

Iraqi Youth Entrepreneurship Barometer

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Acknowledgements:

The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations. ITC assists small and medium-sized enterprises in developing and transition economies to become more competitive in global markets, thereby contributing to sustainable economic development within the frameworks of the Aid-for-Trade agenda and the United Nations' Global Goals for Sustainable Development.

The Norwegian Refugee Council (NRC) is an independent humanitarian organisation. In Iraq, NRC is continuing to shift towards early recovery programming, aiming for sustainable development and providing integrated and localised services including assistance to smallholders and MSMEs in agriculture.

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Cover photo: Female youth describe their perceptions of the business environment in Iraq. Photo: ITC

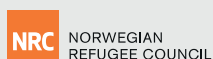


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Acronyms

Central Bank of Iraq (CBI)

Focus group discussion (FGD)

Foreign direct investment (FDI)

Government of Iraq (GoI)

International Trade Centre (ITC)

Key informal interview (KII)

Ministry of Labour and Social Affairs (MoLSA)

Ministry of Planning (MoP)

Micro, small, and medium enterprises (MSMEs)

National Development Plan (NDP)

Norwegian Refugee Council (NRC)

Public Distribution System (PDS)

Strengthening the Agriculture and Agri-Food Value Chain and Improving Trade Policy in Iraq (SAAVI)

Technical and vocational education and training (TVET)



A female Iraqi youth shows photos of her small business in Baghdad on her phone. Photo: Ahmed Kaka/NRC

Executive Summary

Young people in Iraq make up sixty percent of the population, amounting to more than 26 million individuals throughout the country. Amidst years of hurdles related to conflict, widespread internal displacement, and the COVID-19 pandemic, Iraqi youth have worked to empower themselves, sustain their livelihoods, and contribute to the economy. However, ongoing barriers related to a restrictive business and legislative environment, limited economic infrastructure, and challenges accessing markets and financial services have inhibited the potential development and sustainability of youth-owned enterprises.

In order to identify and understand the needs and concerns of youth and young entrepreneurs in Iraq, especially those impeding their successful participation in the agricultural value chain, the International Trade Centre (ITC) and the Norwegian Refugee Council (NRC) have conducted a nationwide Youth Entrepreneurship Barometer survey. The survey is comprised of questions addressing eight key themes that influence Iraqi youth perceptions, which include cultural and social norms; education and training; infrastructure; market and business environment; ecosystem support; climate and sustainability; financial support; and government policies. This barometer has been developed with technical guidance from ITC's Youth and Trade Programme, NRC's technical and Monitoring and Evaluation staff, and the SAAVI project management unit (PMU).

Throughout June and July 2022, more than 650 youth responded to the Youth Entrepreneurship Barometer survey. Additionally, thirteen focus group discussions (FGDs) were hosted in Basra, Baghdad, Ninewa, Anbar, and Kirkuk governorates to share further insights to understand youth perceptions of the business environment.

The survey and the resulting analysis are key tools for youth, ecosystem actors, such as business support institutions, and policymakers to gain a greater understanding of significant challenges to youth employment and entrepreneurship in Iraq. It aims to support these actors in understanding and leveraging data to build impactful solutions to address these hurdles.

Key findings from the Youth Entrepreneurship Barometer include:

Cultural and social norms: While the majority of youth believe that their contributions to the business sector are valued, cultural and social norms have inhibited young Iraqi women from contributing equally in entrepreneurship and the agribusiness sector. Twenty-eight percent of surveyed young women do not believe they have equal opportunities in business. In particular, young women

in Anbar, Kirkuk, and Ninewa were less likely than their male counterparts to be encouraged to take risks and be independent or creative in business ventures.

Education and training: Youth largely found that a university degree prepares them with the skills needed for employment and entrepreneurship activities compared to solely completing secondary education. However, there is needed investment in strengthening finance, marketing, and business development skills across all surveyed governorates in university coursework to support the establishment and growth of youth-owned enterprises.

Infrastructure: The lack of emerging technological infrastructure, such as digital marketing, record keeping, and payments and transactions, has impeded the success of youth-owned enterprises. One in five respondents in Kirkuk and Ninewa stated that digital technology is not available to their businesses in rural areas. In addition, one-third of youth reported that utilities, including water and electricity are not affordable, which has inhibited the growth of businesses, particularly in agribusiness.

Market and business environment: Half of all youth surveyed stated that market entry with a new business was challenging, while one-third added that the Iraqi market is neither fair nor competitive, which has hindered small business owners from pricing local items. In addition, female youth face additional challenges accessing markets as only one in five women across all governorates believe that markets are accessible or in close proximity.

Ecosystem support: More than one-third of all survey respondents stated that a strong business support network is not available to them. In addition, 44 percent said that business development services are not affordable. Female youth in Ninewa and Kirkuk in FGDs mentioned they do not know where to go to receive accessible



Crates of food and agricultural products are moved by workers in Ninewa governorate. Photo: Ahmed Kaka/NRC

and affordable support for their business ideas and potential ventures. In terms of agribusiness, only 8 percent of youth received support on agricultural inputs, demonstrating the need for further investment on a national scale.

Climate and sustainability: The broader impacts of climate change, namely rising temperatures and water scarcity, have an immediate impact on agribusiness, as well as the growth of many businesses that buy and sell agricultural products. Twenty-eight percent of youth named changing temperatures as the most substantial environmental risk to their business, followed by water scarcity and drought (17 percent). In terms of steps taken to reduce environmental risks, one in five respondents stated that their company has not taken any action, primarily due to lack of accountability or technical guidance.

Financial support: Youth in Iraq described significant hurdles to accessing funding to start or grow their enterprise as 54 percent of youth reported that access to and availability of informal financing options, such as saving groups, is not easy. Meanwhile, 62 percent of youth noted that formal financing poses similar access and availability challenges. Banking services are not widespread throughout the country, youth described, especially in Ninewa. Ninety-five percent of youth in the governorate do not have a bank account as a result of a lack of trust in banks. Lastly, more than half of Iraqi youth stated that the most significant barrier preventing firms from borrowing money is that interest rates are too high, which has impeded access to capital to launch projects.

Government policies: More than half of surveyed youth (57 percent) do not believe youth concerns are included in policymaking, which has affected their inclusion and representation in national and governorate-level decisions and policies. Additionally, one-third of youth expressed concerns over restrictive legislation and the regulatory environment. More than half of male and female youth stated that business registration and obtaining permits to open or operate a business are neither widely known nor affordable.

These findings indicate that improved access to technical training opportunities, business development services, financing, clarified regulations, as well as gender- and age-sensitive platforms and pathways are urgently needed to support youth-led enterprises to develop and thrive in Iraq. Furthermore, the Youth Entrepreneurship Barometer survey and FGDs demonstrate not only the barriers that youth encounter in ventures related to employment, entrepreneurship and agribusiness, but also areas of opportunity and investment for private sector actors, government institutions, and non-governmental organizations. Thus, the Government of Iraq and other stakeholders should continue to work alongside partners to improve the regulatory environment, enhance access to capital, bolster skills-based training related to finance and marketing, and support networks to foster a more conducive environment for the next generation of Iraqi entrepreneurs.

