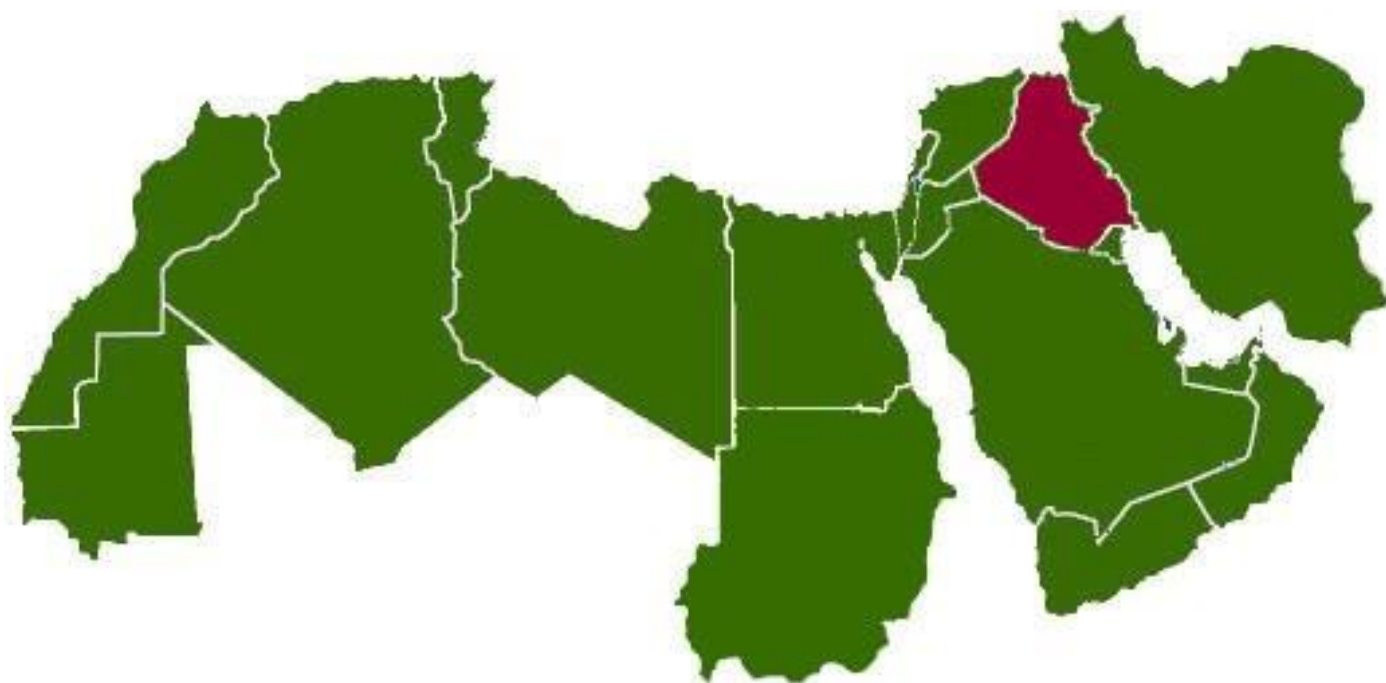


Social Protection and Safety Nets in Iraq

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This report is one output from a regional study of social protection and safety nets in the Middle East and North Africa, commissioned by the World Food Programme (WFP) from the Centre for Social Protection at IDS.

The project includes an overview research report (see: <http://www.ids.ac.uk/publication/social-protection-and-safety-nets-in-the-middle-east-and-north-africa>) and nine country reports: Egypt, Iran, Iraq, Jordan, Lebanon, Palestine, Sudan, Tunisia, Yemen.

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Chapter 1. Introduction

Social protection is a component of socioeconomic development that is founded on principles of human rights, and the inherent right of humans to live a decent, prosperous life that is free from deprivation, marginalization and exclusion. Social protection programs are designed to cope with the risks that endanger the lives and wellbeing of individuals (and societies). This is achieved through promoting solidarity and, in turn, social and economic security.

Social protection includes a wide range of programs and tools that are interconnected by the public sector and/or the private sector. They provide cash transfers and sources of income for the poor and vulnerable groups in society. Historically, social protection programs and policies were linked to a set of procedures that were adopted by the developed countries in order to protect individuals from falling into the clutches of poverty and deprivation. These procedures typically included: labour laws and worker protection, subsidies, grants and compensation for workers and the unemployed. However, since the fourth quarter of the last century, new trends have expanded on the concept of social protection, social security, and social safety nets in an attempt to deal with the social and economic repercussions of economic reform.

The Iraqi state took an interest in providing humanitarian aid, insurance, and security to vulnerable social categories and issued a number of laws aimed at protecting them, especially those who were working in its organisations and institutions. The state was also keen on the horizontal and vertical expansion of the system, by expanding the categories covered by social protection and inclusion of a greater number of risks covered by protection and social security systems.

Attempts were made to expand the scope of protection for workers in the private sector, in addition to the establishment of a greater number of welfare centres. Also, trade unions established their own social security funds for their members.

As part of the framework of a cooperation agreement between the Office of the World Food Program Regional in Cairo (WFP OMC) and the Centre for Social Protection (CSP) at the Institute of Development Studies (IDS), this report comes within a series of reports on social protection in countries of North Africa and the Middle East. The report focuses on linkages between social protection and food security. It is expected to contribute to the development of WFP's social protection strategy for the region.

