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Kingdom of the Netherlands

PATHWAYS TO JOBS IN IRAQ



**Promoting Employment Opportunities and
Fostering Entrepreneurship Across Iraq**

Findings and Conclusion Report

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Context

In recent years, a combination of internal and external factors has presented numerous obstacles for the Iraqi economy. A significant obstacle has been the nation's reliance on hydrocarbon revenues. Iraq has extensive oil reserves, but its economy is extremely susceptible to fluctuations in global oil prices due to its reliance on a single commodity. When oil prices decline, as they have in the past, Iraq's revenue sources decrease, causing fiscal imbalances and economic instability.

While oil has historically been the dominant sector, there is a growing awareness of the need to reduce reliance on it and encourage the growth of non-oil sectors. Iraq has substantial agricultural, manufacturing, and tourism potential, but these industries have yet to reach their maximum potential due to obstacles such as inadequate infrastructure, limited access to capital, and a difficult business environment.

Moreover, the high unemployment rate and the dearth of quality employment opportunities present a significant obstacle, especially for the youth. Population growth and inadequate employment creation have contributed to social and economic frustrations in the country. Creating sustainable employment opportunities requires concerted efforts to stimulate entrepreneurship, improve vocational training programmes, and attract private investment.

Pathways to Jobs in Iraq - Objectives

The conference brought together influential leaders from the public, private, and non-governmental sectors to discuss the pressing challenges and opportunities associated with labour demand, economic transformation, entrepreneurship, and SME growth in Iraq. Innovative solutions and policies were considered to cultivate a sustainable economic ecosystem, paving the way for robust job creation across the nation. The conference highlighted the importance of the private sector in Iraq, highlighting its capacity to promote economic diversification and generate employment opportunities. Co-funded by the Netherlands' Ministry of Foreign Affairs and the European Union through the EU Regional Trust Fund in response to the Syrian crisis, the 'MADAD' fund, the conference exemplified the commitment of international partners to assist Iraq on its path to a prosperous and inclusive economy.

The conference was organised to highlight major achievements within SPARK's Jobs and Perspective Programme, funded by The Netherlands' Ministry of Foreign Affairs, and shine the light on the connections and support the programme has established for different local institutions including universities, ministries and various public and private departments.

The conference aims to brighten up the paths that already exist for local authorities and stakeholders to walk and support the Iraqi community to prosper.

"The Ministry of Higher Education has launched several important programmes in this regard, especially the launch of the Bologna process to make sure that students have the needed skills. SPARK has been a real partner in preparing the Iraqi staff on the Bologna path. We congratulate their efforts in transforming the Iraqi Higher Education System."

- Prof. Dr. Haidar Abd Dahid,

Deputy of Minister of Higher Education, Iraqi Ministry of Higher Education and Scientific Research



"We recognize that the needs that people experience are not only related to one sector. Therefore, we work to integrate our work better... In order to sustain a sustainable economy, the Netherlands supports SPARK and other initiatives that help youth and entrepreneurs on their journey to better jobs."

- Hans Sandee

Ambassador of the Kingdom of the Netherlands to Iraq

Panel Discussion: Entrepreneurship and private sector development: an overview of challenges, best practices, and suggestions

The session introduced structural obstacles that youth face when starting and expanding businesses across regions (e.g., technical skills, access to financing, business skills, and digital services) and discussed how institutional structures, public policies, and private sector initiatives have addressed these obstacles, as well as how international agencies support this process.



Image 1: Panel Discussion. Baghdad, Iraq. ©SPARK 2023

Introduction to Entrepreneurship and Private Sector Development

The panel discussion centred on the significance of private sector development and entrepreneurship in Iraq. Firas Deeb, Regional Programme Advisor at SPARK, introduced the Jobs and Perspectives Programme that was launched in 2019. The objective of the programme was to realign universities with the requirements of the labour market and improve the skills of young people. Firas highlighted the significance of the Bologna Process for Iraq, as it would internationalise Iraqi universities and

close the divide between education and the labour market. SPARK identified the absence of access to finance as a significant barrier to entrepreneurship in the Iraqi economy through the organisation's collaboration with a variety of businesses and banks. There were efforts made to collaborate with institutions and cultivate an environment conducive to entrepreneurship. Firas emphasised the need to resolve the issue of access to finance across all value chains in the Iraqi ecosystem.