Youth Entrepreneurship Barometer: In Sum

- Twenty-eight percent of surveyed young women do not believe they have equal opportunities in business.
- One in five respondents in Kirkuk and Ninewa stated that digital technology is not available to their businesses in rural areas.
- One-third of youth reported that utilities, including water and electricity are not affordable, which has inhibited the growth of businesses, particularly in the agribusiness sector.
- Half of all youth stated that market entry with a new business was challenging, while one-third added that the Iraqi market is neither fair nor competitive.
- More than one-third of all respondents stated that a strong business support network is not available to them.
- Sixty-two percent of youth noted that formal financing poses similar access and availability challenges.
- Ninety-five percent of youth do not have a bank account.
- Twenty-eight percent of youth named changing temperatures as the most substantial environmental risk to their business, followed by water scarcity and drought.
- More than half of surveyed youth (57 percent) do not believe youth concerns are included in policymaking



Two Iraqi business owners describe the business environment in Baghdad.
Photo: Ahmed Kaka/NRC

Introduction

Youth-owned enterprises have the potential to serve as a major driver of growth in Iraq. Young people make up sixty percent of the country's population, which amounts to more than 26 million individuals across 18 governorates.¹ Amidst years of hurdles related to conflict, widespread internal displacement, and the COVID-19 pandemic, Iraqi youth have worked to empower themselves and their livelihoods and contribute to the economy. However, ongoing barriers related to a restrictive business and legislative environment, limited economic infrastructure, and challenges accessing markets and financial services have inhibited the potential development and sustainability of youth-owned enterprises. Young people, entrepreneurs, and farmers along the agri-value chain possess limited bargaining power and continue to be impeded by regulatory requirements in the private sector, which has affected their business growth, productivity, and overall competitiveness.

A conducive enabling environment is critical to ensure youth-owned enterprises can thrive in Iraq, particularly in the current political and economic climate. Administrative requirements and regulations that have inhibited young people must be identified and reformed to improve the business landscape on a national scale. The National Youth Entrepreneurship Barometer survey was conducted by the Norwegian Refugee Council (NRC) and the International Trade Centre (ITC) in June and July 2022 in order to identify, understand, and address the needs and concerns of young entrepreneurs in Iraq along the agricultural value chain.



Destroyed buildings remain in the old city of Mosul. Photo: Ahmed Kaka/NRC

Background

Demographics and youth employment

In 2022, Iraq has an estimated population of 44.5 million.² Sixty percent of the population is twenty-four years old and younger (51 percent male and 49 percent female), which represents more than twenty-six million children and youth.³ Furthermore, thirty-four percent of the population falls between twenty-five and fifty-four years old, signifying the potential workforce throughout the country.⁴

The high proportion of youth in Iraq demonstrate the need for investment in the education and employment sectors to both support and empower youth and connect them with sustainable livelihood opportunities in the future. However, Iraq's labour market has struggled to incorporate the significant percentage of young people into its economy. Iraq's national labour force participation rate for young people between 15 and 24 years old was only 26.5 percent in 2021, compared to 45.8 percent for adults aged 25 and older.⁵ More than one-third of youth in Iraq (36 percent) are unemployed, which is more than three times higher than the adult national unemployment rate (11 percent).⁶ Across all ages, two-thirds of the population work in the informal sector, which is often characterised by a lack of formalised employment contracts, job security, and access to social benefits, as well as lower salaries.

Employment opportunities for youth, particularly those living in rural areas, remain limited due to a variety of factors, of which include the dominance of the public sector in the labour market, the restrictive business and legislative environment for small and medium sized enterprises, and the lack of access to markets in the agricultural sector.

Entrepreneurship, particularly in the agribusiness sector, offers unique pathways for youth to start and run their own businesses, particularly involving the production, processing, and distribution of agricultural goods as the majority of governorates in Iraq rely on agriculture as their primary source of household income. However, young people in Iraq have struggled to both enter into and launch competitive businesses due to these issues related to the regulatory environment, as well as hurdles in developing the agri-food value chain.

Business environment in Iraq

Entrepreneurship has the potential to serve as a key driver of private sector growth in developing economies. The private sector in Iraq



Farmers and youth describe selling their potatoes at a factory in Erbil governorate. Photo: Ahmed Kaka/NRC

is mainly active through micro, small, and medium enterprises (MSMEs), alongside a few major private sector companies that largely focus on state and government-contracted services. Despite this potential for growth and employment, young entrepreneurs in Iraq face a myriad of challenges launching a new venture, which include lengthy and costly incorporation processes, outdated and inconsistent regulatory policies, and a lack of sufficient research and development. Iraq has scored below the average of Middle East and North Africa (MENA) countries in terms of financial support to start-ups, government policies, education and training, and commercial and professional infrastructure.⁸

In this context, entrepreneurs face major challenges accessing financial support for their businesses. Despite initiatives by the Government of Iraq, including the Central Bank's initiative Tamwil, small business owners face barriers accessing low-interest loans as a result of complex regulations and the requirement to secure a public sector employee as a loan guarantor. Further, setting up and registering a business in Iraq is often complex, cumbersome, and expensive. It involves several steps and a comprehensive list of documents, which include the deposit of initial capital at a commercial bank, identity cards and proof of Iraqi certified citizenship, and a lease or ownership agreement for the business premises.⁹ In addition, once a business has been registered, the owner must demonstrate from the Ministry of Trade that he or she is not receiving rations from the Public Distribution System (PDS).

Following the formal registration process, the Iraqi Companies Registrar circulates a business' registration certificate to the Social Security Agency, the Ministry of Trade, the Ministry of Planning, the Central Bank, and the Iraqi tax authorities. Any company employing more than three employees is bound under the Social Security Law to enrol their employees in the national social security insurance program, which entails the employer deducting 5 percent of the employee's salary and the employee contributing 12 percent of his or her salary, to amount to a 17 percent payment to the Social Security Authority.¹⁰ This process often discourages employers from formally registering their business as a result of these requirements, which has led to a significant number of businesses remaining in the informal sector.

Further, while Iraqi law allows men and women to register businesses and enter contracts equally, women are not protected from discrimination when applying for credit, and a range of provisions in the personal status code make women more vulnerable than men due to required approvals from male relatives to register businesses. These additional challenges continue to discourage women from setting up their own businesses, especially as a result of barriers to accessing formal and informal financing.

Agriculture and agri-food value chain in Iraq

Agricultural development is a vital component of Iraq's economy as the sector employs one-fifth of the country's workforce and is the second largest contributor to GDP after the oil sector.¹¹ Crop

Agriculture value chain in Iraq

Institutional and policy support

- Extension services
- Agricultural and agribusiness education
- Farmer associations
- Financial services (Agricultural Cooperative Bank and other sources of credit, banking, insurance)

- Transportation, ICT and other infrastructure
- Financial services
- Business associations
- Entrepreneurship and business development support (e.g. Agribusiness Incubator)

Inputs and production

Agricultural inputs

- Land
 - Owned/rented/other form of tenure
 - Primary or other product
- Labour
 - Household labour
 - Hired labour
- Seeds
 - Stored
 - Purchased (domestic/imported)
- Fertilizer and pesticides
 - Purchased (domestic/imported)
- Animals
 - Feed
 - Vaccines and medicines
 - Purchased (mostly imported)
- Housing facilities
- Electricity
- Water

Farming

- Smallholder production/large-scale production
- Limited management of waste products

Imported vegetable products, animals, meat and dairy products

Processing

Inputs to value addition

- Labour
- Boxes, cartons and packaging materials
- Machinery and equipment
- Owned/rented (domestic/imported)

Logistics and distribution

- Collection and grading
- Transportation and storage
- Management of waste and spoiled products

Processing

- Food and beverage manufacturing
- Packaging
- Management of waste and spoiled products

Exporters

Marketing and distribution

Inputs to markets

- Labour
- Boxes and packaging materials
- Cold storage

Domestic markets

- Wholesale markets and traders, governmental and non-governmental, some crops for governmental trading
- Retailers (chains/independents)
- Formal and informal markets (grocery shops and street vendors)
- Exporters
- Marketing and branding activities
- e-commerce
- Management of waste and spoiled products
- Formal and informal animal markets (olwa)