1.1. Objectives

This report aims to:

- Introduce the reality of social protection and social safety nets in Iraq.
- Analyse the structure of formal and informal safety nets, and evaluate their role and their ability to provide social protection.
- Analyse the factors that obstruct the development and operation of social safety nets.
- Provide observations on the reality of social protection institutions, their achievements, and the challenges they face.
- Propose mechanisms for reform and in particular those relating to targeting (beneficiary groups).

1.2.Methodology

This study is not limited to formal safety nets in the research community, but also studies the situation of informal networks such as Zakat and Khums system. Therefore, multiple data sources and data collection tools were used. Accordingly, the study relied on a combination of quantitative and qualitative research tools, which include the following:

- Laws related to social protection.
- UN statistics issued by the relevant United Nations organizations.
- Official statistics issued by the Iraqi government institutions.
- Interviews with decision makers in the field of social protection and those concerned with asylum and displacement.

1.3.Report structure

This report includes seven chapters, the first of which has presented an introduction to the study objectives and methodology. Chapter two deals with the national context and provides an historical and economic background in Iraq since 1921, in addition to the exposure to the demographic and political contexts that influence economic and social policies in the country.

The third chapter focuses on governmental and non-governmental institutional arrangements and their essential components. The fourth chapter deals with social protection programs and social safety net programs, both permanent and temporary, and presents the developments they went through in preparation for implementing these programs.

Chapter 5 focuses on social protection programs and social safety nets that target refugees and displaced people, and roles of the actors involved in this level of protection. The sixth chapter addresses the informal safety nets, and focuses on systems such as the Islamic Zakat and Awqaf and five tribal systems. The seventh and last chapter includes a summary, conclusions and the recommendations that emerged from the study.

Chapter 2. National context

2.1. History

Despite being a relatively new state, Iraq has a rich historical legacy. It was after the First World War and under the British occupation of Iraq (1914 – 1932) that the modern Iraqi nation came to be in 1921, albeit known as ‘Mandatory Iraq’ at the time. The Kingdom of Iraq was recognized as an independent state in 1932.

Since the state’s creation and until the present time, violent conflict has played a prominent role in Iraq. This is due to the multi-ethnic and multinational nature of the Iraqi population, in addition to battles over wealth and power of which the state has become a central focus and a tool. Conflicts for the control of the modern Iraqi state started in the 1930s, when the first violent military coup took place in 1936. Social and political instability prevailed despite a generally democratic system of governance (at least formally) and Iraq being a constitutional monarchy. This instability affected Iraq’s largely liberal economy in which government intervention was restrained by limited financial resources.

Iraq went through a second military coup in 1958, which overthrew the monarchy and democratic arrangements in favour of populism. Socialist arrangements were pursued, the public sector was expanded, and the government took over the functions of production, distribution and redistribution. The government also introduced agrarian reforms, where properties were stripped from agricultural landlords and offered to impoverished farmers at symbolic prices. By enacting the law No.80 of 1961, the government also took its first steps towards taking control of Iraq’s hydrocarbon resources. The law restricted the stakes and privileges of foreign petroleum companies in the petroleum industry. This law allowed the government to control 95% of the land previously controlled by foreign companies.

February 1963 saw the start of an even more violent and unstable era in Iraqi history where another coup overthrew the government and a new Iraqi republic was announced. Further socialist policies were enforced in 1964 after the nationalists took control of Iraq by the end of 1963. These policies, which included the nationalization of 30 companies, all the banks, and insurance companies, had disastrous effects on Iraq’s economy.

In July of 1968, yet another coup overthrew the second Iraqi republic. The Ba’ath Party took control of the country, enacting the aforementioned socialist policies. The decision to completely nationalize Iraqi petroleum in 1972 coincided with the first oil boom following the Arab Israeli war in 1973. This offered the government unprecedented financial gains, which, in turn, increased public spending from 341,412 thousand Dinars in 1970/71 to 2,313,776 thousand Dinars in 1979.¹ Financial reserves during 1979 were estimated to be the equivalent of USD 36 billion.

However, before Iraq could reap the benefits of its prosperity, it got into an 8-year war with Iran which wiped out many of the country’s resources and left it in heavy debt (approx. 100

¹ Republic of Iraq, Ministry of Planning, Central Statistical Organization, *Annual Statistical Abstract 1980*.

billion dollars). The cost of reconstruction was estimated to be 200 billion dollars.² Iraq got into another war following its occupation of Kuwait in 1990. The consequential international sanctions and war against Iraq strongly damaged the country's infrastructure and economy and caused the displacement and migration of hundreds of thousands of Iraqis. The war also led to a fall in food security and human development indicators. Perhaps the gravest of Iraq's losses during that period was the death of around 500 thousand children under the age of 5, which could have been avoided had it not been for the sanctions on Iraq.³

The number of Iraqi people seeking refuge in Iran, due to the first and second Gulf wars, is estimated to be 1.4 million and nearly 100 thousand refugees gradually returned to Iraq after 1991.⁴ Losses incurred in the Iraq-Iran war are estimated to be 452.6 billion dollars, whereas losses from the second Gulf war (following Iraq's occupation of Kuwait) are said to exceed 232 billion dollars.⁵

Iraq's engagement in the Oil-for-Food Programme in 1996 helped its food crisis to subside, however the government continued to deploy the rations cards system as a means of pressuring or controlling the population.