Linking Education to the Labour Market

Prof. Dr. Salah Fatlawi, Head of Supervisory Authority at the Ministry of Higher Education and Scientific Research, discussed the strategies employed by the Ministry of Higher Education to connect education and the labour market, with a focus on the Bologna Process. Dr. Salah emphasised the importance of curriculums that prioritise labour market requirements. Recently, collaborations with other ministries have been initiated to enhance students' skills in accordance with labour market

demands. Recognising the need for a trial period to ensure a seamless transition and tailoring the system to the Iraqi context, the ministry's plan for the Bologna Process calls for a progressive shift towards higher levels of education. Next year will mark the beginning of the Bologna Process implementation specialisation. Dr. Salah emphasised the obligation of the Ministry to comprehend the requirements of the labour market and ensure that students are qualified for employment in various sectors.

Private Sector Development and Collaboration with the Ministry of Trade

Salah Abdul-Hadi Mazkhor, representing the Ministry of Trade, emphasised the ministry's emphasis on private sector development and its partnership with Iraqi universities. In addition to its training departments, the ministry facilitates the registration of new businesses. They endeavour to produce a generation that is capable of effectively addressing the current challenges. He mentioned the simplicity of registering private companies through a specialised division of the Ministry of Trade, emphasising the availability of comprehensive support

throughout the entire registration process. Additionally, the ministry has established a system that accumulates data on businesses, allowing them to identify and address obstacles confronted by companies. The provision of training and consulting services assists businesses in overcoming obstacles. He acknowledged that the Ministry's efforts to develop the private sector would not be feasible without the Ministry of Higher Education's collaboration and support.

Support for SMEs and Entrepreneurial Innovation

Imad Abdulhussen Jiad, on behalf of the Central Bank of Iraq, discussed the bank's initiatives to support small and medium-sized businesses and encourage entrepreneurial endeavours. The bank remains committed to providing financial assistance and loans to businesses and financial institutions. One initiative seeks to establish funds dedicated to assisting SMEs, and cooperation with organisations such as SPARK enables the distribution of

these funds. The Central Bank collaborates with the Ministry of Trade to establish a favourable legal framework for start-ups by addressing obstacles such as taxes. Imad emphasised that entrepreneurship should extend beyond conventional employment positions, encouraging individuals to think creatively and contribute ideas that will benefit the entire community.

In conclusion, the panel discussion on entrepreneurship and the development of the private sector in Iraq cast light on a number of crucial findings. The Jobs and Perspectives Programme, which was introduced in 2019, has made significant progress in updating university curricula and has benefited over 2,000 young people, but the issue of access to finance remains a significant barrier for new and expanding enterprises. The implementation of the Bologna Process, with the collaboration of the Ministry of Higher Education and other ministries, was highlighted as a crucial step in closing the education-labour market gap. The Ministry of Trade's efforts to facilitate registration, provide training and consulting services, and collaborate with universities exemplified their dedication to fostering the growth of the private sector. The initiatives of the Central Bank of Iraq to support SMEs and encourage entrepreneurial innovation demonstrated a concerted effort to foster an entrepreneurial environment. Overall, the panel discussion highlighted the significance of collaboration between government institutions, universities, and the private sector in Iraq in order to resolve challenges, improve skills, and drive sustainable economic growth.

Conference Workshops

As a part of the event, four workshops were held, each of which provided a platform for professionals, I/NGOs, and representatives from the public and private sectors to explore and discuss issues, challenges, and solutions associated with higher education, entrepreneurship, the growth of SMEs, access to finance, digitalisation, as well as youth employment and empowerment throughout the country.