Consumers

- Households
- Hotels and restaurants
- Institutions

International consumers

production is the primary source of income for the majority of farmers (75 percent) throughout the country.¹² Further, the Iraqi National Development Plan (NDP) identified agriculture as one of the key sectors to accelerate growth outside of the oil sector, as well as to increase income and improve gender inequality.¹³ In a scenario of moderate growth rate (3 percent) in agriculture production, estimates indicate that more than 170,000 additional jobs could be created by 2030.¹⁴

However, despite the centrality of agriculture in Iraq's economy, there has been a significant decline in agricultural production over the last four decades. A lack of access to financing and limited bargaining power among smallholder farmers have contributed to the underdevelopment and lack of competitiveness of the agribusiness sector. In addition, the high input prices related to seeds, fertilizers, pesticides, livestock vaccines, and farming machinery have hindered the growth of agricultural MSMEs throughout the country. Environmental factors have also negatively impacted water sources, temperatures, pollution, and soil salination levels.¹⁵ Most recently, climate-change induced drought has had a detrimental impact on farming communities in terms of crop failure, livestock illness and death, and increasing food prices.¹⁶ Climate and environmental hazards have a significant impact on competitiveness across key agri-food value chains from soil degradation, scarce and contaminated water, animal stress and post-harvest losses from high temperatures and low crop diversification, among others.¹⁷

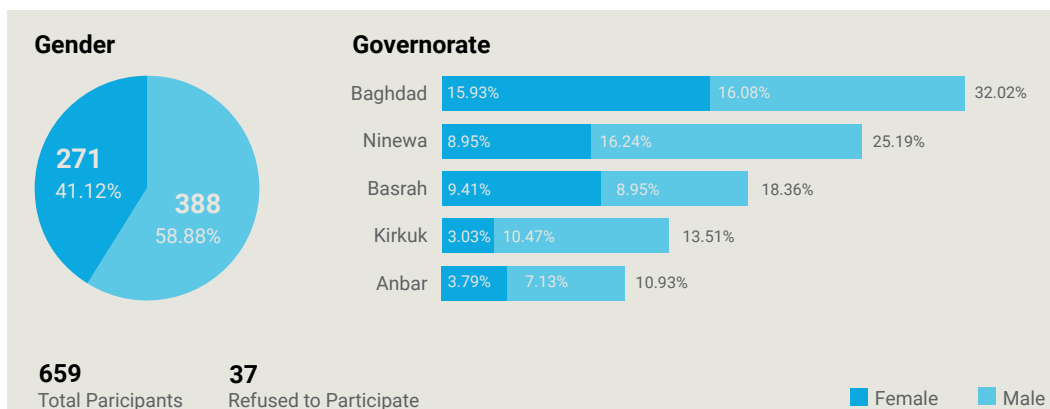
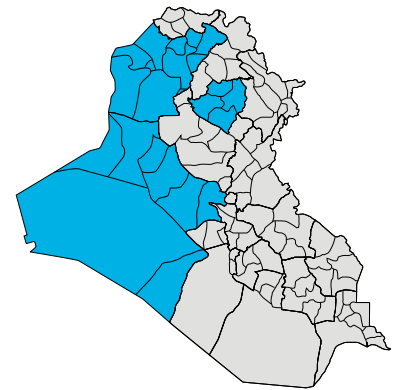
Methodology

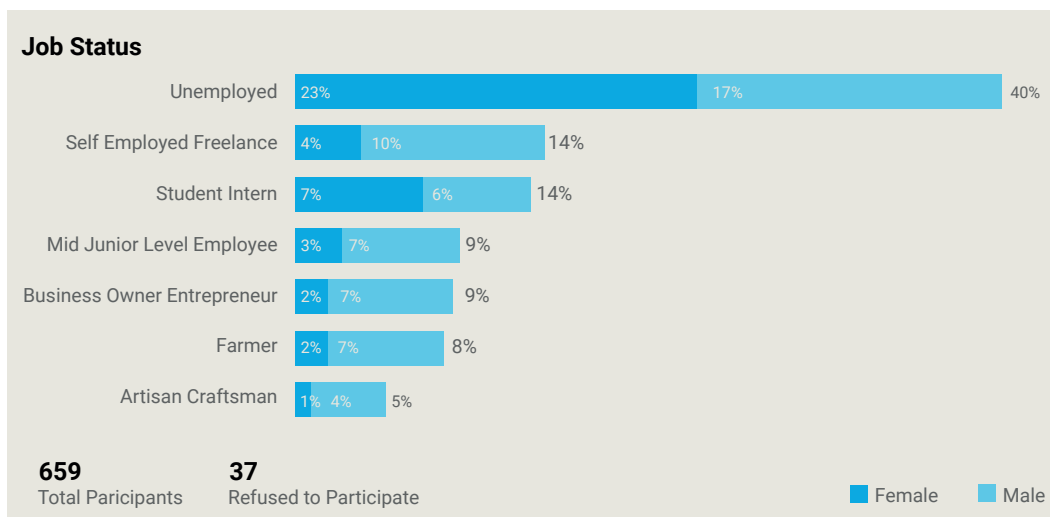
The National Youth Entrepreneurship Barometer Survey measured the perceptions of youth between 15 and 35 years old, particularly young entrepreneurs, towards the business environment in Basra, Baghdad, Ninewa, Anbar, and Kirkuk governorates in Iraq. The survey was comprised of questions around eight key topics, namely cultural and social norms, education and training, infrastructure, market and business environment, ecosystem support, climate and sustainability, financial support, and government policies, which are detailed in the annex.

Respondent Overview

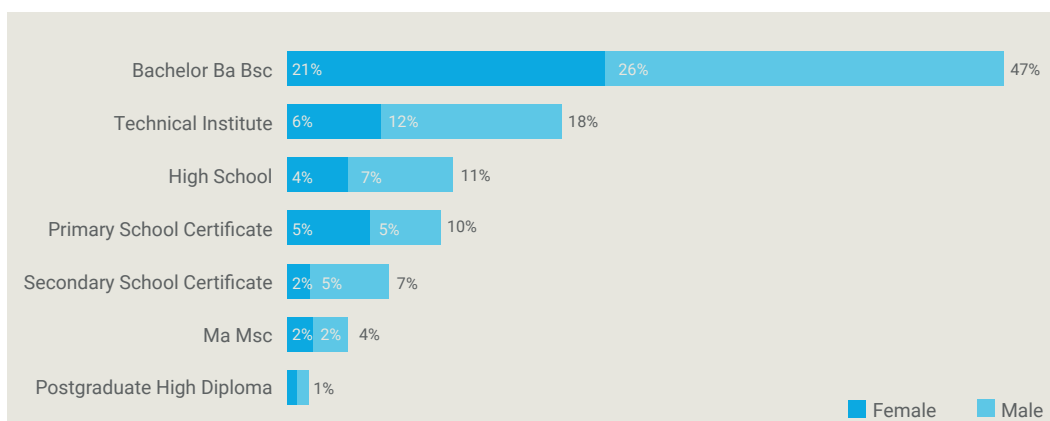
Six hundred and fifty-nine responses were collected across all locations with 41 percent female youth and 59 percent male youth between June and July 2022. One hundred and sixty-six youth were surveyed in Ninewa; 121 in Basra; 211 in Baghdad; 89 in Kirkuk; and 72 in Anbar. A representative sample of the overall population was selected in each geographic location using a 95 percent confidence level and a 5 percent margin of error. The sampling ensured that in each governorate at least 30 percent of the respondents were women.

Forty-seven percent of the respondents possessed university degrees, 18 percent had technical institute certificates, and 11 percent were high school graduates. Forty percent of respondents were unemployed, 14 percent were self-employed, 9 percent were business owners, 9 percent were junior-level employees, and 8 percent were farmers, as indicated in the figure below.





