration for others, and found that having a shared obstacle amplified the sense of solidarity. Differences in findings could be due to a number of factors, including the security situation, which has been fluctuating since before the pandemic, so households did not perceive COVID-19 or associated restrictions as further exacerbating the situation. A second issue is that more insecure areas were not accessible during data collection, which may have excluded the perspectives of households from areas where the security situation has deteriorated the most.

The difference between reported security and gender-based violence incidents and survey data may be a matter of perception. Respondents were asked about tension in their community and, as such, may interpret ‘community’ to be different in scale or composition. Alternatively, as data were collected towards the end of 2020, this could have reflected a certain degree of optimism about the future and choices to obscure the past. This is encouraging, and ought to be further explored as easing tensions provides a vital first step in reconciliation and peacebuilding.

5.6 Delayed income and loss of employment opportunities impacted households

Due to the budget deficit, the Government has struggled to pay the salaries of civil servants as well as pensions. The cash liquidity crisis brought on by delayed salary payments, the fall in oil prices and the global COVID-19-related recession have spurred the Government to introduce a cash withdrawal limit and increase the transaction fee to 0.7 percent to slow individuals from liquidating assets. As a result, “payments for salaries and other operations were affected.” Survey respondents said that income earned during lockdowns was delayed either due to banks being closed or because checks for government pensions were late.
Since all government payments are approved first in Federal Iraq and then transferred to the Kurdistan Region of Iraq, people in the latter suffered greater delays.\textsuperscript{182} The issue of payment lags was a key grievance among protestors in 2020 and has been a common theme in other livelihood assessments.\textsuperscript{183}

Interviewees stressed the need for the Kurdistan Regional Government and Government of Iraq to move payments to direct deposit to allow households to receive their money more quickly, move individuals into the banking system and pave the way for e-commerce to grow. According to the Central Bank of Iraq, only 23 percent of the population possesses bank accounts, making Iraq the most underbanked country in the Arab region.\textsuperscript{184} Iraqis’ underuse of banks is likely the result of a lack of deposit insurance, which would guarantee that customers receive their funds in the event of a bank failure, combined with a general absence of awareness around banks and their services. Low rates of bank usage, combined with paper-based transfer methods, have contributed to delayed cash flows, along with movement restrictions and the liquidity crisis.\textsuperscript{185} Amid mass decreases in income, investing in e-bank infrastructure to move cash to households more quickly would assist Iraq to move towards a sustainable economic recovery.\textsuperscript{186}

While overall access to and use of information and communication technology (ICT) is low in Iraq, for households and businesses who have access, using ICT was a common indicator of the ability to weather economic hardship from the start of the pandemic. Income often did not decrease for those able to work online, primarily individuals employed by either a non-governmental organization (NGO), educational institution or the Government.

A recent study indicated that nearly all micro-, small and medium enterprises were pessimistic about the future of their business, but almost two thirds of owners said that “digital solutions and tools proved to be helpful in navigating through the crisis” as online sales could continue amid restrictions and lockdowns.\textsuperscript{187} Internet access is a key component in overcoming barriers from social distancing. Yet despite potential benefits, Internet use is far from widespread with only 49.4 percent of people going online in 2019. This was well below the proportion in countries such as Turkey (74 percent) or Iran (70 percent).\textsuperscript{188}

In rural areas, Internet usage is even less than in urban areas. This is likely the result of lower incomes paired with the high cost of services, two factors that preceded the pandemic. The further reduction in rural household incomes brought on by restrictions, and the increased need for using the Internet to conduct business and educational exchanges, are compounding livelihood and education obstacles in rural districts.\textsuperscript{189}

5.7 Health and education services became less accessible, particularly for youth, women and the disabled

The substantial medical capacity required to address COVID-19 has left many of the world’s health-care systems unable to properly attend to non-COVID-19 health needs. At the same time, use of social distancing measures has constrained accessible in-person learning for the majority of school-aged children. Education and health-care services in Iraq were debilitated prior to the pandemic due to a lack of infrastructure, capacity and government investment. The virus and related restrictions intensified these shortfalls, particularly for youth and disabled populations.

Years of political and economic instability as well as massive damage to infrastructure during the war against ISIL and a national shortage of health-care workers left Iraq’s health-care system in a weakened state. In 2020, even before COVID-19, 2.4 million people needed health services; 98 percent of them had ‘extreme’ health-related needs.\textsuperscript{190} Most public health facilities did not have necessary components of essential care, particularly in areas serving elevated numbers of IDPs. The health-care system overall was ill equipped to respond to sudden onset public health emergencies.\textsuperscript{191}
A concerning trend is that 50 percent of households reported as having a disabled member stated that accessing medical care is either ‘harder’ or ‘a little harder’ due to COVID-19 measures. As a result, they were forgoing medical care. Disabled members of female-headed households more frequently reported going without medical care due to COVID-19-related access challenges (56 percent) than disabled members in male-headed households (47 percent). In a May 2020 survey, 49 percent of respondents perceived a lack of access to services as key concerns for disabled populations.

Those with routine medical needs could not travel to access medical care due to lockdown measures, while those who were chronically ill reported receiving a waiver to travel for medical purposes. Another survey in early 2021 found that 39 percent of respondents reported having at least one member in need of medical assistance but unable to access health care. Irrespective of policies around movement restrictions, it is likely that those who are chronically ill but have better education or greater means were able to obtain a waiver, and that the most vulnerable, who may not have language skills, literacy, mobility or other resources, could not obtain a waiver and suffered disproportionately.

Without accessible medical services, an increased burden of care is often shouldered by personal relationships. Lay caretakers—nearly always female—manage logistical obstacles in an attempt to pursue formal services and fill gaps from missed medical services and overall care for a household member with unique medical needs. This is all while carrying out other forms of unpaid labour.