Image 2: Closing the Gap between Higher Education and the Labour Market Workshop. Baghdad, Iraq. ©SPARK 2023

Closing the Gap between Higher Education and the Labour Market: Enhancing Skills and Abilities of Youth - Workshop

The workshop focused on bridging the gap between higher education and the labour market in Iraq, with the aim of enhancing the skills and abilities of the youth. The participants included representatives from the Ministry of Higher Education, UNESCO, universities, and various sectors of the labour market. Key questions revolved around identifying skills gaps, understanding the dynamic nature of skill matching in the 21st century, and exploring how companies and firms can contribute to closing the skills mismatch.

During the workshop, Tim Mizer, Senior Advisor of TVET UNESCO of Iraq, emphasised the need for universities to take initiative in understanding the needs of the labour market and designing degree programmes that align with those needs. He highlighted the importance of conducting local labour market surveys and involving the private sector in sectoral and skills councils. Tim also stressed the need for universities to track the outcomes of their graduates and establish ongoing relationships with the labour market to measure the effectiveness of their programmes.

Enas, from the Ministry of Higher Education, acknowledged the direct impact of the economy and labour market on universities and highlighted the ministry's efforts to address skill gaps through programmes like the TTs programme. She emphasised the importance of partnerships with the private sector to ensure that graduates are employable and meet the needs of the labour market.

Participants provided additional insights, including the importance of changing the mentality of graduates to consider opportunities in the private sector, the need for practical experiences beyond lectures, and the significance of summer trainings. They also discussed the challenges universities face in adapting to these tasks and the importance of partnerships with the private sector.

Overall, the workshop highlighted the crucial role of collaboration between universities, the private sector, and the government in addressing the skills gap and fostering a better connection between higher education and the labour market. The implementation of the Bologna Process was seen as an opportunity for transformative changes in higher education in Iraq, with universities playing an active role in preparing students for the evolving needs of the labour market.

Based on the discussions and insights shared during the workshop, the following recommendations can be made:

Strengthen Partnerships: Encourage universities to establish and strengthen partnerships with the private sector to bridge the gap between higher education and the labour market. These partnerships should involve regular communication, joint initiatives, and collaboration in designing and updating degree programmes to meet the needs of the labour market.

Enhance Practical Experiences: Promote the inclusion of practical experiences, such as internships, industry visits, and hands-on projects, within the curriculum to provide students with real-world skills and exposure to the demands of the labour market. Encourage universities to establish connections with relevant industries and create opportunities for students to gain practical knowledge.

Implement Labour Market Surveys: Support the implementation of regular labour market surveys to identify current and future skill needs in different sectors and regions of Iraq. These surveys should involve active participation from universities, private sector representatives, and relevant government agencies. The findings can inform the design and development of degree programmes to ensure their relevance and alignment with the labour market.

Strengthen Career Services: Enhance career services at universities to provide students with guidance, job placement support, and opportunities for networking with potential employers. Universities should establish mechanisms to track the employment outcomes of their graduates and gather feedback from employers to continuously improve the quality of education and skill development.

Facilitate a Shift in Mentality: Encourage a shift in the mentality of students and graduates to consider the private sector as a viable and attractive career option. Promote awareness of the opportunities and benefits available in the private sector and highlight success stories of graduates who have thrived in private sector employment.

By implementing these recommendations, Iraq can foster stronger collaboration between higher education institutions and the labour market, resulting in graduates who are better equipped with the skills and knowledge needed for employment. This will contribute to the overall economic development and prosperity of the country.



Image 3: Creating a Progressive Entrepreneurial Ecosystem Workshop. Baghdad, Iraq 2023

Creating a Progressive Entrepreneurial Ecosystem - Workshop

The workshop on creating a progressive entrepreneurial ecosystem in Iraq, moderated by Alaa Alazem, aimed to explore the development of a successful ecosystem. Qatar's experience in building an ecosystem was presented to provide insights and make the concept more relatable. An assessment of the current state of Iraqi companies revealed that 96% of them employed less than 20% of the workforce. Moreover, funding was a challenge, with 50% of business owners having to self-fund and only 7% obtaining loans or financial support.