The year 2003 is considered to be a turning point in Iraqi history, as this is the year during which the United States invaded Iraq, abolishing the institutional order that had existed in the country and hastily replacing it with a new one. Iraq's varied national and ethnic groups took this occasion as an opportunity to recover certain rights that they thought had been taken away from them. Despite the ample violence and instability that ensued, in what was sometimes described as a civil war, Iraqis succeeded in taking preliminary steps towards democracy and the peaceful transmission of power/authority. However, the human, social, political, and economic costs of this transition were high:

- The number of deaths occurring between the years 2003 – 2014 are estimated to be 143,509 people⁶
- The number of internally displaced people is estimated to be 2,100,000 people as of 2012⁷
- The number of externally displaced people is estimated to be 728 thousand people according to 2012 statistics⁸
- Costs of rebuilding are estimated to be 250 billion Dollars.

² Liam Anderson and Gareth Stansfield, *The Future of Iraq: dictatorship, democracy, or division?* Palgrave Macmillan, New York, 2004, p.84.

³ Peter W. Galbraith, *Refugees from War in Iraq: What Happened in 1991 and What May Happened in 2003*, Migration Policy Institution, Policy Brief, February 2003.

⁴ Abi-Aad, N. and Grenon, M. (1997). *Instability and conflict in the Middle East*. New York: St. Martin's Press.

⁵ Alnasrawi, A. (1994). *The economy of Iraq*. Westport, Conn.: Greenwood Press.

⁶ www.iraqbodycount.org/database/ [visited on 31 August 2014].

⁷ UNDP, *Human Development Report 2014*, p.206.

⁸ UNDP, *Human Development Report 2014*, p.206.

Table 1: Important Political Events in the History of Iraq, 1914-2014

Date	Event
1914	British forces invade and occupy Iraq
1920	San Remo Conference and the announcement of the British mandate in Iraq
1921	Formation of the first national government under British guardianship
1924	First parliamentary elections and establishing the first constitution in Iraq
1932	The League of Nations grants Iraq its independence
1936	Military coup led by Bakr Sidky
1941	The British-Iraqi war and the re-occupation of Iraq
1958	Abd El-Karim Qasem topples the monarchy and establishes the Republic of Iraq
1963	Military coup led by Baath Party
1964	Socialist nationalization of Iraq and the collapse of the national private sector
1968	Baathists succeed in carrying out another coup
1972	Nationalization of the Iraqi Petroleum Company (Kirkuk petroleum only)
1974	The collapse of Kurdistan's autonomy and the outbreak of violence
1980–1988	Iraq-Iran war
1990	Iraq's invasion of Kuwait and consequent international sanctions
1991	The Gulf war and an uprising (intifada) in 14 Iraqi governorates; ones that were brutally subdued by the Iraqi state
1996	Initiating the Oil-for-Food Program
2003	The US invasion of Iraq
2005	Approving the constitution and assembling the national government
2006	Iraq on the brink of a civil war after the Samarra bombing
2011	The withdrawal of the last American troops
2014	Federal government loses control of its second largest city, Mosul, to ISIS

Iraq's troubles were not limited to political crises, but also included natural disasters. Iraq is prone to a variety of natural disasters, including floods (due to winter rain) and long droughts in the summer. Between the years 2005-2009, Iraq experienced waves of drought that are considered to be amongst the worst in the country's modern history. These droughts affected 11 governorates (provinces) and were worst in Nineveh, Kirkuk, Basrah, Babel, and DIALA.⁹ This coincided with a shortage in the water supply from Tigris and Euphrates, which led to the deterioration of agricultural land, especially in Southern Iraq, exposing the residents of those areas to many dangers including the loss of livelihoods and cattle. Residents of the affected areas had to migrate in search of water and food.

Meanwhile central Iraq (and some southern regions) were exposed to torrential rain that same year, resulting in floods the magnitude of which Iraq had not experienced since the 1970's. Even Baghdad's residential areas were badly affected despite having the most modern

⁹ UNESCO Office Iraq, *Integrated Drought Risk Management – DRM National Framework for Iraq: An Analysis Report*, March 2014, p.15.

infrastructure relative to other affected areas. Also, the Iraqi government had spent more than 7 billion dollars on sanitation services in the previous 10 years.¹⁰

Natural disasters, especially droughts, can lead to the deterioration of food security in the whole country, especially in rural areas where agriculture counts as the main source of livelihood.¹¹

2.2.Economy

2.2.1.Economic structure

Iraq's economy is primarily centred on oil. It's a one-dimensional economy where the Iraqi state produces oil (on its own or with the help of foreign corporations) and then proceeds to sell the oil and use the returns to cover current and capital expenditures. Consequently, Iraq's economy has been split into 2 separate and distinct divisions:

- Division A is advanced. It includes oil and oil projects, and it generates more than 90% of the value of exports and public revenues, and more than half of GDP.
- Division B is underdeveloped and includes the remaining sectors of the national economy – agriculture, manufacturing industry, retail, services, and so on.