During COVID-19 restrictions, unpaid labour increased by 8 percent as primarily female caretakers shouldered the additional tasks of supporting family members with disabilities or particular medical needs, teaching and monitoring children, and cleaning and sanitizing homes. Although gaps in medical and education services did not directly, disproportionately impact Iraqi women, the lack of these services indirectly burdened primarily female caretakers as they struggled to fill gaps.

In response to the first identified case of COVID-19 in Iraq, the Government closed all schools in February 2020, affecting the education of approximately 10 million children. As a result, 23 percent of households with school-aged children (6-17 years old) reported that at least one child was not attending school regularly (at least four days per week) from December 2020 to March 2021. When disaggregated to the regional level, the share amounted to 48 percent for the Kurdistan Region of Iraq—which is striking as a standalone figure and when compared to 14 percent in Federal Iraq. There were not significant differences between the attendance of male and female children.

This lack of attendance could be directly correlated to the COVID-19 pandemic, as according to 45 percent of households, reduced attendance was linked to schools being temporarily closed (71 percent), the complexities of homeschooling and lack of required equipment (16 percent), and movement restrictions or lack of homeschooling programmes (13 percent).

In late November 2020, the Government reopened in-person learning with elementary school pupils attending classes one day a week, and older students attending classes twice per week, in order to maintain smaller class sizes and social distancing. The rest of the learning was supposed to take place at home, online, despite half of Iraqis not having Internet access, Caretakers mentioned the inability of students to continue their education online as a key stressor during the pandemic.

While households did not indicate a distinct relationship between online learning and non-enrolment in 2021, 9 percent of households with school-aged children reported having at least one child who was not enrolled in formal education for the 2020-2021 school year. According to media reports, the combined effect of the economic downturn and school closures has increased the
number of children working as casual labourers. The incidence of child labour was reportedly higher among displaced populations and/or in the Kurdistan Region of Iraq, as these populations experienced a greater overall loss in employment income in the wake of COVID-19. In Federal Iraq and the Kurdistan Region of Iraq, children under age 15 are forbidden from working. In response to the possible increase in child labour, the Kurdistan Regional Government developed a draft workplan to address the underlying causes, but this workplan and related documentation could not be reviewed.

All students lost learning opportunities in 2020; some may continue to face deficits as online learning requires a different learning style than in-person learning. Others will not enrol in formal education, whether remote or in-person. Such widespread education disruptions are likely to translate into future knowledge gaps and economic productivity losses. The extent of the loss and the degree to which the global educational community can mitigate gaps remain to be seen.

5.8 Reduced access to aid for displaced populations

The shutdown of the Government and some services provided by international organizations made documentation for displaced populations difficult to obtain, including the United Nations High Commissioner for Refugees (UNHCR) form or residency card. Compounding the challenge of accessing the proper office, the cost of mandatory COVID-19 tests related to obtaining documentation was high—31,500 dinars per family member, around $22—and likely created an economic barrier for many families. Refugees living in rented houses were reportedly among those most shut off from documentation due to the cost, because many depend on income from daily labour, which was difficult to obtain following restrictions. This finding is echoed in other reports in this series, which highlighted pandemic fallout on the day-to-day functions of legal and judiciary services.

Early in the pandemic, humanitarian actors experienced severe access restrictions due to the suspension of government mechanisms that provide access documentation. This situation gradually improved, with humanitarian organizations reporting only 31 access incidents in February 2021 compared to 80 in March 2020. Access restrictions coupled with pandemic-related movement constraints significantly affected the delivery of humanitarian aid.

The ability to obtain and retain proper identification is vital for displaced populations to benefit from both national social protection programmes and humanitarian aid. For example, registration in the Public Distribution System is based on locality. If a ration card holder is displaced, they cannot use their card until they have been reregistered in their new location by an office that must be open. Over 2020, 14 IDP camps and 2 informal sites were closed, affecting more than 34,000 people, and in some cases with reportedly little advance notice. This could have caused households to move quickly without proper documentation to areas where they are unfamiliar with the process to obtain documents, and where offices may be closed during lockdowns.
6. IRAQ’S RESPONSE TO COVID-19

6.1 Federal Iraq

Populations in Iraq face critical socioeconomic concerns worsened by the pandemic, including high poverty, damaged infrastructure, a fragile economy and mass displacement. Based on the most up-to-date estimates, 31.7 percent of the population—nearly one third of Iraqis—will be below the poverty line as a result of COVID-19, with the number of children in poverty doubling. Approximately 4.1 million displaced people continue to have humanitarian needs stemming from the 2013 conflict, 34 percent of whom have ‘extreme’ needs, indicating requisite, acute humanitarian support. Although the conflict ended in 2017, the number of people with humanitarian needs rose by 600,000 between 2019 and 2020, driven by unbalanced economic structures characterized by a lack of jobs, high debts and rising costs of living. Amid these challenges, the economy has further suffered under the COVID-19-induced recession and concurrent sharp decline in oil prices, leaving the Central Bank of Iraq with an accrued current deficit of 28.7 trillion dinars ($19.79 billion).

To address multiple crises in the early months of the pandemic, Federal Iraq implemented targeted policies to assist households in the short-term. During initial lockdowns in March, under the Iraqi Labour Law (37/2015), employers were required to continue to pay staff salaries for 30 days as work was suspended due to exceptional circumstances. Upon resumption of work, however, the employer was legally allowed to request that employees then provide additional, uncompensated hours of labour. In April 2020, the Higher Committee for Health and National Safety put in place a temporary scheme for private sector workers not receiving salary payments from the Government. Each individual received 30,000 dinars ($20.80), administered once. According to a non-governmental source, the Ministry of Labour and Social Affairs might have approved grants for 11.6 million people, 94 percent of individuals who applied nationwide. The degree to which this scheme was implemented was not clear, however. It could not be confirmed that the programme targeted those most in need or if it was provided on an as-requested basis to all who made a claim.

