

IOM Iraq

# LIVELIHOOD POLICY BRIEF NO.4

## WOMEN DOING BUSINESS IN IRAQ: INSIGHTS FROM IOM'S FIELD EXPERIENCE

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# INTRODUCTION

The International Organization for Migration (IOM) Iraq Mission, under its livelihoods programmes, Individual Livelihood Assistance (ILA) and the Enterprise Development Fund (EDF), awarded and supported a significant number of women since 2018. Under EDF and its different adaptations, particularly the EDF dedicated to women entrepreneurs and jobseekers (EDF-Women), IOM supported 293 female-owned businesses (out of total 1,556 businesses awarded), awarding 4,226,952 USD, which in turn created 1,250 new jobs, mainly for women. Under ILA, from 2020 until October 2022 IOM supported 4,959 women (along with 8,733 men) with cash grants for micro-enterprises, vocational training, on-the-job training or job referrals.

After years of implementing various programmes championing women, IOM has gained knowledge and identified lessons learned. This was through selecting and providing support to women entrepreneurs in Iraq but also through the different processes that led to the final award and subsequent phases, such as verifications, business plans submission, visits by investment committees, contract negotiations, and milestone verifications. This allows IOM to advance some recommendations for anyone embarking on or already practicing business support to women in Iraq. While more could be said, the present policy brief distills some learning stemming directly from IOM's work in Iraq.

## CONTEXT

Previous regimes in Iraq attempted, and in many cases succeeded, in tectonic changes to the societal roles played by Iraqi women, which were quickly reversed due to the subsequent sanctions, wars, and instability. One forgets and might even struggle to believe that by “1980 women accounted for 46 per cent of all teachers, 29 per cent of physicians, 46 per cent of dentists, 70 per cent of pharmacists, 15 per cent of accountants, 14 per cent of factory workers, and 16 per cent of civil servants. It has been claimed that the Ministry of Oil in 1980, 37 per cent of the design staff and 30 per cent of the construction supervisors were women.”<sup>1</sup> The current less favorable climate for women speaks for itself with female labor force participation estimated at 8.2 per cent as of 2019 (compared to the 66.8 per cent male participation) with slightly higher percentages recorded by other sources<sup>2</sup> or a 7 per cent female ownership of firms in a survey targeting 1,000 businesses.<sup>3</sup>

The relatively few women who did participate in the labour force were heavily concentrated in public sector wage jobs (not poor, educated, mostly urban women) or at the opposite end of the spectrum – non-wage agriculture (poor, less-educated, mostly rural women).<sup>4</sup> The share of women

employed in the non-agricultural sector was low in Iraq and was estimated at 12 per cent as of 2012.<sup>5</sup> Women are very unlikely to have formal private-sector employment in Iraq, with less than 7 per cent of the workforce consisting of women<sup>6</sup>

Women tend to work in specific sectors in Iraq, mostly aligned with their gender roles, IOM's Labour Market Analyses (LMAs) overall suggest.<sup>7</sup> Despite the high numbers of female-headed households in Iraq, men remain the breadwinners. Examples of female involvement in the economy as provided by key informants interviewed, mostly include the food sector, especially sweets and other types of food preparation; the services sector, including hairdressing, beauty salons, but also photography and wedding-related services; textile, including tailoring and sewing; trade, especially in retail of women's clothing and cosmetics. Female businesses are often established at home. Women are especially active in the agriculture and livestock sectors, including in cattle breeding as well as dairy and honey production. In urban areas, women also tend to work online, in e-commerce or similar lately. The female-owned businesses in all governorates were considered profitable by most key informants interviewed by IOM.