During the workshop, a notable gap in Iraq's entrepreneurial ecosystem was identified. The moderator highlighted the importance of the entrepreneurial community and emphasised the role of various entities, such as government institutions, universities, industrial entities, and NGOs, in supporting the ecosystem. Qatar's approach to achieving a successful ecosystem was presented as a three-step process: idea generation, launch, and growth.

IMMAP shared their experience in ecosystem development in Iraq, collaborating with the Ministry of Labour and Social Affairs. They introduced a platform called "Mehan" to simplify the registration process for new companies and help them become legal entities. This platform provided valuable insights into the nature of projects and market demands. Since its launch in March 2023, 40 out of the 235 registered companies on the platform have successfully and legally registered, with a total of 12,000 employees.

Ali Sedqi, the regional coordinator of UNITAR, emphasised the need to focus on the growth stage of the entrepreneurial ecosystem. He highlighted three stages: fundamental entrepreneurship, preparing the business for launch, and presenting the business to investors. It was suggested that attracting students to invest in the private sector and providing them with the necessary support could be instrumental in developing the ecosystem.

Participants underscored the importance of collaboration with ecosystem partners like universities and granting financial assistance at two stages: financing for starting a business and capacity-building to enhance the ecosystem. Educating investors and increasing the skills of youth were identified as fundamental actions. The Ministry of Planning mentioned a national plan involving related ministries to develop capacities in the ecosystem, including the implementation of a Trust Fund funded by the government to support small businesses. Simplifying the terms of the ecosystem to make them more relatable to Iraqi society was also emphasised.

From an investor's perspective, it was mentioned that small businesses lack unique ideas that attract investors. However, the investor expressed interest in supporting small businesses and mentioned having already financially supported seven ventures.

Based on the workshop discussions, several key actions were identified. These include raising awareness among SMEs, implementing the Trust Fund outlined in the Developing Private Sector Strategy 2013–2030 to support small businesses, incorporating entrepreneurship curriculum in early education stages, and collaborating with the CDC to provide support to students and entrepreneurs.



Image 4: SME Growth and Access to Finance for SMEs Workshop. Baghdad, Iraq. ©SPARK 2023

The SME Growth and Access to Finance for SMEs - Workshop

The SME Growth and Access to Finance for SMEs workshop brought together 20 participants, including representatives from NGOs involved in funding young entrepreneurs and SMEs, experts from local and international banks, and specialists from the economic governmental sector. The session fostered in-depth discussions with diverse opinions and suggestions aimed at facilitating growth and improving access to finance for SMEs.

Participants from NGOs shared their perspectives during the workshop. They pointed out a negative reality about Iraqi banks, which is their reluctance to invest in innovative ideas. Instead, banks tend to focus on financing pilot projects with frequent ideas but lack innovative solutions. NGOs emphasised their support for beneficiaries, especially young entrepreneurs, by providing necessary trainings, consulting on project feasibility, risk management, guidance on banking systems, and assistance with managing bank accounts, money liquidity, and salary localization. Furthermore, NGOs offer small to medium grants for individuals with innovative ideas in various sectors such as agriculture, industry, and commerce. They also provide learning opportunities for individuals and teams to enhance their knowledge and skills in areas such as institutional management, complex environments, effective communication, data analysis, decision-making, innovation, human resources sustainability, business strategies, financing, and the creation of policies and SOPs (Standard Operating Procedures).

Bankers who participated in the workshop, including experts from local and international banks, shared their insights. They expressed caution when dealing with investors, particularly young entrepreneurs, as they often lack experience in both banking processes and maintaining project profitability and success. Furthermore, banks face challenges when there is no valid guarantee that the invested money will meet agreed-upon regulations and standards, which can lead to legal issues. Additionally, some clients fail to adhere to debt repayment and interest payment schedules despite warnings from bank monitoring departments. The bankers also highlighted that unrealistic proposals and pre-feasibility studies can hinder communication between entrepreneurs and the evaluation divisions within banks.