In April, the Ministry of Housing, Construction and Municipalities’ Housing Fund suspended mortgage repayments for individuals who borrowed from the ministry for a three-month period from May to July 2020. The application process for this Minha (‘grant’) programme was hosted online with a five-day window for individuals to complete their application, but given significant internet access gaps, online applications might not have been accessible to all those needing the suspension of mortgage repayments.

Between 6 April and 11 May 2020, 70 percent of households reported an increase in the price of one or more food products, and 48 percent indicated food shortages in at least one item. To support agricultural production, the Supreme Committee for Health and National Safety excluded officials and employees of the ministries of agriculture and trade from curfews, and allowed wheat and barley collection points to remain open to farmers. Beyond this, agriculturalists have not been able to move throughout the country with ease. The Government launched a National Food Security Project (2020-2022) and Parliament announced it would start an emergency agriculture plan. Although both plans were publicly announced, documentation on implementation was not accessible.

Since 2013, Iraq has offered the ‘1 trillion dinars’ direct lending initiative, which provides loans of between 5 million dinars ($3,472) and 1 billion dinars ($694,444) to small and medium enterprises. In June 2020, the Central Bank of Iraq froze principal and interest payments for three months on loans received from the initiative and offered 5 million dinars ($3,472) of additional support to existing
projects as a lifeline during the pandemic. The Government additionally requested that banks extend the maturities of all loans at the bank’s discretion, and requested that vendors eliminate commissions on payments for the six months between June and November 2020. The Central Bank responded by eliminating commissions on electronic payments from June 2020 onward as a means of stimulating online commerce and, particularly, to attract Iraqi entrepreneurs who largely favour mobile money solutions.

None of the policies and strategies reviewed explicitly targeted specific populations, including women, the elderly, youth or persons with disabilities.

To decrease the Government’s indicative budget deficit of 58 trillion dinars ($48 billion) in December 2020 and improve the competitiveness of Iraqi products in global markets, Iraq devalued the dinar by nearly 22 percent against the dollar. This decision was met with opposition and protests as it had negative effects on purchasing power in terms of imported products. Subsequently, delayed salary payments had knock-on effects on household expenditures, and, by consequence, on shopkeepers and private sector businesses. At the time of the devaluation, the price of the survival minimum expenditure basket, an indicator of the cost of essential household foods and commodities, increased by 6 percent. Between the third week of December 2020 and 29 December 2020, an additional 600,000 people did not have enough to eat. Prices of key commodities stabilized as of April 2021, but in December 2020, the devaluation spurred rather than supported needs as it occurred when nearly all households stated that income had decreased.

Following devaluation, the Government adopted measures to curb inflation, including allocating 648 billion dinars ($450 million) from the 2021 budget to subsidize three main commodities: sugar, vegetable oil and rice. This has supported the continuation of the Public Distribution System during COVID-19, but without proper reform and efficient targeting, the cost of the system will continually outpace government revenues.

Towards the end of 2020, the Government started developing its own National Recovery Plan with support from UNDP. It is modelled after the United Nations Socio-economic Response Plan launched in August 2020. The plan prioritizes groups disproportionately affected by the crises, in particular women, youth and IDPs. Currently in its final stages, the plan will span 24 months and is expected to be published in 2021 once it is approved by the Council of Ministers.

The Ministry of Planning released a White Paper for Economic Reform in October 2020 intended to promote sustainable, medium-term economic growth. The White Paper is strikingly sober in its assessment of factors leading to Iraq’s current deficit. It is also ambitious in its aims, with many reforms that follow the same structural adjustments that the IMF and World Bank have imposed on low- and middle-income countries seeking economic development. These include cutting subsidies and reducing the wage bill by half. To support reforms and economic stability, Iraq requested a $6 billion loan from the Rapid Financing Instrument of the IMF, which offers swift financial support to member countries facing an urgent balance-of-payments need. The IMF loan is a needed investment but currently falls short of the $19 billion deficit and will need to pass through bilateral structures—without diminishing—before it can pay for structural reforms.

The White Paper plans to support small and medium enterprises, implement a drafted health insurance law so all Iraqis have accessible health care, build 1,000 schools and link educational outcomes to the needs of the labour market, simplify private sector regulations for small and medium enterprises, and phase out paper transactions. These reforms address many challenges, yet some may have unpopular effects on daily life. For example, pensions will no longer be funded by the federal budget, and electricity will no longer be subsidized. Given that those who receive pensions are relatively more vulnerable
and have been heavily impacted by COVID-19 and recent economic challenges, it is unclear how older Iraqis will manage this change. With health-care infrastructure damaged during the conflict with ISIL and further burdened by COVID-19, it remains to be seen how services will address forthcoming electricity bills. The 2019 protests aired grievances about livelihoods, basic services and social protection, so it will be incumbent on the Government to address such needs in a clear and demonstrable fashion that helps rebuild the social contract. The socioeconomic goals are vital and welcome but must balance implementation with current reality.

To finance the White Paper, the Central Bank of Iraq collected $37 million from financial institutions, including the Central Bank and the Trade Bank of Iraq. For 2021, the Government of Iraq has approved a 129 trillion dinar ($89 billion) federal budget.

To support Iraq’s health-care sector in the COVID-19 response, the international community mobilized additional significant support. Early in the pandemic, for instance, UNDP provided $40 million through its Funding Facility for Stabilization to build, rehabilitate and equip COVID-19 isolation wards across the country in collaboration with the Ministry of Health and World Health Organization (WHO). The United States Agency for International Development offered approximately $60 million worth of equipment and medical supplies in addition to capacity-building support for local facilities.