1 Amal Al Sahrqi as cited in Keenan Makiya, Iraq: Republic of Fear, 1998, University of California Press

2 ILO, Iraq Employment Statistics for 2020, [https://www.ilo.org/gateway/faces/home/statistics?\\_adf.ctrl-state=8bzljun6bn\\_4&locale=EN&countryCode=IRQ#](https://www.ilo.org/gateway/faces/home/statistics?_adf.ctrl-state=8bzljun6bn_4&locale=EN&countryCode=IRQ#)

3 World Bank, Iraq, Investment Climate Assessment, 2012.

4 Krishnan, 2014

5 World Bank, Iraq, Investment Climate Assessment, 2012.

6 Ibid.

7 IOM, Labour Market Opportunities and Challenges, <https://iraq.iom.int/news/labour-market-opportunities-and-challenges>

# CHALLENGES

**Business size and location** represent a major limitation for women in Iraq. While actual numbers are difficult to establish due to a high degree of informality, women often run micro-enterprises, with none or two employees, at most. A glimpse into the rejection reasons during the Investment Committee Visits (ICVs), which represent the final step in the decision on whether a business is granted by the EDF, showed that the size of the business (determined at minimum three employees under EDF and further dropped for EDF-w) is most commonly the reason for rejection among women. Closely linked to the size of the business is also its location, often at home, which can cause major limitations in terms of hiring individuals who are not direct family members - another requirement under EDF - and often for conducting business on a larger scale, especially because of the limitations on non-family members visiting the premises. Donor perceptions, that is, the assumption that home businesses should not be supported, creates further barriers for women.

When asked about what prevented them from opening their own business or seeking employment, jobseekers interviewed by IOM for LMAs mentioned **poor access to capital** or 'financial issues' as a major constraint. IOM also found that among its grantees of ILA,<sup>8</sup> men were able to contribute almost twice as much as women. Applicants for EDF-Women were able to contribute USD 5,000 to their business expansion plan on average, compared to the average of USD 20,000 reported by male applicants.<sup>9</sup> While other factors might be at stake, such as business type and the equipment/machinery needed, the latter point to the fact that women have less access to capital, especially considering the large difference in the average amount they are able to contribute and the small difference in the final EDF amounts awarded by IOM to men and women.

IOM experience with granting businesses under EDF points to the limited **knowledge** women often have about doing business in general. IOM staff conducting site visits mentioned that women experience major problems with outlining a business plan when applying for the EDF, despite the support applicants receive during the application stage. Consequently, women often ask for additional help from family members and often do not know about the items' prices included in the business plan causing some confusion during the ICVs. Major gaps in knowledge of bookkeeping, marketing, and other business-related knowledge were observed by IOM over the years.

**Gender norms and traditions** play a decisive role in women's ability to conduct business. Some key informants interviewed by IOM for the LMAs mentioned that women do not work in Iraq, mostly due to the prevailing customs and traditions, which limit women's activities to their domestic and nurturing role, along with the restrictions imposed by sexual segregation prevailing in Iraqi society. Norms also impact the type of businesses women are involved in, women's working hours, and the place of women's work. In fact, a common challenge reported by IOM staff is the lack of diversity in women's types of businesses supported, often involving tailoring, personal care, or food preparation as mentioned above. Less discussed is also the fact that rife competition can arise among businesses in contexts where gender norms impose restrictions and limit the ability of women to develop a client base, a recent evaluation of a livelihood programme in Iraq determined.<sup>10</sup> Competition was mentioned as a main factor in reducing profitability, the same evaluation highlighted.<sup>11</sup> Overall, based on ILA evaluation data, women earn less than men on average when supported by an IOM grant: USD 143 on average compared to USD 235 on average calculated for men. While it is difficult to determine the extent of competition and saturation's influence on lower earnings among women, the reasons for the latter would certainly require a closer scrutiny.

Closely related to norms and traditions is also the fact that **decision-making in investments into the business** might be constrained for women, as an IOM study from early 2020 found.<sup>12</sup> In terms of decisions in regards to investment in the enterprise, 55 per cent of female employers and 44 per cent of female business owners granted under EDF decided on their own, whereas 43 per cent of female employers and 47 per cent of EDF female business owners decided jointly with a family member. In addition, 8 per cent of female business owners granted under EDF had no say in regards to investment in the enterprise, which is less positive. Nonetheless, IOM addressed poor control over resources by allowing little room for diverting the grant – through the payment over tranches - and establishing stringent requirements for grant disbursal. Whether a woman's ability to freely invest in her business is sustained post-grant and over time, remains unknown.