These two divisions are not strongly linked. Their interactions are mostly limited to the supply of energy from A to B and the carrying out of some marginal services from B to A. This results in a low level of economic diversification and an inability to satisfy the highly diversified domestic demand for various goods and services, which leads to an increase in imports in an attempt to satisfy growing demand.

Consequently, the Iraqi economy has been enduring a large number of growing problems, manifested in its failure to satisfy domestic demand. The country's industrial sector, which now contributes to only about 2% to GDP, used to contribute 9% of GDP. The contribution of the agricultural sector has declined to 5% after it had been about 22% five decades ago. Although the oil sector employs only 2% of the total workforce, in 2003 and 2010 it accounted for 70% and 42% of GDP respectively. The remaining 98% of the labour force is employed in activities related to commodity and service provision, contributing only about 30% of GDP.¹²

Without the oil sector, the service sector would account for more than 40% of GDP, which reflects the fragility of the economy and the predominance of a fragile tertiary sector. Also, excluding the oil sector from GDP calculations will also show the predominance of the private sector, which is estimated to account for 65% of overall economic activity in Iraq; activity that has little to do with manufacturing or investment activities, leading to unemployment.¹³

¹⁰ *Ten Years After The Invasion: Iraq Helpless Under Rain of Terror*, (www.independent.co.uk/news/world/middle-east/ten-years-after-the-invasion-iraq-helpless-under-rain-of-terror-8967622.html).

¹¹ UNESCO Office Iraq, *op. cit.*, p. 15.

¹² Government of the Republic of Iraq, The Ministry of Planning, Central Statistical Organization, *Annual Statistical Abstract* (sporadic years).

¹³ Mazhar Mohammed Saleh (2013) *Aliqtisad Alree'y Almarkazy wa Maazaq Infilat Alsooq [Central Rentier Economy and the Predicament of an unruly market]*, Beik Alhikma, Baghdad.

Table 2: GDP by Economic Activity, 1970-2013 (%)

Economic Activity	1970	1980	1990	1995	2000	2005	2010	2013
Agriculture, Forestry, and Hunting	30.6	11.3	11.6	21.4	10.8	13.7	7.0	6.9
Mining and Quarrying	31.2	20.1	55.2	25.2	61.1	42.4	42.0	42.2
Crude Oil	30.8	19.8	55.1	25.1	61.1	42.2	41.7	41.9
Other Types of Mining	0.4	0.3	0.1	0.1	0.1	0.2	0.3	0.3
Manufacturing Industry	1.1	11.1	4.8	8.2	4.1	2.2	2.9	3.1
Electricity and Water	0.5	0.6	1.0	1.6	0.9	1.1	2.0	2.1
Construction and Building	3.7	12.6	3.6	0.4	1.0	3.4	4.8	6.9
Transportation and Storage	5.3	8.8	4.4	4.2	5.7	4.3	2.5	2.7
Wholesale, Retail, Hotels	8.0	11.1	7.2	1.6	4.2	5.9	6.8	6.6
Money, Insurance, Real Estate	4.5	8.2	6.9	36.7	2.6	14.0	13.6	12.7
Banks and Insurance	1.3	3.6	3.7	0.3	0.4	0.7	1.3	2.4
Home Ownership	3.2	4.6	3.2	36.5	2.2	13.3	12.3	10.3
Social and Personal Development Services	17.4	18.2	8.6	0.9	9.8	13.6	18.9	17.8
Public Governance	15.2	17.2	8.0	0.7	9.0	12.1	17.7	16.2
Private Services	2.2	1.0	0.6	0.3	0.8	1.5	1.2	1.5
Total by Activities	102.2	101.9	103.2	100.2	100.3	100.5	100.7	100.9
Less: Calculated Services Fees	2.2	1.9	3.2	0.2	0.3	0.5	0.7	0.9
GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

During the thirty-five years that preceded the occupation (1968-2003), revenues from the production and export of oil were valued at USD 271 billion, but what was spent during the years of the Iran-Iraq war (1980-1988) amounted to USD 178 billion according to official records (i.e. 65.7% of revenues earned between 1968 and 2003), which exceeds the sum of debts of 13 other Arab countries that were in debt in 1990.¹⁴ The majority of these revenues

¹⁴ These 13 Arab countries were: Jordan, Tunisia, Algeria, Djibouti, Sudan, Syria, Somalia, Oman, Lebanon, Egypt, Morocco, Mauritania, and Yemen and their debts had reached 148.5 billion dollars (source: World Bank, *Global Development Finance, Country Tables, 1999*, Washington D.C.).