The 2021 Humanitarian Response Plan cites the same number of people in need (4.1 million) as the 2020 plan, but seeks $87 million more to support 1.5 million of the most vulnerable displaced persons, bringing the total humanitarian aid request to $607.2 million. The 2021 plan acknowledges the increase in needs resulting from COVID-19, the economic downturn and its effect on livelihoods, movement restrictions reducing humanitarian services, and a rise in gender-based violence, all occurring as IDP camps are being closed in Federal Iraq. The 2021 plan will extend support to both IDPs in camps as well as returnees and IDPs out of camps and in informal settlements.

Iraq’s involvement in the COVID-19 Vaccines Global Access Facility led to the receipt of 336,000 doses of the AstraZeneca vaccine on 25 March 2021 and a second receipt of 499,200 doses on 9 May 2021. Nonetheless, additional procurement will be needed to achieve the Ministry of Health’s goal to vaccinate 20 percent of the eligible population before the end of 2021. These are monumental steps towards addressing one crisis amid many. The coming months will be vital for Iraq to build supply chains and a health-care system to distribute the vaccine throughout the population and to prioritize vulnerable groups, avoiding another layer of socioeconomic divide between the vaccinated and non-vaccinated. A transparent and unbiased vaccination campaign will be a key opportunity for the Government to use the ills of the pandemic as a chance to rebuild the social contract.

6.2 Kurdistan Region of Iraq

In the wake of the COVID-19 outbreak in early 2020, the Kurdistan Region of Iraq took proactive measures to reduce the potential exposure of its population and contain any latent cases. The Kurdistan Regional Government set up an operations centre to plan for and combat the virus before any cases were confirmed in the region. Restrictions were put in place on incoming travellers from regions known to have COVID-19 cases. A ban on non-essential movement in-country was enacted on 14 March, and all airports suspended operations between 17 and 24 March.

While curfews have helped to mitigate the spread of COVID-19, the Kurdistan Regional Government’s imposed containment adversely affected education, which was already underdeveloped from years of instability. In-person schooling has now opened and closed multiple times. In an effort to pre-empt a second wave of infections in January 2021, the Government banned in-person learning for schools, universities and educational
institutions. Grades 1 and 2 and grade 12 were suspended, but grades 3-11 continued instruction online.\textsuperscript{248} In February, schools reopened, only to close again in March 2021 for all students except grade 12.\textsuperscript{249} As a result, over 10 million school-aged children have missed out on education, particularly as systems needed for online learning are not widespread.\textsuperscript{250}

Measures were seemingly applied consistently to all levels of the social hierarchy, as demonstrated when an influential security officer was removed from his position after refusing to self-isolate.\textsuperscript{251} When peshmerga patrols were dispatched to enforce the curfew, however, some criticized the militarized response and feared that the action was intended to muzzle discontent.\textsuperscript{252,253}

The perceived similarity between police enforcing COVID-19 restrictions such as quarantines and wartime efforts such as arrests, combined with general distrust of Iraq’s public health-care system, has proved an underlying challenge throughout the pandemic.\textsuperscript{254} In both Federal Iraq and the Kurdistan Region of Iraq, families have refused to take sick patients to hospitals. Attacks on medical personnel by family members of COVID-19 victims occurred in August and September 2020. Some medical personnel fled the country.\textsuperscript{255}

To address social distrust, a significant focus of the Kurdistan Regional Government’s COVID-19 response was to raise awareness. The Ministry of Health partnered with WHO to launch campaigns from August through November 2020. During this time, mobile medical clinics and booths toured populated areas to disperse messaging around how to prevent the transmission of COVID-19.\textsuperscript{256} Additionally, teams distributed masks, gloves and flyers in public places.\textsuperscript{257} Aid organizations provided supplies and funding, giving the Ministry of Health patient monitors, personal protective equipment, COVID-19 diagnostic kits and hospital bedding to equip intensive care units managing a higher number of patients.\textsuperscript{258}

Similar to campaigns and assistance provided in Federal Iraq, these schemes were broadly applied and available to all. No schemes were identified that specifically targeted vulnerable populations such as the elderly, youth, women, displaced populations or persons with disabilities.

7. CONCLUSIONS AND FUTURE TRENDS

Globally and within the Arab region, the pandemic, associated public health restrictions and related socioeconomic struggles have placed a disproportionate burden on the same populations who were disadvantaged prior to the pandemic. As of March 2020, Iraq was dependent on oil and vulnerable to fluctuations in prices. Services and opportunities were particularly limited for women, youth and persons with disabilities. While a number of national and regional plans existed that mapped development trajectories for Federal Iraq and the Kurdistan Region of Iraq, including strategies to achieve the SDGs, these were generally not met with demonstrable implementation or evaluation. With COVID-19, progress on the SDGs has been marred, and previous gains in education, health, and women’s protection and advancement have stagnated.

COVID-19 has created and will continue to create socioeconomic fractures throughout Iraq. The greatest impact was on income from employment and alternative sources, which decreased for a majority of survey respondents. Over 90 percent of households linked changes in income and employment either directly or indirectly to restrictions to curb the pandemic. Only limited pressures occurred related to housing and shelter; water, sanitation and hygiene; and IDP movement.

Socioeconomic fractures have been far from equal. Those most vulnerable before the pandemic—
namely, informal sector workers including daily labourers, displaced populations, women, children, youth and persons with disabilities—have borne the harshest impacts. A greater number of female employees of small and medium enterprises lost wages and permanent employment compared to male employees. A larger proportion of households whose members engaged in casual or daily labour experienced decreased employment income compared to those who had permanent employment. Displaced individuals and youth were more likely to be in casual labour with potentially heavier burdens relative to the overall population. Continued negative impacts are likely as an increasing number of people, particularly vulnerable people, lose vital wages. As the SDGs become less attainable, there is ever-escalating potential for more Iraqis to be left behind.