Thirty-nine percent of respondents were active in the agro-processing sector, while others participated in wholesale retail, agriculture, food services, and information technology.



Thirteen FGDs were conducted across Anbar, Ninewa, Kirkuk, Baghdad, and Basra governorates in July 2022. Each of the FGDs contained between six to ten participants and each governorate had designated FGDs with male youth and female youth.

In addition, seven additional key informant interviews (KIIs) were conducted in August 2022 in Baghdad and Mosul to delve into the aspirations, challenges, and opportunities youth perceived in their lives and respective sectors and cities.

The Strengthening the Agriculture and Agri-Food Value Chain and Improving Trade Policy in Iraq (SAAVI) project seeks to promote inclusive economic growth and job creation, particularly for Iraqi youth, by improving agricultural competitiveness and supporting trade development. SAAVI is funded by the European Union and implemented by ITC in close collaboration with the Government of Iraq, NRC, and other implementing partners.

Key findings

The findings are categorised by eight key themes that affect youth's perception of employment and entrepreneurship in Iraq. They include cultural and social norms; education and training; infrastructure; business environment; ecosystem support; climate and sustainability; financial support; and government policies. First, cultural and social norms refer to the influence that societal perceptions, traditions, and customs have on the working environment for both male and female youth. Second, the education and training component comprises the skills and knowledge basis that youth have received through various levels of schooling and what skills they have honed for employment. Third, infrastructure delves into the physical and technical infrastructure and basic services that youth have access to that are critical for running a business. Fourth, market and business environment assess the regulations youth must navigate to enter the market when launching or running their own youth-led enterprises. Fifth, ecosystem support focuses on the availability and access to support networks for youth, such as business associations and incubation hubs. Sixth, climate and sustainability cover the broader impacts of climate change, namely rising temperatures and water scarcity, that have an immediate impact on agribusiness. Seventh, financial support comprises how youth can access formal financing, informal financing, venture capital, and debt financing. Lastly, government programs analyse how policies play a key role in creating inclusive business opportunities on a national scale, particularly in supporting and engaging youth.



Iraqi business owners collaborate on pricing their goods and expanding market access. Photo: Ahmed Kaka/NRC

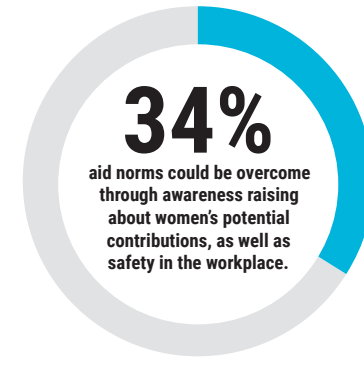
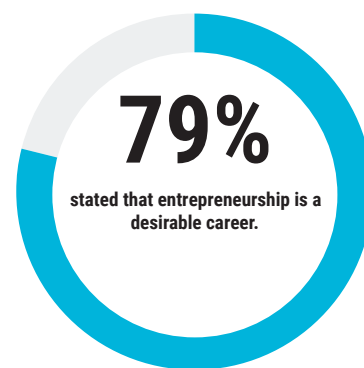
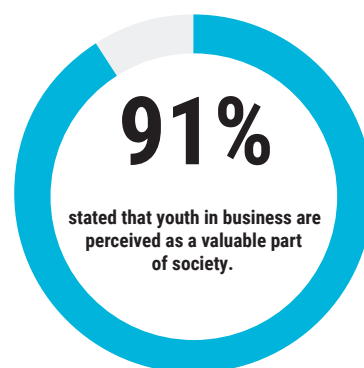
1. Cultural and social norms

Cultural and social norms and conventions influence how young people can access- or are encouraged to engage in- the labour market, particularly in the agribusiness sector, in both rural and urban areas of Iraq. These perceptions influence how male and female youth are included in the economic sphere and provided support to launch or join a business. Notably, 91 percent of survey respondents stated that youth in the business sector are perceived as a valuable part of society. This positive perception of youth's contribution is a critical stepping stone for inclusive economic growth and the development of the private sector. Furthermore, 79 percent of youth surveyed stated that entrepreneurship is a desirable career choice. Youth in FGDs described launching a new venture not only as a driver of employment, but also something that they aspire to do on the basis of their skills, passions, and long-term goals.

While launching a business and pursuing a career in entrepreneurship is perceived to be a favourable pathway for youth, the characteristics associated with and valued in entrepreneurial initiatives are not equally encouraged among male and female youth. Twenty-eight percent of women do not believe that men and women have equal opportunities in business. In Anbar, Kirkuk, and Ninewa, female youth were less likely than male youth to believe that creativity, innovation, risk-taking, and autonomy are encouraged. In Kirkuk, only 7 percent of women said innovation is encouraged by society, compared to 43 percent of men. The challenges women in Anbar, Kirkuk, and Ninewa face in receiving support to take risks and initiate projects have influenced how they view entrepreneurship as a desirable career. In Anbar, only 26 percent of female youth stated entrepreneurship was desirable compared to 53 percent of male youth.

Societal perceptions of women’s economic participation have also limited female youth’s involvement in agricultural careers and the agri-food industry. Sixty percent of all respondents stated that tribal, social, and religious traditions constrain women’s participation in the agricultural sector. In Anbar, Basra, and Kirkuk, more than three-quarters of all respondents highlighted how traditional customs have hindered women’s access to the agri-food industry. Female youth in FGDs described how their families did not approve of them pursuing employment related to farming and how they have concerns about the lack of other female colleagues in the sector and perceptions of an unsafe working environment. In response to these barriers, 34 percent of youth surveyed said these norms could be overcome through awareness raising about women’s potential contributions, as well as safety and support in the workplace. In particular, skills-based trainings and ecosystem support from educational and training institutions, as well as youth-oriented business support institutions, can further help to overcome social norms to encourage female youth’s participation and highlight their potential contributions to the sector.

In Anbar, Kirkuk, and Ninewa, female youth were less likely than male youth to believe that creativity, innovation, risk-taking, and autonomy are encouraged.



Male and female youth participate in a SAAVI training in Basra. Photo: ITC

Spotlight: Female business owners

Mais is a freelance designer in Baghdad who has started her own business from the ground up. She worked hard to be a successful entrepreneur and support other female business owners in her industry.

“The community is accepting of a working woman in Baghdad, but that may not be the case in other governorates in Iraq because my job is mainly working with craftsmen and construction workers.”

“My family doesn’t live in Baghdad- they live in another governorate where you can’t find women working as much. However, they have slowly accepted the idea of me being the provider for my children. But this may not be the case for other working women that face many barriers in this field.”

Mais started her own business in 2021 and found that not many people knew what entrepreneurship was.

“Youth are now becoming more aware of entrepreneurship and we’ve seen some projects that have been successful. We didn’t know what the word entrepreneurship meant before, but now, thanks to a lot of NGOs and institutes, we know what it is and want to pursue this as a career.”

2. Education and training

The knowledge and skills acquired from secondary education, university coursework, and technical and vocational education and training (TVET) directly impact youth’s preparedness to secure employment and succeed in the labour market. Notably, 81 percent of respondents agreed that university education prepares them with the right technical skills for employment, which aligns with 80 percent stating that it provides them with the basis for entrepreneurship. In addition, 70 percent of respondents stated that TVET prepares them with adequate technical skills for employment. However, a university education is perceived to be critical for this skillset as more than half of respondents stated that secondary education does not provide them with the essential knowledge for future jobs. This poses particular challenges for youth in areas where acquiring a university degree is not possible due to costs and the immediate need to secure income. FGD participants in Basra highlighted these barriers, while also describing the future impact this has on obtaining sustainable employment with secondary school failing to provide an adequate knowledge base to start or maintain a business.