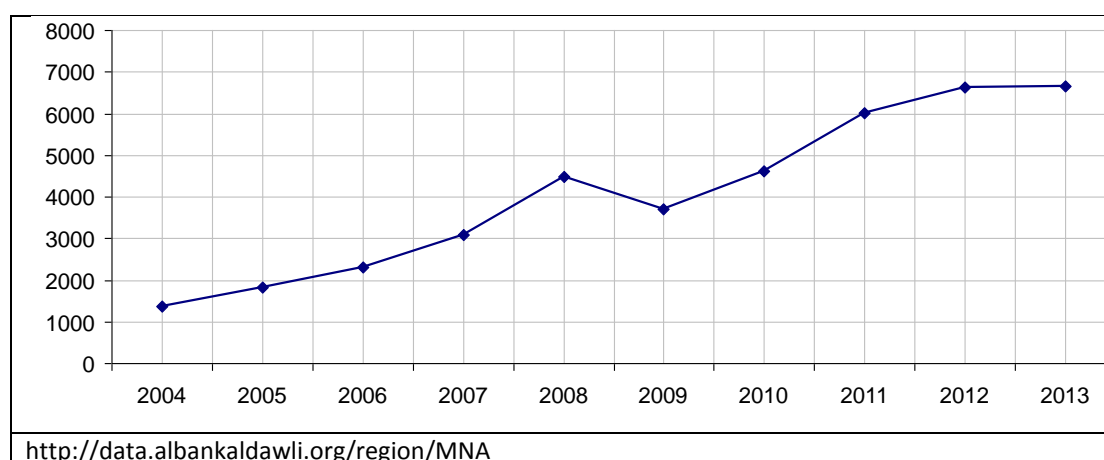
were invested in the defence industry during the 1980s. Military expenditure rose from 0.7 billion dollars in 1970 to 19.8 billion dollars in 1980, equivalent to 38.8% of GDP. By 1981, expenditure had risen to 24.6 billion dollars and 66% of GDP, then 25.9 billion dollars and 54.4% of GDP in 1984 (i.e. around half or two-thirds of GDP between 1981 and 1984). Between the years 1981 and 1985, military expenditure was around 119.9 billion dollars, while oil revenues for that same period totalled to 48.4 billion dollars.¹⁵

Since 2003, there has been an unprecedented rise in oil prices in global markets, which reflected positively on oil export revenues, that grew from about 5.1 billion dollars in 2003, to about 82.9 billion dollars in 2011, recording a total amount of more than 348.3 billion dollars¹⁶ (i.e. 77 billion dollars more than what Iraq had earned in the preceding 35 years). However, throughout this whole period, there has been a tendency to squander oil resources and not consider the 'finiteness' of the resource or the impact of its depletion on future generations.

2.2.2. GDP per capita

Despite having the third largest oil reserves in the world, receiving much development assistance during the past few years, and its ability to reduce its debt backlog because of its inability to pay during the years of international sanctions (1990-2003), Iraq's per capita GDP is still low compared to neighbouring oil-rich countries. At some point, Iraq ranked low in terms of per-capita GDP in comparison to middle-income countries. However, the country has seen a recent improvement in its per-capita GDP, according to the World Bank's estimates.¹⁷

Figure 1: GDP per Capita (in Current USD Prices)



2.2.3. Poverty and inequality

In 1988, the rate of extreme poverty in urban areas was about 3.2% of the population compared to 8.3% in rural areas. However, these percentages rose (due to international sanctions) to 21% in urban areas and 22% in rural areas. Absolute poverty rose from 25% in urban areas and 33% in rural areas, to 72% and 66% in rural and urban areas respectively in 1993. The World Bank estimated that 27.2% of the population lived on less than two dollars per day in 2001.¹⁸

¹⁵ Onur Ozlu, *Iraq Economic Reconstruction and Development*, 2006.

¹⁶ Brookings Institution, *Iraq Index: Tracking Variables of Reconstruction and Security in Post-Saddam Iraq*, July 2012, p.9 (<http://www.brookings.edu/iraqindex>).

¹⁷ <http://data.worldbank.org/income-level/UMC>.

¹⁸ World Health Organization, *Country Cooperation Strategy for WHO and Iraq 2005–2010*, Regional Office for the Eastern Mediterranean Cairo, 2006, p.21.

In 2007, a survey was conducted of the social and economic status of families in Iraq. Based on the results of this survey, the poverty line for 2007 was set using 'Cost of Basic Needs', which sets the poverty line be equal to the cost of a consumption package that is sufficient to meet the basic (food and non-food) needs of the consumer.

It was estimated that food poverty line was 2,332 calories on average (taking into account age, sex, weight, and physical activity, whether in urban or rural areas), and on that basis, the cost of one calorie was estimated at 0.482 dinars and the monthly cost of basic food needs is estimated to be 34,250 dinars per capita. This becomes the food poverty line. And based on the household spending of families that fall on the poverty line, poverty line of goods and services (other than food) was estimated to be 42,646 dinars per person per month. Adding the cost of the basic food needs with the cost of non-food requirements, puts the poverty line in Iraq at 76,896 dinars/ person/ month. It means that 22.9% of the population falls below the poverty line.¹⁹ According to the analysis of the manifestations of poverty, this means that:

- 6.9 million Iraqis (about 16.5% of the households) live below the poverty line, and 39% of the rural population (i.e. 3.4 million individuals) are poor; while 16% of the urban population (i.e. 3.5 million individuals) live below the poverty line, which makes the level of poverty in rural areas more extreme than urban areas.
- The three poorest governorates are Muthanna (49%), Babel (41%), and Salah Eldin (40%). Muthanna's countryside is the poorest in Iraq, followed by Babel's countryside, then Waset, then Elqadiseyya, then Salah Eldeen, then Dhi Elqar²⁰
- The distribution of poverty and the poor varies among the rural and urban areas, and between provinces. At a time when 70% of the population live in urban areas, half the number of poor people are in the countryside. On the other hand, 13% of the poor are in Baghdad alone, and about 11% in Basra.
- On average, the head of a poor household is expected to support 5 individuals, as opposed to only 2.3 individuals in non-poor families. This is still the case despite the general rise in the number of working individuals in poor families.
- 29% of the poor work without pay in the agricultural sector, compared to 11% of the non-poor households. Also, 78% of poor women work without pay in the agricultural sector.²¹
- The unemployment rate in the poorest category of the population is found to be 22.7%, as opposed to 19.3% of the richer category. This is a sign of the weak link between poverty and unemployment. Amongst the unemployed, only 26% are poor.²²
- 75% of poor children enrol in primary school (as compared to 88.4% of non-poor children) and only about 20% continue to middle school, and 11% continue prep school.²³
- 33% of the poor do not have regular access to safe drinking water.
- 35% of the poor do not receive improved sanitation services.

¹⁹ High Committee for Poverty Reduction Strategies, *The Poverty Reduction Strategy in Iraq 2010-2014* [own translation].

²⁰ High Committee for Poverty Reduction Strategies and the World Bank (2014), *Mowaghit Alfaqr Fi Aliraq [Confronting Poverty in Iraq], Istrateegyit Altakhfeef Min Alfaqr 2010 [Poverty Alleviation Strategy 2010]*.

²¹ See previous source, p.324.

²² See previous source, p.311.

²³ See previous source, p.381, 385, 386.

- The percentage of illiteracy among poor individuals aged 10 years and over is 29% (38% for females and 18% for males), the gap in the rural areas (33%) is more than it is in urban areas (18%).²⁴

The poverty analysis showed the uniqueness of the poverty situation in Iraq, where:²⁵

- Iraq is classified as a middle-income country, however, the exceptional circumstances witnessed during the past quarter century have made people even poorer as a result of decline in average per capita gross national income. This was associated with lower levels of social welfare.
- The distribution of individuals according to the average per capita expenditure has revealed that most Iraqis are concentrated around the poverty line, and a few of them fall away from the line. This means that a decrease in income (loss of business or loss of a breadwinner or illness of a family member ... etc.) or a rise in consumer needs has the potential to push a large portion of today's non-poor below the poverty line. If the poverty gap was estimated to be 4.5%, that put the level of consumption of the majority of the poor very close to the poverty line. It would also mean that a relative improvement in their incomes or an increase in their share of government spending on public services could lift them out of poverty. However, the poverty gap varies from one governorate to the other.
- Poverty in Iraq, in contrast to the poverty of most other countries, is not accompanied by high levels of social inequality. This is not due to growth opportunities, but the result of ignoring social investment in favour of the ration card system and non-targeted/non-selective aid to reduce the disparity. Iraq is therefore remarkably homogeneous in the overall distribution of social welfare. Iraq's Gini coefficient²⁶ confirms this. The value of the Gini coefficient ranges between zero, for the case of full equality, and one, which indicates the maximum disparity in income distribution.

The disparity between rich and poor is low in Iraq compared to other countries of the world, since, compared to the value of the Gini coefficient in 128 other countries (for which value of transactions was available), Iraq was ranked 18th. The value of Iraq's Gini coefficient was 0.309, compared with 0.344 in Egypt, 0.353 in Algeria, 0.377 in Yemen, 0.384 in Iran, 0.388 in Jordan, 0.395 in Morocco, and 0.436 in Turkey.²⁷ However, the distribution of disparity between the provinces does not correspond to the general distribution; this shows in the less-poor governorates, where income inequality is higher than it is in the Kurdistan region.

The data indicate that one fifth of the richest households get about 40% of the income while the poorest 20% of the population lives on less than 9% of income in Iraq.

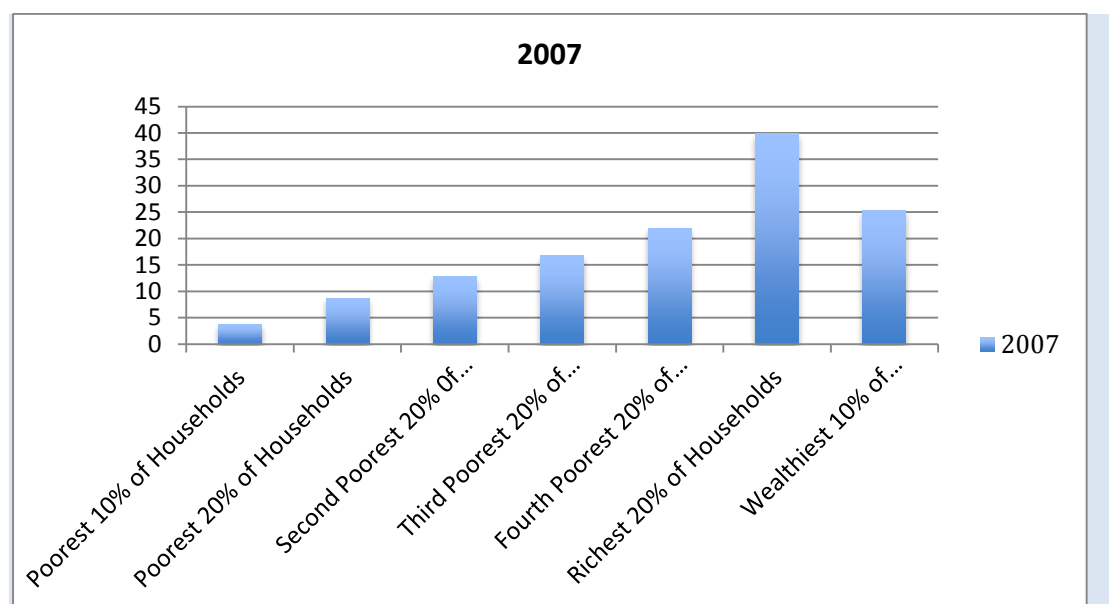
²⁴ High Committee for Poverty Alleviation Strategies in Iraq (2014), *Poverty Alleviation Strategy in Iraq 2010* [own translation], p.23.