The White Paper for Economic Reforms includes two provisions to expand the pension system to all Iraqis, regardless of sector, and to implement a draft health insurance law that would give all Iraqis access to essential health services. If implemented, these plans speak to some of the needs of those in the informal sector but stop short of providing further employment protections and fail to address associated employment protections for caretakers who may leave work to tend to sick family member(s). Whether the plans will be enacted remains to be seen.

In a bid to ensure a free and fair election and peaceful transition of power, the Government voted to dissolve itself ahead of the Iraqi elections on 10 October 2021. As such, it will be up to the incoming administration to realize the White Paper, a challenge given a sizable budget deficit. Should labour protections continue to be absent, both through casual contracts and/or in the absence of social protection schemes that include informal workers, vulnerable populations will sink further into precarious circumstances.

While the White Paper offers intentions for various, ambitious reforms, it fails to include specific provisions or protections for women, youth, children and displaced populations. This has been put at the core of the National Recovery Plan currently under development. Similarly, the United Nations Socio-economic Response Plan commits to providing for these populations in the short to medium term. But if the United Nations fulfils this commitment in the absence of specific government priorities, support will be less sovereign and sustainable, and therefore less able to ensure resilience to future shocks.

Global trends suggest that one of the most devastating consequences of COVID-19 is its potential to reverse progress on SDG 5, on gender equality, and exacerbate existing gender inequalities. Female-headed households lost income from both casual labour and permanent employment at a higher rate than male headed-households. At the same time, women’s already unfair burden of unpaid care work increased, along with gender-based violence. Without signification protections ensconced in legislation, women’s disempowerment will likely continue, to the detriment of the entirety of Iraqi society.

Persons with disabilities and chronic health conditions have avoided seeking medical care for fear of contracting COVID-19. Without action to rectify this gap, the health of the chronically ill and possibly persons with disabilities could deteriorate. This could have further damaging effects on households, female caretakers and the capacity of the health-care system to respond to needs amid continued COVID-19 cases.

Should the Government not make specific provisions to meet the needs of vulnerable populations and rebuild the social contract, Iraq will face dire circumstances, particularly as the combination of poverty, displacement and joblessness opens communities to the influence of radicalized ideals. The likelihood of a revival of the 2019-2020 demonstrations will be significant.

The White Paper intends to “adopt a national strategy for education and training that links educational outcomes with the future need for the labour market.” Education outcomes in 2020 (and
One important finding is that Iraqis appear more socially cohesive than in the recent past, with neighbours practising compassion for each other as a result of the pandemic. Yet reduced access to livelihoods can eventually widen fissures within communities, particularly between displaced, returnee and non-displaced populations. This is especially true as people rely on social networks, which, without support, may lead to increasing vulnerabilities on a more widespread scale. This highlights the importance of investigating vulnerabilities and effectively targeting based on need to build community resilience.

Should effective targeting and prioritization not take place, the most vulnerable communities and individuals risk being left behind in a period where finances are stretched and time is of the essence. By contrast, with strong, measurable implementation of clear and collaborative development, humanitarian and peacebuilding plans by the Government, United Nations, NGOs and international stakeholders that specifically target the most vulnerable, in ways that are structurally and economically sustainable, Iraq could pivot to an inclusive and sustainable development trajectory and make gains on the 2030 Agenda. Such efforts would be unprecedented in Iraq’s recent history, but the combined impact of the war against ISIL, COVID-19 and the recent liquidity crisis have generated monumental shocks, so a commensurate response is valid.264

One area that has received considerable attention is Iraq’s agricultural industry, where the main secondary impacts of reduced incomes include reduced food consumption. Over one third of households reported using coping strategies to get enough food for their household, including eating fewer meals, eating smaller meals and receiving food from relatives. This situation is compounded by a population already reliant on the Public Distribution System and other social protection schemes—which face significant capacity, resource and targeting gaps—to supplement food sources. The Government has reacted to these gaps by exempting the Ministry of Agriculture from restrictions and taking unused funds from other ministries to fund agricultural inputs for Iraqi farmers.262 If Iraq continues to move away from dependency on imported items that are susceptible to global price fluctuations and tackles the currently insufficient food subsidy schemes, food security may gradually improve.263

Continuing) have been marred. Children have faced combinations of in-person learning, online learning and stalled learning. The impact of over 10 million children missing school, against already significant gaps between livelihood opportunities and the skills of graduated youth, further complicates achieving national strategies. The consequence of not explicitly including means to overcome delays due to the pandemic could further offset education trajectories that may have already been diverted due to conflict, displacement or poverty.

One area that has received considerable attention is Iraq’s agricultural industry, where the main secondary impacts of reduced incomes include reduced food consumption. Over one third of households reported using coping strategies to get enough food for their household, including eating fewer meals, eating smaller meals and receiving food from relatives. This situation is compounded by a population already reliant on the Public Distribution System and other social protection schemes—which face significant capacity, resource and targeting gaps—to supplement food sources. The Government has reacted to these gaps by exempting the Ministry of Agriculture from restrictions and taking unused funds from other ministries to fund agricultural inputs for Iraqi farmers.262 If Iraq continues to move away from dependency on imported items that are susceptible to global price fluctuations and tackles the currently insufficient food subsidy schemes, food security may gradually improve.263
8. POLICY RECOMMENDATIONS
This report has provided evidence that COVID-19 has and will continue to have long-term consequences for vulnerable Iraqis in accessing sustainable livelihoods, food security and education, with few social protections in place to mitigate gaps. These impacts are particularly acute for daily workers, women, youth, the elderly and displaced populations. Without sufficient attention to or investment in addressing the impacts of COVID-19 on vulnerable populations, Iraq may not achieve longer-term, equitable development and recovery nor attain the SDGs. With sufficient attention to the needs of the most vulnerable, and in line with the 2030 Agenda, Vision 2030, Vision 2020, the White Paper for Economic Reforms and the United Nations Socio-economic Response Plan, an inclusive recovery would support all populations in Iraq for future growth.