Youth identified the top three skills across all governorates that their companies lacked or needed to strengthen, which included finance (26 percent), marketing (17 percent), and business development skills (12 percent). In Anbar, 14 percent of respondents also commented that strategic management was a needed skill for their companies. In Kirkuk, primary production (15 percent) and logistics (10 percent) were also highlighted. In FGDs throughout the

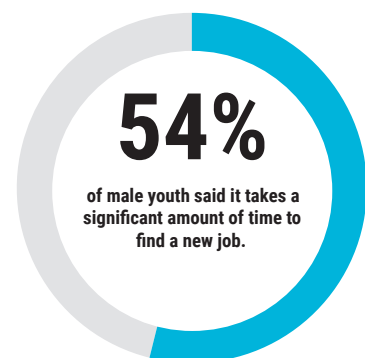
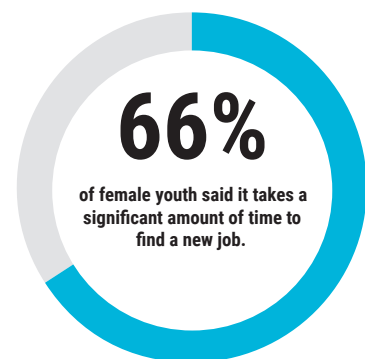
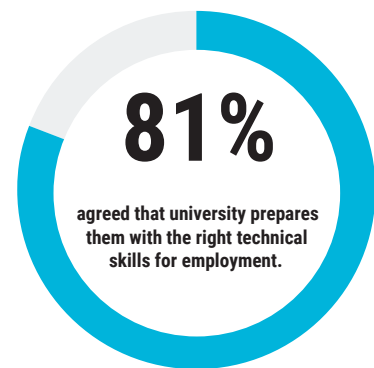
A university education is perceived to be critical for this skillset as more than half of respondents stated that secondary education does not provide them with the essential knowledge for future jobs.

country, youth highlighted that despite acquiring technical degrees or advanced skills in various sectors, there is a significant need to strengthen capacity related to finance and business development in order for youth to acquire the foundational skills to launch and maintain MSMEs.

In addition, in Anbar, Baghdad, and Ninewa, respondents noted that access to domestic markets is a critical skill that their company lacks, particularly for those with occupations related to agribusiness. For those that identified as farmers, the key skills needed relate to finance, business development, primary production, and marketing. FGDs demonstrate that the technical farming skills related to post harvest and exporting already exist among youth in the sector, but most farming communities lack the additional skillsets related to finance and business development to access markets and launch and manage their businesses and increase growth.

Lastly, in terms of flexibility of the labour market, 66 percent of female youth and 54 percent of male youth expressed that it takes a significant amount of time to find a new job despite possessing the required skills and training. Despite some positive perceptions of skills acquired through education, there are still major challenges faced in obtaining employment due to a lack of opportunities in specific sectors in the labour market. Youth in Ninewa commented that despite obtaining a degree in a specific and technical study, they have been unable to secure a position related to their field and have thus sought out employment in other sectors.

Finance, marketing, and business development were identified as the top skills that needed strengthening.



A woman discusses competitiveness of potato products at a factory in Erbil governorate. Photo: ITC

Spotlight: Acquiring entrepreneurship skills

Ahmed, 32 years old, is an agricultural engineer from Mosul. He studied hard to be able to establish and run his own nursery business.

“My education has prepared me for the job I’m doing right now. I am an agricultural engineer and I think that a person cannot start their own business if they haven’t studied well for it before starting. Since I was six years old, I liked farming because my father was a professor at the College of Agriculture in Mosul. I was always fascinated by this field and I decided from a young age to follow the same path that my father did.”

Ahmed provides workshops in Mosul for farmers and introduces them to new approaches and technologies for farming. He believes training is necessary to supplement one’s education with additional skills on how to run a business, especially to learn more about entrepreneurship.

“You can’t start your own business if you don’t have a background in entrepreneurship. Farmers didn’t have a comprehensive knowledge about this before- they just followed what their predecessors did years ago, but now through workshops and access to the internet, they’ve improved the ways of farming with new technologies and how to market their products.”

3. Infrastructure

Basic facilities, structures, and services related to communication technology, utilities, roads, and digital technology are central to building and strengthening businesses, as well as connecting rural communities to markets. Youth across all surveyed governorates found that while access to utilities is largely available (59 percent), one-third of all survey respondents stated that water and electricity are not affordable, which has inhibited the growth of businesses, particularly in the agribusiness sector.

The lack of strong road infrastructure in some areas has impeded the transportation of goods, services, and personnel critical to starting or growing a business venture. Seventy-four percent of youth in Baghdad and 33 percent in Anbar stated that adequate road infrastructure was not available when transporting goods or services across the country. Male youth in Anbar and Kirkuk stated that poor roads have inhibited physical market access for farmers to sell their products and expand their sales in rural areas. It has also prevented private sector actors from buying from smallholder farmers due to infrastructure constraints.

Further, in Anbar, 38 percent of respondents stated that emerging technologies, such as digital marketing and record keeping, and digital payments and transactions, are not embedded in many businesses. In Kirkuk and Ninewa, one in five respondents also agreed that these emerging technologies are not prevalent, which has limited business growth to the immediate area- primarily at a village or city level.

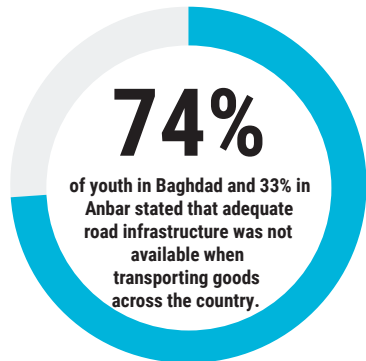
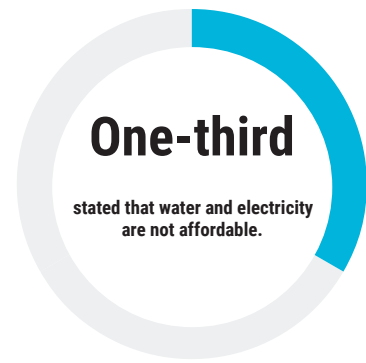
The lack of strong road infrastructure in some areas has impeded the transportation of goods, services, and personnel critical to starting or growing a business venture.

Lastly, nearly half of all respondents across governorates state that online platforms to sell and buy products are needed. FGDs highlighted how the lack of digital payments and digital record keeping has minimized the growth of sales on a national level, as well as to export outside of Iraq. The inability to access banks online, make payments and transfers, and use credit have impeded companies in Anbar and Ninewa governorates. This has been attributed to the impact of the conflict in the aforementioned governorates where physical infrastructure, electricity, telecommunications, and banks, among others, were severely damaged. As a result, most companies witness significant challenges operating in these areas considering the barriers to physical and technological infrastructure.

4. Market and business environment

Access to markets has impacted how youth have engaged in new business opportunities, as well as their desire to start a new venture in Iraq. Half of all respondents stated that market entry with a new business was not simple or easy. FGDs demonstrated how many Iraqi youth feared challenges related to extensive regulations and a lack of competitiveness of their businesses, namely with the repetitiveness of many companies in the agriculture sector. This has discouraged them and many of their peers from investing money to start a new business considering the risks of failing to access local, national, and international markets.

Furthermore, more than one-third (37 percent) of youth surveyed noted that the market is neither fair nor competitive. Youth described barriers to access, which include the lack of a fair or liquid market for assets, goods, and labour. Others described the absence of many independent buyers and sellers in the market, which has led certain large companies to have the power to influence market prices. For example, FGD participants in Baghdad mentioned that there are not various options for similar products, which impacts how products are priced locally.