Representatives from the economic and government sectors also provided valuable input. They mentioned that the Central Bank of Iraq's complicated regulations contribute to lengthy implementation processes, causing delays and discouraging the younger generation. Limited access to financial investment was identified as a concern, as it tends to favour well-known merchants, business individuals, and powerful companies, excluding many others from participating in the market. The condescending and improper way of dealing with customers and investors was also highlighted as a red flag, emphasising the importance of professional communication skills for valid banking deals. The lack of updates and advertisement of governmental investments or tenders was seen as a hindrance to fair participation and led to repeated dealings with the same parties. Participants also expressed concern about the deactivation of the industrial sector over the past 20 years, the effects of climate change, and the displacement of farmers. This has shifted attention primarily to the commerce sector, including the importation of low-quality materials from other countries, which benefits those countries rather than enriching the Iraqi economy. The economic experts stressed the significance of SMEs, predicting that they will contribute 90% of the Iraqi economy in the near future. They called upon the Ministry of Finance and the Ministry of Commerce to invest more in empowering and enhancing the quality of small and medium enterprises. Furthermore, they emphasised the importance of linking Iraqi entrepreneurs with the labour market and government financing institutions, highlighting the need for investments, localization efforts, and support for the development and success of entrepreneurial endeavours.

In conclusion, the workshop shed light on various challenges and perspectives related to SME growth and access to finance. NGOs emphasised the need for banks to invest in innovative ideas, while bankers highlighted the importance of experienced entrepreneurs and adherence to regulations. The economic and government sectors emphasised the need for simplified regulations, fair access to financial investments, improved communication, and enhanced support for SMEs. By addressing these issues collectively, Iraq can foster an environment conducive to the growth and success of its SME sector.



Image 5: Strengthening Youth Leadership in Iraq Workshop. Baghdad, Iraq. ©SPARK 2023

Strengthening Youth Leadership in Iraq - Workshop

The workshop was moderated by Reem Abdul-Hadi and featured Dr. Saaid Abdul Al Saied (Iraqi National Committee for the Implementation of the National Strategy to Counter Violent Extremism Conducive to Terrorism), Marya Yasin (former NoC campaigner, youth trainer in Halabja), Adburrahman Yamal (BBS project manager) and Muhammad Ibrahim (PAO, Mosul).

During the workshop, Dr. Saaid Abdul Al Saied discussed the importance of engaging civil society organisations to respond to the dangers of violent conflict. He highlighted the strategy of implementing committees, known as "to combat scandal," within the national security services. These committees, which have representatives from different ministries and subcommittees in various provinces, aim to support national peace and steer people away from bias. Efforts have been made to rethink curricula, particularly in religious schools and universities, to address misinterpretations and ensure ethics are taught in schools. Dr. Saied emphasised the need for communities to create their own space and the requirements for sustainability.

Marya Yasin shared insights from SPARK's Network of Change (NoC) programme funded by the Ministry of Foreign Affairs of the Kingdom of the Netherlands. In order to prevent youth radicalisation and violent conflict NoC builds trust and resilience among youth in the Kurdistan Region of Iraq, provides positive and alternative narratives and creates pathways for youth to participate in social, economic and political life. Marya shared experiences about her recent projects and public awareness campaigns she has been organising to engage youth and support them to take ownership of their lives. These campaigns have created safe spaces – online and offline – in which youth can discuss and engage in matters that

they care about. Many campaigners like Marya are training other Kurdish youth in campaigning and non-violent and non-polarising youth leadership.

Adburrahman Yamal discussed a project aimed at providing young people with the skills needed to participate in the labour market and find jobs. The project offers safe classes that teach English and are not gender-biased. The goal is to engage young people in various regions equally and prepare them for the private sector, which shows more openness to change compared to the public sector.

Muhammad Ibrahim highlighted the challenges faced in different phases, including the impact of ISIS and drought. He emphasised the need to incorporate programmes into strategies to ensure sustainable effects. Ibrahim called for finding solutions to conflict and scandal, even in the face of limited funds. Teaching methods and the importance of supervision and monitoring systems were also discussed.