While recent plans aim to address needs, none include clear implementation strategies or specifics on vulnerable populations. This gap must be rectified, as the next 24 months are critical to recovery. It is the responsibility of the Government of Iraq and Kurdistan Regional Government to build an inclusive path forward by establishing sustainable systems and structures, listening and responding to the voices of the vulnerable, and laying out realistic goals to enable attainment of the 2030 Agenda.

Progressing towards sustainable development objectives during recovery requires setting priorities for the short to medium and longer term. The following policy recommendations are intended to support the Government, civil society and international partners in developing policy responses to fallout from the pandemic while keeping a focus on achieving the SDGs.

**Short-term policy recommendations (6-12 months)**

**Pay particular attention to vulnerable groups, especially women, youth and IDPs, in national and subnational recovery agendas.** The disenfranchisement felt by youth in policy decisions and economic development are reflected in their active civil engagement, including recent protests. Clear channels should be established to ensure that the experiences of youth—and their ambitions for the future—directly inform national and subnational policies and interventions. These channels could support socioeconomic agendas with opportunities for growth in employment and education, both of strong interest for Iraq’s significant population of youth. Women must be engaged in designing and implementing recovery agendas, in line with their own rights, and because they have great influence at the household level over educational attainment, health and nutrition. Implementation is likely to fall short if women are not engaged. Other efforts should ensure that young women facing compounding impacts from gender inequality and youth disengagement are able to effectively inform recovery processes.

Displaced populations are particularly vulnerable to COVID-19. At the same time, livelihoods are a key driver of returns and reoccurring displacement across the country. In many areas, increased returns are adding pressure on already stretched services and social networks. The Government of Iraq and Kurdistan Region of Iraq should capture the dynamics of displacement and durable solutions in national and regional planning, and gear related interventions towards conditions for the sustainable reintegration of IDPs.

**Pursue evidence-based recovery policies and plans with measurable impacts to sustain public trust.** As the Government plans for recovery, it should take measures that instil public trust and restore the social contract. It should contextualize support and ensure it goes where it is most needed given geographic disparities. Indicators of employment income, reduction in the proportion of household members working in casual labour and use of food coping strategies suggest that some of the greatest impacts of the pandemic have been in northern governorates such as al-Sulaymaniyah, Erbil and Ninewa. A key entry point is to base priorities and budget allocations on strong metrics and data, which will render decisions more effective, open and transparent. The majority
of policies and strategic plans lack up-to-date statistics and analytics, and measurable indicators. Significant efforts should be made to collect up-to-date statistics and information on progress (or reversals), to stipulate clear and time-bound objectives, and to provide robust mechanisms to monitor implementation.

Ensure that essential health services are maintained, including roaming medical services, to care for, among others, the chronically ill. Health-care systems are underresourced, and access was limited even before COVID-19. People with disabilities and underlying or chronic health conditions face particular challenges in accessing health care, which may affect not only their quality of life but also access to livelihoods or other essential services. The Government should work with NGOs, civil society organizations, United Nations entities and national health-care providers to explore methods so populations in need continue to receive essential health-care services, with minimal risk of transmission of COVID-19.

Medium- to long-term policy recommendations (12-24 months)

Take a long-term approach to job creation and diversification by investing in key development, market and economic infrastructure initiatives. Iraq’s approach to job creation and diversification should be geared towards longer-term service and infrastructure development by investing in innovative growth in key sectors, such as construction, health, agriculture and telecommunications. Engaging private telecommunications companies to establish electronic networks across the country, especially in rural areas, could have wide-ranging impacts, such as enabling continued primary and secondary education for students. This is particularly urgent given the 48 percent of students in the Kurdistan Region of Iraq who are not currently receiving an education. It could also support adults and youth to engage in self-directed online study to further their skills and connect to the labour market. With stronger ICT, the Government could devise electronic payment systems to ensure that salaries, pensions and social protection incomes are received promptly, even with office closures or population movements.

Prioritize and increase government spending for youth and women’s rights and economic empowerment. Women and youth in Iraq face a range of barriers to accessing livelihoods, not all of which are economic. Given the gendered impact of COVID-19 restrictions, including reduced mobility and increased unpaid labour, avoiding reversals in progress on gender equality—and making continued advances in reducing ongoing inequities, including gender-based violence—should be priorities. Activities supporting women’s access to livelihoods, increased funding for services preventing and responding to gender-based violence, and efforts to shift cultural norms towards more equal divisions of unpaid care work would empower women and better integrate them into the economy.

Youth who have experienced interruptions to education and training may experience long-term economic consequences as they aim to establish a footing in jobs and careers. Integrating youth in pandemic recovery efforts requires increasing funding for training and education for older youth, streamlining regulatory processes to lower the threshold of entry into the workforce, and diversifying investment to support sectors using both highly skilled and lower-skilled workers.

Include the formalization of the informal sector in longer-term service and infrastructure development. As the public sector undergoes investment and development, it will be imperative that informal and daily labourers receive the social benefits that are, and will be, allocated to public sector employees. Measures to formalize casual labour will address the needs of the most economically vulnerable and those who experienced the most significant declines in income during the pandemic. Additionally, formalizing the informal sector will bring to light the immense, informal structures that already exist in the Iraqi economy and allow them to be enhanced,
while multiplying the sector’s diversifying effect on the economy at large.