Female youth employees work in the agri-business sector. Photo: Ahmed Kaka/NRC

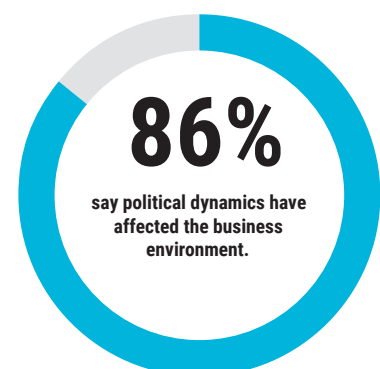
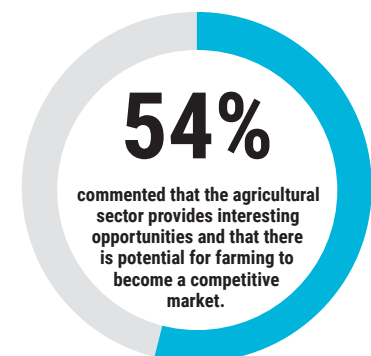
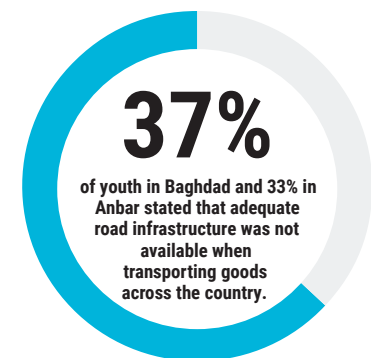
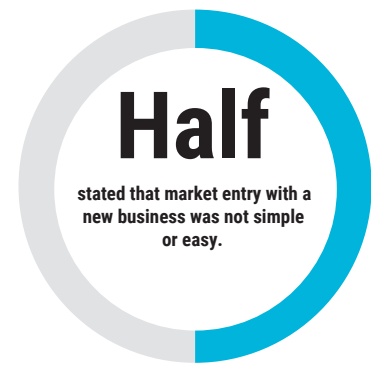
More than half of youth (54 percent) commented that the agricultural sector provides interesting opportunities and that there is potential for farming to become a competitive market where Iraqi farmers can influence the market or the price of their products on the basis of how much they are able to harvest. Ninety-six percent of youth in Kirkuk and 71 percent in Anbar highlighted the positive opportunities that arise from agribusiness, demonstrating the interest in producing and selling agricultural products in both rural and urban areas across these governorates. However, 11 percent of respondents highlighted that there is not enough support from both the Government of Iraq and NGOs to strengthen agricultural growth, particularly in the form of access to finance.

Meanwhile, only one in five female youth surveyed across all governorates believe that markets are reachable or in close proximity. Women described in FGDs how they not only face cultural norms and stigmas related to their participation in the economy, but also physical barriers related to transportation to places of employment or the absence of other female colleagues present. Further, they also commented on a lack of access to finance that have inhibited their ability to start their own business and a lack of information sharing about market governance and decision-making.

Lastly, political dynamics have affected the business environment according to 86 percent of youth. Complex regulations, shifting government focal points, and a restrictive legal environment have hindered progress in entrepreneurship and agribusiness. FGD participants described that while government officials are supportive of expanding economic growth, there are bureaucratic challenges related to the complex regulations and paperwork required to register a business and take out a loan that continue to inhibit entrepreneurs from succeeding in their ventures. Concerns were also expressed regarding ongoing political instability and how that impacted foreign direct investment (FDI) and exports that would support business growth in Iraq.

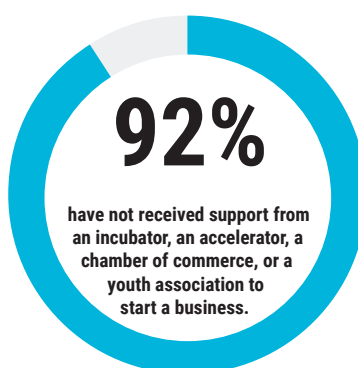
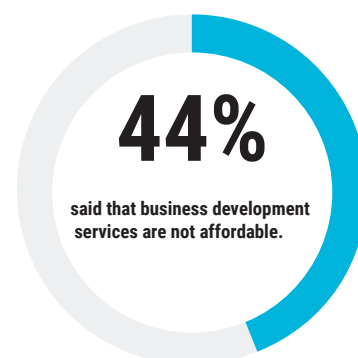
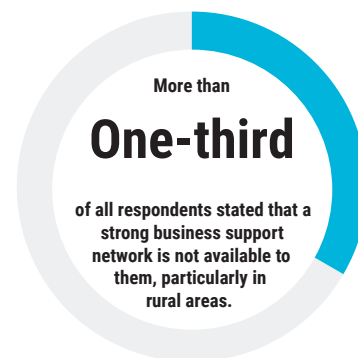
5. Ecosystem support

In addition to the business environment, laws, and infrastructure that impact young entrepreneurs in Iraq, the availability and access to support networks, such as business associations and incubation hubs, are critical to assist in development and growth. More than one-third of all respondents stated that a strong business support network is not available to them, particularly in rural areas. In addition, 44 percent said that business development services are not affordable. Female youth in Ninewa and Kirkuk in particular mentioned they do not know where to go to receive accessible and affordable support and guidance for their business ideas and potential ventures.



Some respondents mentioned that they had received training support (33 percent) primarily from NGOs, while 25 percent described receiving some form of financial assistance. These respondents stated that the training and funding support were essential to build up their knowledge base to start a business. However, these trainings are not widely accessible and the skills related to finance, logistics, and management are not available across all education backgrounds. In addition, only 8 percent of youth received support on agricultural inputs. This demonstrates the need to not only provide training with regards to technical skillsets related to MSMEs, but also to assess on a governorate level what youth require in strengthening the agribusiness industry and what initial inputs could support future businesses.

Furthermore, there is an evident need to strengthen the support available to youth as a central component of economic growth. Only 42 percent of youth are aware of business network support groups and only 34 percent agreed that they could be easily established. Consequently, ninety-two percent have not received support from an incubator, an accelerator, a chamber of commerce, or a youth association to start a business. For the youth who identified as business owners and entrepreneurs, 90 percent did not receive this level of support. Further, for the youth that have managed to launch their own project, 86 percent are not involved in a business or youth association. Youth in FGDs describe how they were unsure as to how these associations would support them and that many of their peers and colleagues also are not involved in these fora. The lack of technical and peer support, guidance, and forum for dialogue have not only hampered the successes of existing businesses, but also discouraged youth from initiating their own projects without external support. This points to a strong need to strengthen the ecosystem support available and encourage stakeholders to engage and connect to form a cohesive support network.



Youth participants at a training in Basra collaborate. Photo: ITC



Ye! Community

The Ye! Community is a global platform, powered by the International Trade Centre (ITC), supporting young and aspiring entrepreneurs to build impactful and sustainable businesses. As a Ye! member, you can access a wide variety of resources, including tools, country guides and e-learning courses to help you build a sustainable business venture and scale internationally.

Through the Ye! Community online platform, entrepreneurs up to 35 years of age, can connect with resources, tools, mentors, opportunities, and a network of their peers. Ye! is home to more than 30,000 members, including young entrepreneurs, mentors, business support organizations and financiers. The Ye! platform provides a community for young entrepreneurs online and in-person. Through the Ye! Community online platform, young entrepreneurs can connect without barriers to collaborate, seek partners, and access support.

6. Climate and sustainability

The broader impacts of climate change, namely rising temperatures and water scarcity, have an immediate impact on agribusiness, as well as the growth of many businesses that buy and sell agricultural products or utilise hydropower. Twenty-eight percent of youth named changing temperatures as the most substantial environmental risk to their business, followed by water scarcity and drought (17 percent). In addition, 15 percent of youth described how more severe and frequent dust storms will impact their businesses by limiting when labourers are able to work and when businesses are able to stay open.