During the open discussions, participants addressed various topics. They emphasised the importance of youth involvement in voluntary work, addressing demographic changes, youth leadership and preparing young people for the future. The mind-set of Iraqi youth and their tendency towards public jobs were also mentioned. It was noted that Iraq has a high percentage of youth, and investing in them and sharing success stories through the media are essential responsibilities of civil society. Collaboration among stakeholders and alignment of efforts were stressed, particularly in understanding prevalent forms of extremism.

The influence of social media and the role of the family in shaping youth's personalities were also discussed. The importance of aligning education outcomes with the labour market and taking advantage of Iraq's young population was highlighted. The potential benefits and challenges of utilising artificial intelligence (AI) were tabled, including concerns raised about the lack of awareness and consideration given to AI by the Iraqi government.

In his closing remarks, Adburrahman Yamal emphasised the need to raise awareness among students about the importance of creating practical environments and addressing gaps in the private job market. Marya Yasin highlighted the power of young people as a valuable resource, expressing hope for further discussions in the future.



Image 6: Marya asin, former campaigner with NoC Project. Baghdad, Iraq. ©SPARK 2023

Conclusion

The conference and workshops on pathways to jobs, entrepreneurship, and youth leadership in Iraq shed light on the challenges and opportunities facing the country's economy. It highlighted the urgent need to reduce reliance on oil, promote entrepreneurship, improve access to finance for SMEs, and strengthen youth leadership. The discussions involved influential leaders from the public, private, and non-governmental sectors, emphasising the importance of collaboration and coordination among various stakeholders.

The sessions revealed several key findings. Firstly, there is a recognition of the need to diversify the Iraqi economy beyond the oil sector. Sectors such as agriculture, manufacturing, and tourism possess significant potential but face obstacles such as inadequate infrastructure and limited access to capital. Secondly, addressing the high unemployment rate and creating quality employment opportunities, particularly for the youth, is crucial for social and economic development. Efforts to stimulate entrepreneurship, improve vocational training programmes, and attract private investment are essential in this regard.

Recommendations

Based on the discussions and insights shared during the conference and workshops, the following recommendations are put forth to foster sustainable economic growth and job creation in Iraq:

- **Economic Diversification:** Develop comprehensive strategies to diversify the economy and reduce reliance on oil. Focus on promoting and supporting non-oil sectors such as agriculture, manufacturing, and tourism through infrastructure development, investment incentives, and market access facilitation.
- **Access to Finance:** Address the barriers to access to finance for SMEs and entrepreneurs. Establish initiatives that provide financial assistance, credit facilities, and investment support specifically tailored to the needs of SMEs. Foster collaborations between banks, financial institutions, and NGOs to facilitate financial inclusion and entrepreneurship.
- **Vocational Training and Education:** Enhance vocational training programmes to equip young people with the skills demanded by the labour market. Collaborate with universities and private sector entities to align curricula with industry requirements. Emphasise practical skill development, entrepreneurship education, and the integration of technology and digital literacy.
- **Public-Private Partnerships:** Strengthen partnerships between the public and private sectors to drive economic growth and job creation. Foster an enabling environment for businesses by streamlining regulations, improving the ease of doing business, and providing support services for start-ups and SMEs. Encourage private sector involvement in initiatives that enhance entrepreneurship, innovation, and skill development.
- **Youth Empowerment:** Prioritise youth empowerment by providing mentorship programmes, networking opportunities, and resources to support their entrepreneurial endeavours. Facilitate access to information, guidance, and mentorship through digital platforms and entrepreneurship centres. Foster an ecosystem that nurtures creativity, innovation, and risk-taking among young entrepreneurs.
- **International Collaboration:** Continue to engage and collaborate with international partners and organisations to leverage their expertise, resources, and funding for sustainable economic development. Seek assistance in capacity building, technical assistance, and knowledge sharing in areas such as entrepreneurship, access to finance, and vocational training.

By implementing these recommendations, Iraq can foster a conducive environment for economic diversification, entrepreneurship, and youth leadership, leading to sustainable job creation and inclusive economic growth. The commitment and collaboration of all stakeholders, including government institutions, private sector entities, NGOs, and international partners, are essential to realising these goals.