**Spearhead entrepreneurship by streamlining regulatory and lending processes.** An interest in entrepreneurship exists in Iraq, particularly among underemployed youth, but Iraq does not provide sufficient structures to enable these aspirations. To date, entrepreneurial endeavours incur undue burdens and lengthy processes to get off the ground. Regulatory uncertainty around obtaining investments and a lack of legal infrastructure to support private investment create ample barriers to entrepreneurs seeking capital. The Kurdistan Regional Government and Government of Iraq could take steps to a more diverse economy and vibrant private sector by simplifying the business incorporation process. This would reduce start-up costs for both would-be business owners and government bureaus.

Review unrestricted social protection schemes, such as the Public Distribution System, to ensure prioritization of the needs of the most vulnerable people. Based on this review, the Government should develop short-, medium- and long-term priorities for improvement. In the short term, this should encompass urgent efforts to ensure minimum social protection for vulnerable households, including efforts to better target the Public Distribution System as a key source of food security for vulnerable Iraqis. The review should equally ensure that targeting and design adequately consider disability and other vulnerabilities, as well as changes in displacement status resulting from recent camp closures and in poverty status following the economic downturn. Furthermore, social protection schemes implemented by the government, United Nations or NGOs should not be solely based on employment, as employment status may not represent one’s vulnerability. Supplementary income subsidies such as rent waivers or food vouchers may be more beneficial to a wider population.
ANNEX 1: HOUSEHOLD DATA COLLECTION COVERAGE AND SAMPLING METHODOLOGIES, BY GOVERNORATE

Note: The designations employed and the presentation of the information in this map do not imply the expression of any opinion whatsoever on the part of the United Nations Development Programme concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.
# ANNEX 2. GLOSSARY AND GEOGRAPHIC CLASSIFICATIONS

| **Governorate** | The highest administrative boundary below the national level. Iraq is comprised of 18 governorates: Al-Anbar, Al-Basrah, Al-Muthanna, Al-Najaf, Al-Qadissiya, Al-Sulaymaniyyah, Babil, Baghdad, Diyala, Duhok, Erbil, Kerbala, Kirkuk, Maysan, Ninewa, Salah Al-Din, Thi Qar and Wassit. |
| **District** | Governorates are divided into districts, with 101 districts across Iraq. |
| **Host community** | Communities in the area of origin hosting displaced persons (including both IDPs and refugees). |
| **Kurdistan Region of Iraq** | The Kurdistan Region of Iraq comprises three governorates, all covered in this brief: Duhok, Erbil and Al-Sulaymaniyyah. |
| **Federal Iraq** | The collective governorates of Iraq, excluding the three governorates in the Kurdistan Region of Iraq. |
| **Vulnerable groups** | Vulnerable groups include women, single-headed households, youth, children, people with disabilities and displaced communities. |
| **Primary data** | Primary data referenced in this policy brief includes individual interviews (n=89), key informant interviews (n=28), in-depth, area-based interviews (n=25), and a representative household survey (n=3,710) with a 95 percent confidence level and 7 percent margin of error at the governorate level. Data were collected between December 2020 and March 2021 in all 18 governorates of Iraq. The full report of the primary data collection exercise can be accessed here. |
REFERENCES


Credendo 100 Years. 2019. Iraq: Recovering from years of conflict, but political risks expected to remain high for years to come. https://www.credendo.com/country-risk-assessment/iraq/recovering-years-conflict-political-risks-expected-remain-high-years.


UNDP – Impact of COVID-19 on Iraq’s Vulnerable Populations


Karam, Z. 2019. “Protesters in Arab world’s newest uprising face a long haul.” https://apnews.com/article/c0b9c8243c25e3dd02d398964a1d1beb.


The Kvinna till Kvinna Foundation. 2020. *Iraq Survey on impact and long-term needs of women’s actors in the context of COVID-19.*


UNDP – Impact of COVID-19 on Iraq’s Vulnerable Populations


UNDP – Impact of COVID-19 on Iraq’s Vulnerable Populations


WHO (World Health Organization). 2020. Coronavirus disease (COVID-19) Dynamic Infographic Dashboard for Iraq. https://app.powerbi.com/view?r=eyJrIjoiNjljMDhiYmItZTlhMS00MDhtLTg3MjltMDNmM2FhNzE5NmM4liwidCI6ImY2MTBjMGl3LWJkJkJqNGl4MGFmYjU5MCIsImMiOjh9.