Thirty-eight percent of youth state that there is minimal awareness of environmental laws and regulations throughout Iraq. Because there is limited legislation protecting the environment or regulating pollution, emissions, garbage, and toxic waste, more than half of respondents agree that businesses in theory operate in compliance with existing environmental laws. However, FGD participants highlighted that environmental regulations must be strengthened considering how the broader effects of climate change are already impacting Iraq.

In terms of steps taken to reduce environmental risks, one in five respondents stated that their company has not taken any action,

primarily due to lack of accountability, will, or technical guidance from government authorities as indicated in the FGDs. Only 8 percent have worked to improve water conservation and irrigation systems, while 6 percent have taken initiatives in waste and loss management strategies. Further, only 2 percent of all respondents mentioned adapting power generation systems to be more environmentally friendly. Some respondents described increasing initiatives to use greenhouses and dig wells for irrigation; however, these projects remain expensive for new businesses and self-employed entrepreneurs and they report receiving minimal external support to keep their business safe and thriving from existing environmental problems.

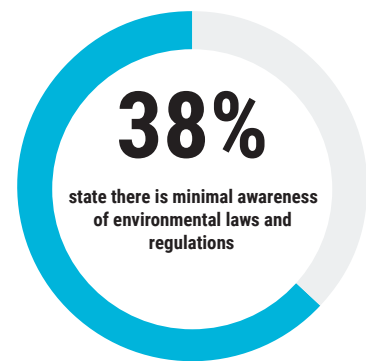
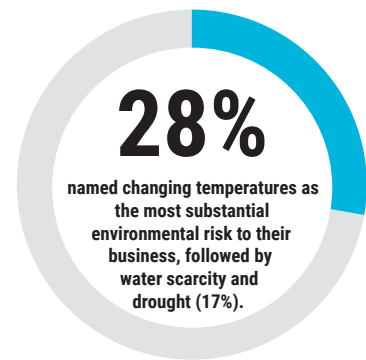
This demonstrates the critical need to increase awareness and support businesses and government authorities in the skillset, funding, and implementation of initiatives that reduce environmental risk, particularly in the context of the broader impacts of climate change in Iraq and the increasing cost- and health ramifications- of generator-powered private electricity. A lack of investment will continue to harm the growth of businesses and stifle the agricultural sector- of which tens of thousands of households rely on as their primary source of income.

7. Financial support

In theory, entrepreneurs are able to finance their businesses through a variety of sources, which include formal financing, informal financing, venture capital, and debt financing. Sixty-two percent of youth noted that formal financing poses significant access and availability challenges in Iraq. Banking services are not widespread throughout the country, youth described, especially in Ninewa. In addition, 95 percent of youth do not have a bank account as a result of a lack of trust in banks and a lack of knowledge over requirements to open and maintain a bank account. Half of respondents in Anbar and Baghdad noted the challenges to accessing loans through private contracts in order to launch a new business when official banks are not available. Government subsidies are also not easily accessible for youth as more than three-quarters of survey respondents indicated.

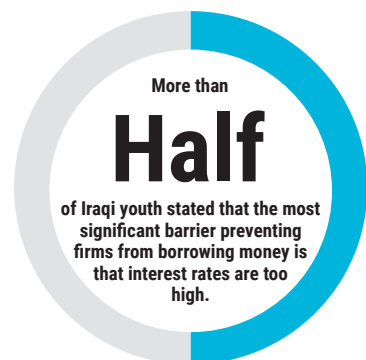
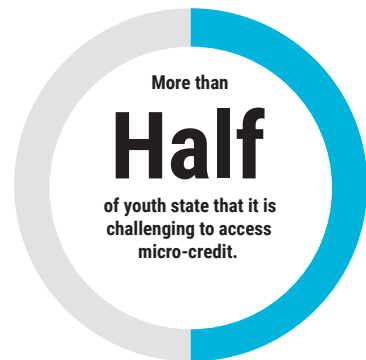
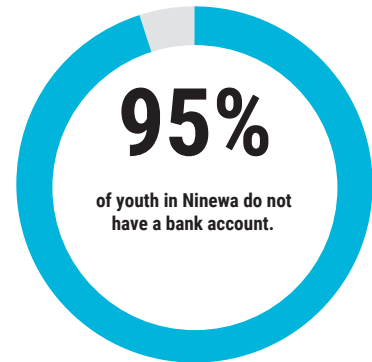
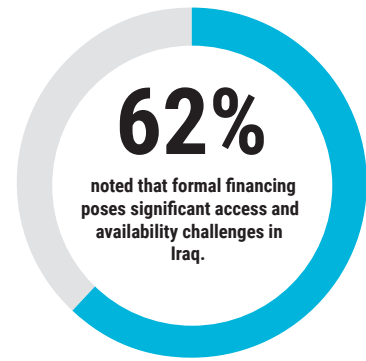
Meanwhile, youth also described significant hurdles to accessing informal financing options as 54 percent of youth surveyed state that access to and availability of saving groups is not easy or simple.

Further, more than half of youth state that it is challenging to access micro-credit, which inhibits access to small loans for male and female youth that do not have a verifiable employment history or lack the necessary collateral. This is particularly the case for farmers in rural areas in Anbar, Kirkuk, and Basra that described challenges in obtaining small loans for inputs to produce and harvest crops due to their lack of bank accounts and inability to demonstrate collateral.



More than half of Iraqi youth stated that the most significant barrier preventing firms from borrowing money is that interest rates are too high. The lack of access to finance hinders Iraqis from starting, running, or growing a business, as stated by 68 percent of both male and female youth. Youth in Baghdad described how this is the single greatest barrier to expanding micro and small businesses that they and their peers have planned and strategized. The inability to purchase additional inputs, rent space, acquire machinery, etc. continues to stifle projects that could support economic growth and boost employment.

Notably, more than one-third of Iraqi youth agree that private individuals support the start-up landscape. Young entrepreneurs have sought out support and guidance from the private sector to advise them on their potential business plans. These mentors are essential for ecosystem support and can also continue to encourage aspiring youth to launch their business plans- if access to credit and banking services are improved to allow them to do so. Business associations could serve as a potential platform to continue to link Iraqi youth with private sector actors for technical advice, employment, and partnerships.



Spotlight: Accessing financial pathways

Hind Aamer is a 34-year-old beekeeper from Mosul who started her own business with financial support from her family.

“I started beekeeping with only 10 beehives, which is way less than what the competitors have in the market, but that’s what I could afford at that time, as I didn’t have any support except from my family.”

Like many other Iraqi youth, Hind struggled to access financing pathways from Mosul. She is aware of formal financing options, such as loans, but she and many of her peers have concerns about the process and regulations.

“There are loans for start-ups but the conditions for being qualified are very difficult and tiring. People also don’t trust these loans and most of us don’t even have bank accounts.”

Hind mentions how the support from the government is very essential for youth to be able to start their own business and make it easier for them to enter the market, especially in agriculture. “We need more support from the government in agriculture. If we could have this support, a positive change is going to happen.”

Hind wants to be able to contribute to the economy alongside her friends and peers. She wants to be able to grow her own business and use the tools she has to support herself and her family.

“I don’t think I’ll ever leave my country to work somewhere else. If I think of leaving, I wonder who is going to stay and try to improve the situation of our country. If all youth think this way, we won’t move forward and we won’t leave anything good for the next generations.”