The double burden of **unpaid care and work** does not require introductions and women who work or run a business have their work doubled. This also leads to choosing smaller

8 IOM, ILA Evaluation Data for 2021 and 2022, N=2,624

9 The calculation is based on 889 applications, 142 female and the rest are male-owned businesses

10 Artuso and Pretari, Resilience in Iraq: Impact Evaluation of the 'Safe access to resilient livelihoods opportunities for vulnerable conflict-affected women in Kirkuk' project, Oxfam, 2022, <https://policy-practice.oxfam.org/resources/resilience-in-iraq-impact-evaluation-of-the-safe-access-to-resilient-livelihood-621367/>

11 Ibid.

12 IOM, Funding Women's Participation in the Labour Force, 2020, <https://edf.iom.int/Publications/View/17>

businesses, running them from home, or preferring part-time to a full-time job. In fact, a recent assessment determined that permanent, part-time employment is considered to be more suited for women to allow them to balance domestic responsibilities (preferred by 271 out of 317 interviewed women).<sup>13</sup> And considering the 3.5 children per woman as of 2020<sup>14</sup> – despite the steep decline in fertility rates – can additionally push women out of economic participation.

While child-care is available in Iraq, it might not be present everywhere and women might be hesitant to avail themselves of the service. Data from 2007 (the most recent available), indicated that only 7 per cent of children aged 3–5 years were enrolled in pre-primary education (such as nursery school or kindergarten).<sup>15</sup> An IOM assessment found that female entrepreneurs did not require childcare nor experienced problems with it, with few exceptions, and others left their children with family members. On the other hand, 32 per cent of the female employees interviewed for the same study reported some challenges.<sup>16</sup> The findings from another IOM study in four urban areas indicated that childcare facilities were considered sufficient and were operational in the areas of study; and sending children to these facilities was viewed positively by some participants too.<sup>17</sup> Nonetheless, women's caring role extends well beyond children, to the elderly, sick, spouses, and guests.

Findings from studies exploring the impact of women's economic empowerment on **domestic violence** remain contradictory,<sup>18</sup> which points to the fact that gender-based violence (GBV) might still be possible, especially when approaches for promoting harmonious, egalitarian and violence-free relationships between women and men as part of women's economic empowerment initiatives are missing and the mechanisms for detecting such cases do not exist.<sup>19</sup>

While IOM did not detect GBV cases – albeit a mechanism has been only recently rolled out - considering the fairly high amounts disbursed (up to USD 30,000) an increased risk for GBV in women's livelihoods programming is likely the case.

Male business owners are cognizant of the general **trends in the aid sector** in advancing gender-sensitive or women-only programming and therefore 'appoint' female family members as business owners, which may result in poor targeting of women. This matter becomes quickly apparent during visits to businesses when women lack information or are often hesitant to talk or they are appointed to 'unusual' types of businesses such as machinery repair or smithies, which tend to be typically dominated by men. Often, women are appointed even in cases where female ownership is not a requirement, 'just in case' as it is perceived that women would be perceived more favourably.

**A poor or absent infrastructure and service provision** – not limited to areas witnessing recent destruction due to war - as constraining businesses is sufficiently known and a major limitation reported by thousands of employers interviewed for the IOM LMAs, including women. Some current evidence suggests a link between women economic empowerment and electrification<sup>20</sup> along with some findings on the disproportionate effect of the hidden cost of unreliable electricity on women in Iraq on business performance, economic opportunities and many other domains.<sup>21</sup>

While women **working in agriculture** experience some or most of the challenges listed earlier, gender norms are more stringent with vast ramifications on women's social and business lives. Nonetheless, challenges specific to women in rural areas remain unexplored along with the most appropriate approaches to supporting women in agriculture specifically.