ENDNOTES

1. For a glossary of key definitions please see Annex 2.
2. OECD 2020b.
5. UNOCHA 2021.
7. Ibid.
8. IOM 2020, p. 1
10. ILO 2021a.
15. UNDP 2020c.
17. CDC 2020.
18. Ibid.
21. Youth are those aged 15-24 years and adults are those aged 25 years and above. ILO 2020a.
29. OECD 2020c.
31. The definition of the Arab region used here is taken from UNDP. It works in 18 countries: Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Saudi Arabia, Somalia, State of Palestine, Sudan, Syria, Tunisia, United Arab Emirates and Yemen.
32. ILO 2020a.
34. Schoeberlein 2019.
35. Ibid.
37. IMF 2021a.
38. UNDP 2020.
39. United Nations 2020a
40. UN Women 2020.
42. Co.
44. Ibid.
45. Ibid.
46. Ibid.
47. IMF 2020.
49. UNDP 2020b.
50. UNOCHA 2021.
51. UNOCHA 2019.
52. Ibid.
53. At the time of writing, camps are being closed in Federal Iraq but not in the Kurdistan Region of Iraq. Discussions between the Government of Iraq and Kurdistan Region of Iraq occur frequently on this issue, and the situation remains fluid.
54. UNFPA 2020.
55. Between October 2020 and mid-January 2021, the Government closed or reclassified 14 formal IDP camps and closed 2 informal sites, where more than 34,000 people lived. UNOCHA 2021.
56. USAID 2020.
57. Tana Copenhagen 2020.
58 Credendo 100 2019.
59 UNAMI 2020a.
60 Ibid.
61 UNOCHA 2019, p. 43.
62 Ibid.
63 Aboulenein and Levinson 2020.
64 IOM 2019.
65 Ibid.
66 Ibid.
67 Ibid.
68 Ibid.
69 UNDP 2014.
71 Al-Mawlawi 2019.
72 A census has not been carried out in Iraq since 1997 (Al-Monitor 2019).
73 Iraq, Ministry of Planning 2019a.
74 World Bank 2012.
75 IMF 2017.
76 UNICEF 2021.
77 World Bank 2019b.
79 World Bank 2020d.
80 Government of Iraq 2020b.
81 United Nations 2020b.
82 Al-Mawlawi 2019.
83 Ibid, p. 12.
84 Ibid.
85 UNDP 2020.
86 World Bank 2014.
87 UNDP 2020.
88 World Bank 2020d.
89 UNDP 2020a.
90 SDG 8 looks at promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. SDG 17 aims to strengthen the means of implementation and revitalize the global partnership for sustainable development.
91 UNDP 2015.
92 Ibid.
93 Barwani 2018.
94 Ibid.
95 Ibid.
96 Ibid.
97 Nitti 2020.
98 Kurdistan Region of Iraq, Ministry of Planning 2020.
99 Ibid.
100 UNDP 2020.
102 UNDP 2020.
103 Turak 2019.
104 Arab NGO Network for Development 2021, p. 143.
105 The Law of Investment does not define what constitutes a 'local' versus a 'foreign' worker. UNESCO 2019 implies that a foreign worker is any expatriate and a local worker is an Iraqi citizen.
107 IOM 2013.
109 REACH 2020a.
111 Danish Refugee Council 2020.
112 ILO 2020.
113 World Bank 2019.
114 World Bank 2017a.
118 Ibid.
In 2018, the poverty rate decreased to 20 percent. According to the World Bank (2018), unemployment increased among youth, the poorest households and adults aged 25-49, although exact disaggregated rates could not be identified.

The *muhasasa* system refers to the proportional representation of Sunni, Shia, Kurdish and other ethnosectarian groups in Iraqi politics. Among protestors, it serves as a “byword for the political system and all its ills,” according to Ibrahim (2019).

Among assessed, non-displaced households, 77 percent of host community households and 97 percent of returnee households attributed financial changes directly to COVID-19 restrictions. Among assessed displaced households, 72 percent of IDPs and 72 percent of refugee households attributed financial changes directly to COVID-19 restrictions.

Primary data collected in Federal Iraq was biased towards urban centres. When non-employment income data was disaggregated by rural versus urban households, there was a greater decrease in urban subdistricts (25 percent reduction) versus rural households (10 percent reduction). The urban disaggregation was, to a certain degree, driven by Baghdad, where 40 percent of households reported a change in non-employment income. Declines in remittances and pensions explain this reduction.
Based on the confidence interval of this assessment, the differences reported in these figures are likely to be statistically significant despite comparing groups that were not formally stratified as part of the sampling methodology.

World Bank 2020d.

Iraq, Ministry of Planning 2019b. Goal 1-2 looks at alleviating poverty and Goal 1-2 aims to create decent and protected job opportunities for all unemployed.

UNOCHA 2021.

ibid.

Médecines Sans Frontières 2020.

UNAMI 2019.

WFP 2021.


European Asylum Support Office 2020, p. 37.

Central Bank of Iraq, Department of Monetary and Financial Stability 2018.


Bartrick 2017.


World Bank 2019c.

Alasmanou, Hoogeveen and Rodriguez 2020.

UNOCHA 2019.

REACH 2020.

Overall, 23 percent of all surveyed households (or 764 households) reported having a member with disabilities.


Sharma, Chakrabarti and Grover 2016.

Lungumbu and Butterly 2020.

Barbarani 2020.

ibid.

Menmy 2020.

ibid.

ibid.

ibid.

UNOCHA 2021b.

UNOCHA 2020a.

UNOCHA 2021.

UNCEF 2020.

UNOCHA 2020.

UNOCHA 2021.

Associated Press 2021.

The Legal 500 2020.

Iraq 2020.

IMF 2020a.

Iraq 2020.

ibid.


ibid., p. 10.

ibid.

Iraq 2020a.

KPMG 2020.

ibid.

Iraq 2020.


Kullab 2020.

The Arab Weekly 2020.

WFP 2021.

ibid.

WFP 2021.

UNOCHA 2021.

United Nations 2020c.

Iraq 2020b.

Husari 2020.

Hiller 2021.

Iraq 2020b.

ibid.
235 KPMG 2020.
237 UNDP 2021a.
238 USAID 2020.
239 UNOCHA 2019.
241 UNOCHA 2021a.
242 WHO 2020c
243 UNICEF and WHO 2021
244 Aziz 2020a
245 UNOCHA 2020.
246 Ibid.
247 Calabrese 2020.
248 Middle East Monitor 2021
249 Rudaw 2021.
250 Basenews 2020.
251 Aziz 2020a.
252 Al-Jaffal 2020
253 Mansour, Skelton and Hussein 2020.
254 Ibid.
255 The Arab Weekly 2020a.
256 WHO 2020a.
257 WHO 2020b.
258 WHO 2021a.
259 Al-Jazeera 2021.
261 Iraq 2020b.
263 WFP 2021.
264 World Bank 2020d.