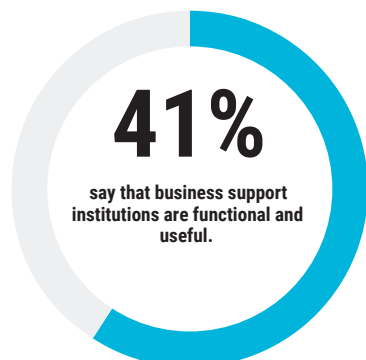
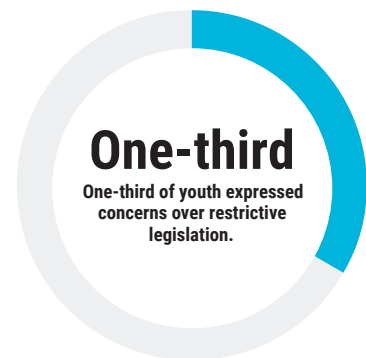
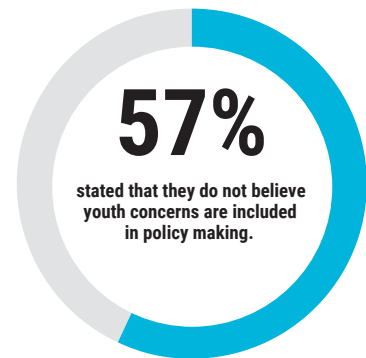
8. Government programmes and policies

Government policies play a key role in creating inclusive business opportunities on a national scale, particularly in supporting and engaging youth. However, more than half of surveyed youth (57 percent) stated that they do not believe youth concerns are included in policy making. Half of all respondents also mentioned that youth are not properly represented in governing bodies, which has impacted not only perceptions of inclusion in legislation, but also in prioritising concerns specific to youth regarding access to support systems, financing and collateral barriers, and technical skillsets.

Youth respondents requested greater access and availability of start-up support from government entities, especially in Basra and Anbar as FGDs highlighted how this assistance was not currently available. One respondent in Baghdad described how government support and more accessible programming and training- either online or in person at a governorate level- would help to connect universities and the private sector with youth in cities and in rural areas. Others commented that while the private sector is growing, it would be useful to have guidance from the Ministry of Trade and the Ministry of Labour and Social Affairs at a governorate-level to support access to finance, banking, technical expertise, and support networks.

In terms of the legal environment, one-third of youth expressed concerns over restrictive legislation. More than half stated that business registration and the required permits to open and operate a business are not easily available or affordable. There are significant gaps in knowledge with regards to business registration processes and what authorities to go to, what fees are required, and the specific codes and regulations that apply to various sectors. Furthermore, more than half of respondents stated that tax regulations are inequitable and that they are not clear or fairly applied across businesses.

Favourably, 41 percent of youth say that business support institutions, such as the Chamber of Commerce, are functional and useful when they have been able to access them. This provides the Government of Iraq with an opportunity to utilise such institutions as an entry point to support youth and initiate dialogue and information sharing.



Conclusion

The National Youth Entrepreneurship Barometer-comprised of the responses of more than 650 Iraqi youth- and FGDs demonstrate not only the barriers that youth encounter in their aspirations and ventures related to entrepreneurship and agribusiness, but also areas of opportunity and investment for private sector actors, government institutions, and non-governmental organizations.

While the majority of youth believe that their contributions to the business sector are valued, cultural and social norms have inhibited particularly young Iraqi women from contributing equally in entrepreneurship and the agribusiness sector. Youth largely found that a university degree prepares them with the skills needed for employment and entrepreneurship activities compared to solely completing secondary education. However, nearly all consulted youth indicated that they did not receive assistance from a business support institution to start or scale up their business and likewise they are not engaged in any peer-to-peer support activities. The lack of technical and peer support, guidance, and forum for dialogue have not only hampered the successes of existing businesses, but also discouraged youth from initiating their own projects without external support. Youth in Iraq described significant hurdles to opening a bank account and accessing funding to start or grow their enterprise. Similarly, more than half of male and female youth stated that business registration and obtaining permits to open or operate a business are neither widely known nor affordable.



Small shops line the streets of Baghdad. Photo: Ahmed Kaka/NRC

Iraqi youth reiterated their desire to contribute to the economy and to empower themselves through their education and livelihoods. Youth call upon private sector and government actors for guidance throughout this process, as well as in accessing funding mechanisms. In addition, entrepreneurs across all sectors, including agribusiness and farming, noted the need for marketing and sales support for their businesses, whether through university coursework or trainings, or through business associations. Moreover, investment in these areas of financial services, gender-sensitive market access, and support systems and technical expertise are critical to allow for youth to start and run their own businesses.

Agri-business stakeholders discuss market access and financing pathways for their businesses. Photo: Ahmed Kaka/NRC



Recommendations

The below recommendations highlight steps needed to support conducive environment for youth-owned enterprises:

The Government of Iraq:

- Establish and support market vendor associations for women that provide a platform for dialogue and information sharing about accessing markets and financing mechanisms.
- Provide enhanced access to finance, marketing, and business development training for youth across governorates, especially in rural areas.
- Develop and strengthen support systems, such as incubator or youth associations, so that youth in Iraq can exchange information, strengthen skillsets, and collaborate with other actors in the private sector.
- Spread awareness of how to access these associations and work with universities, secondary schools, and TVET programs and develop business and management related training opportunities.
- Work with financial institutions to provide affordable and accessible financial services with lowered requirements specifically for youth, such as reduced collateral, to access finances for their businesses.
- Utilise a climate-sensitive lens in considering the launching and growth of agribusiness and entrepreneurship products and how to subsidise and incentivise water conservation projects, greenhouses, etc.
- Clarify government focal points, regulations and laws surrounding registration, business incorporation, licenses, etc. and promote awareness raising campaigns to share this information with aspiring entrepreneurs at a local level.
- Work with the Central Bank of Iraq (CBI) to lower interest rates and boost the liquidity of Iraqi financial institutions so that credit can be accessible and extended to young entrepreneurs.
- Establish MSME-focused Special Economic Zones in order to support entrepreneurs and apply reforms that can later be applied more broadly on a national scale.

Private sector:

- Provide support through business ecosystem support systems for youth in the form of training, mentorship, information exchange, and internship and apprenticeship opportunities.
- Strengthen links with secondary schools, universities, and TVET programs to improve knowledge about entrepreneurship opportunities and better inform skills in demand in certain industries.

Donors:

- Invest in programming for youth that administers skills-based trainings, specifically around business development, marketing, and finance skills for young entrepreneurs.
- Continue to provide financial support, particularly in form of grants and subsidized loans, to the agribusiness sector to support Iraqi youth in rural and urban areas, as well as in areas with high levels of displacement-affected households.
- Raise key regulatory barriers to the growth of youth-owned businesses in dialogue with Government of Iraq officials, particularly around regulatory policies and barriers to financing pathways.

Development partners

- Raise awareness on economic opportunities for youth and women along the agricultural value chain and promote local and national role models embodying the realisation of entrepreneurial aspirations and ambitions, together with the private sector and education institutions.
- Administer youth-sensitive development programming that strengthens the foundational and technical skills young business owners need to establish and maintain their own businesses.
- Provide technical, business and legal assistance support to youth and farmers to assist in navigating the innovative and regulatory processes and procedures to start, register and scale-up a business.
- Support the set-up and growth of business associations and youth hubs and connect youth from development programming to these support systems by connecting with the local ecosystem

- Raise awareness of the contributions of female youth in entrepreneurship and agribusiness and prioritise inclusive and safe spaces in trainings and business associations.
- Collaborate with the Ministry of Trade and the Ministry of Labour and Social Affairs at a governorate-level to provide guidance on accessing to finance, banking, technical expertise, and support networks.

An Iraqi youth and her mother discuss their small businesses in Baghdad.
Photo: Ahmed Kaka/NRC



Endnotes

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