²⁵ High Committee for Poverty Alleviation Strategies in Iraq, *Analysis of Poverty in Iraq* [own translation], p.5.

²⁶ A tool that is commonly used to expose the inequities in the distribution of income.

²⁷ High Committee for Poverty Alleviation Strategies in Iraq and the World Bank, *Confronting Poverty in Iraq*, p.211.

Figure 2: Population According to Income Share (%)



If one were to look at poverty rates between different age groups, it would be apparent that the rates are quite close. This is due to the nature of the Iraqi society, which is built on close family ties. For example, the rates of poverty for youth (15-24) is 22%, which is very close to the overall poverty rate (23%). However, it is important to note that the similar rates might affect different age groups differently due to the varying responsibilities that come with the each stage in life.²⁸

From the gender perspective, women are generally poorer than men, but the difference is not very large, because of the nature of prevailing social relations in Iraq, where it is the socially accepted responsibility of men (as heads of the households) to provide for women.²⁹

In 2012 a new family budget survey was conducted, as well as a survey map of poverty. The Ministry of Planning consequently announced a new measure of poverty, according to which the rate of poverty was estimated to be 18.9%. This means that there are about six million people still below the poverty line, which was estimated at about 105 thousand dinars (\$90).

Table 3: General Poverty Indicators, 2007 and 2012

Indicators	2007	2012
Numerical Indicator of Poverty at National Poverty Line (% of Population)	22.4	18.9
Numerical Indicator of Poverty at Poverty Line in Rural Areas (% of Rural Population)	39	30.6
Numerical Indicator of Poverty at Poverty Line in Urban Areas (% of Urban Population)	15.7	14.8
Poverty Gap at National Poverty Line (%)	4.7	4.1
Poverty Gap at Poverty Line in Rural Areas (%)	9.5	7.6
Poverty Gap at Poverty Line in Urban Areas	2.8	2.5

²⁸ Government of Iraq, Central Statistical Organization, *Youth Report 2009*, p.22.

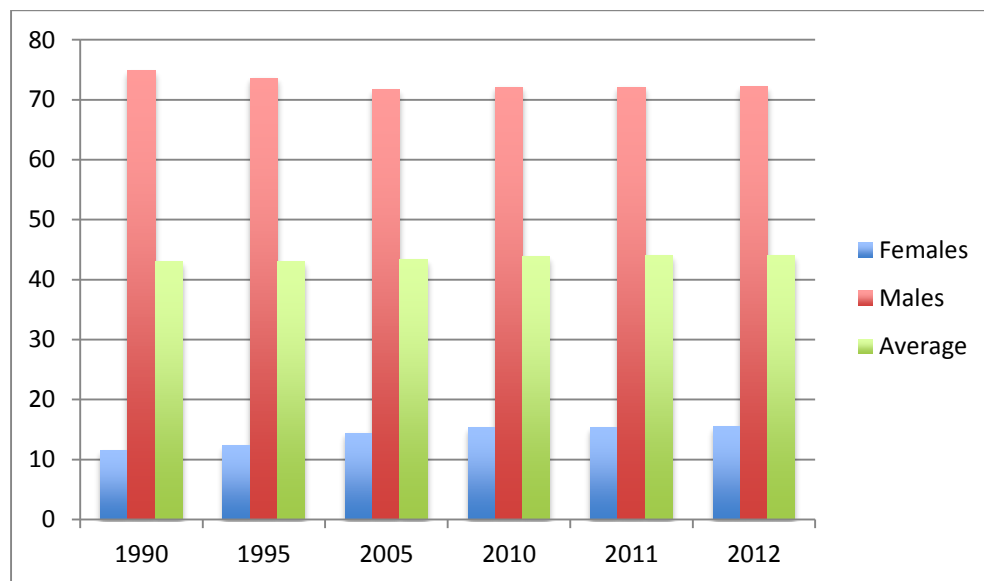
²⁹ Same as previous source, p.23.