13 REACH and UN WOMEN, Iraq: Assessment on employment and working conditions of conflict-affected women across key sectors, 2019, <https://iraq.unwomen.org/en/digital-library/publications/2020/01/assessment-on-employment-and-working-conditions-of-conflict-affected-women-in-iraq-0>

14 World Bank, Fertility Rates: Total Births per Woman, 2020, <https://data.worldbank.org/indicator/SP.DYN.TFRT.IN?locations=IQ>

15 Ibid.

16 IOM, Funding Women's Participation in the Labour Force.

17 IOM, Perceptions on Women's Economic Opportunities in Urban Areas of Iraq: Motivations and Mechanisms to Overcome Barriers [https://iraq.iom.int/sites/g/files/tmzbd1316/files/documents/iom-iraq-perceptions-on-womens-economic-opportunities-in-urban-areas-of-iraq-motivations-and-mechanisms-to-overcome-barriers\\_0.pdf](https://iraq.iom.int/sites/g/files/tmzbd1316/files/documents/iom-iraq-perceptions-on-womens-economic-opportunities-in-urban-areas-of-iraq-motivations-and-mechanisms-to-overcome-barriers_0.pdf) 2019.

18 Fernet M., Exploring the Impacts of Women's Economic Empowerment Programmes on Domestic Violence, Oxfam, 2019, <https://oxfamlibraryopenrepository.com/bitstream/handle/10546/620867/rr-womens-economic-empowement-domestic-violence-120919-en.pdf;jsessionid=C4DF1BB78D7010D0A60A10321637B464?sequence=2>

19 Ibid.

20 Samad and Zhang, Electrification and Women's Empowerment: Evidence from Rural India, 2019, <https://documents1.worldbank.org/curated/en/112131553786901131/pdf/Electrification-and-Womens-Empowerment-Evidence-from-Rural-India.pdf>

21 Canpolat and Maier, Powering Women in Iraq, 2019, <https://blogs.worldbank.org/energy/powering-women-iraq>



## RECOMMENDATIONS

- It remains paramount to support women in business, also considering the fact that they tend to create jobs mostly open to women. However, grants alone will not be sufficient in consideration of the challenges that women experience in Iraq. Good practices exist and could be taken from learning across the globe with savings, training, technical support/consulting, networks all playing major roles in supporting female business owners of different sizes, but especially smaller ones and micro-enterprises.
- A focus on supporting start-ups along with existing and already established businesses is also recommended.
- In order to increase variety among female-owned businesses, give priority to sectors considered atypical for women or new to women therefore de-prioritizing – but not excluding - food preparation, tailoring, and personal care. Sectors adopting new technologies often represent good entry points for the inclusion of women. At least for areas where the usual female sectors are supported, information on business saturation should also be considered during planning.
- In consideration of the low employment prospects and lack of skills among women, incorporate on-the-job training service provision when funding female businesses when relevant.
- Support the use of childcare among beneficiaries but also continue advocating for the availability of quality childcare in conjunction with other organizations, in addition to supporting childcare when it is not available.
- Women work at home as well, in a context where household responsibilities remain largely unshared. A step ahead (complemented by approaches that place greater control over resources) would be to include a sensitization element in orientation sessions; the sessions could be attended by the respective spouses or household decision-makers. Alternatively, consider social marketing approaches specifically addressing social norms and women in the economy.
- Whatever criteria are in place for supporting female-owned businesses, decision-makers should take into account the likely smaller size of the female businesses, the likelihood of employing family members, and locations in home settings.
- Calls targeting women specifically – especially when publicly open - attract male businesses too, therefore targeting both male and female businesses simultaneously or adopting measures for better exploring business ownership should be introduced.
- Fertility rates remain high in Iraq, which negatively influences the employment and the educational prospects of women. It is therefore recommended to work jointly with other organizations and respective health departments, who provide information and/or sensitization on family planning and basic reproductive health, and introduce these concepts to wider programmes that target younger women.
- Consider the risks involved in awarding women, having a strategy for addressing GBV is paramount.
- A better understanding of women in agriculture is required, including entry points for tailored support.
- In a context like Iraq, it is also recommended to work with entire families rather than focusing on women only. Evaluations of programmes in similar contexts showed positive outcomes in terms of GBV reduction and increased earnings from livelihood programmes that involved both female and male family members (working together). The latter might be especially appropriate in the agriculture sector where also the majority of Iraqi women work.
- Build and repair infrastructure, which will benefit everyone but especially women.



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