As for health and nutrition, prior to 1990, health and nutrition indicators in Iraq had been amongst the best in the Middle East and North Africa. The increased investment in infrastructure in the 1960s and 1970s had led to significant improvements in the healthcare system. Malnutrition was also on the wane. In fact, in the period right before the international sanctions on Iraq, malnutrition had almost been completely eliminated in light of the general improvement of living standards and the ability to afford balanced diets. The situation changed after 1990 due to the international sanctions on trade with Iraq. The country was neither able to export petroleum nor import food and non-food products, leading to a marked increase in malnutrition. Iraq is now considered to be amongst the countries with the highest rates of malnutrition in the region. The rates of emaciation and stunting are increasing amongst Iraqi children. According to data collected by the World Health Organization in 2011, these rates were 22.6% for stunting and 7.4% for emaciation. These conditions lead to adverse effects on the children’s development and future wellbeing.³⁰

2.2.4. Employment and unemployment

The rate of economic participation is low in Iraq compared to other countries in the Middle East and North Africa, due to the lower contribution of women in the labour market. However, despite that, we still find that the labour market suffers from serious problems such as high rates of unemployment and underemployment.

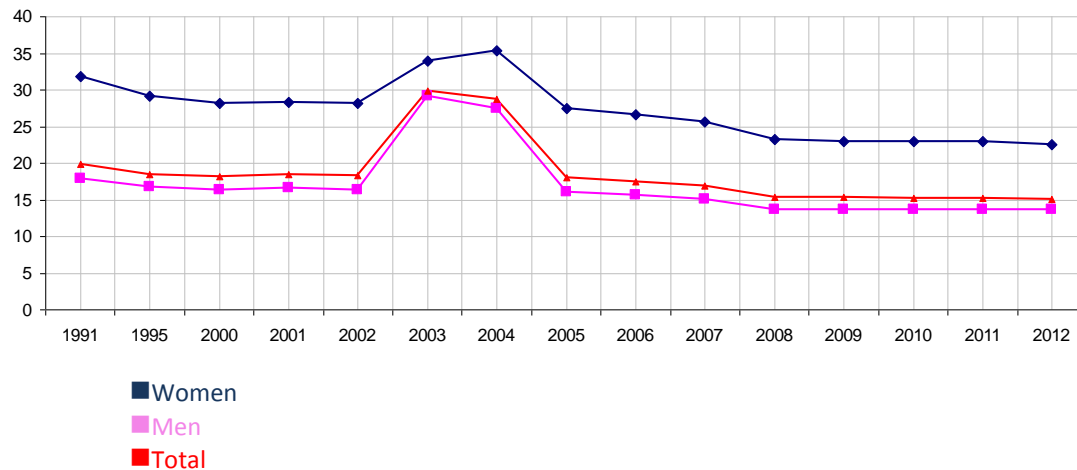
Figure 3: Rate of Labour Force Participation According to Gender (% of Population)



Since 2003, a number of surveys of unemployment have been conducted, revealing a general decrease in the rates of unemployment in the country from about 30% in 2003 to 15% in 2011, but these figures hide significant variations between urban and rural areas and among the provinces. Variations that depend on the vulnerability of certain regions to factors that generate unemployment more than others, and the nature of each region’s economy. But the differences do exist and still remain, and inequalities between regions are more dangerous than the inequality between social classes in a society that is amidst a transition period (in the full meaning of the term), marking a profound shift in structures, institutions and values.

³⁰ <http://apps.who.int/gho/data/node.main.1099?lang=en>.

Figure 4: Unemployment Rates by Gender, 1991–2012



<http://data.albankaldawli.org/indicator/SL.UEM.TOTL.ZS>

According to surveys carried out by the Central Organization for Statistics and Information Technology, the following characteristics are peculiar to unemployment in Iraq:

1. There exists a disparity between Iraqi governorates with regards to unemployment rates. Dhi Qar leads the governorates with the highest unemployment rates, followed by Al-Anbar, Nineveh, Al-Muthanna, and Al-Qadisiyyah. In some cases, namely Dhi Qar and Al-Muthanna, high unemployment rates can be traced back to the nature of their economies, which are dependent on farming and allow limited private sector activity. High unemployment rates in Al-Anbar, Nineveh, and Diyala can be traced back to the lack of security in those governorates. On the other end of the spectrum comes Al-Basrah with the lowest unemployment rates, followed by Wasit, As-Sulaymāniyyah, Babel, Karbala, then Kirkuk.³¹
2. Unemployment is greatest amongst the 15-24 age group, owing to the fact that they account for approximately 30% of Iraq's labour force, and it decreases for higher ages. In 2004, unemployment within the 15-24 age group had reached 43.8%, of whom 46% males and 37.2% females.³² The unemployment rate for that same age group dropped to 34.8% in 2006, 36.9% of whom were males and 27.4% females. Another reason for the high rate of unemployment amongst the 15-24 age group is that the rate of female unemployment is three-fold the rate of female participation in the labour force, owing to the failure of the public sector to provide employment opportunities, especially for women. The overall unemployment rate in Iraq almost matches the unemployment rate amongst the 15-24 age group.
3. The reported drop in overall unemployment rates in Iraq in 2005 has little to do with the job market and more to do with a change in the definition of unemployment. In line with the standards of the International Labour Organization, if a person were to

³¹ Central Organization for Statistics and Information Technology (COSIT), *Survey of Unemployment in Iraq 2008* [own translation].

³² Iraq Ministry of Planning and Development Cooperation, Central Organization for Statistics and Information Technology (COSIT), *2004 Survey of Unemployment*.

earn money for working for just one hour per week, they should not be considered unemployed.³³

4. Unemployment is more severe in urban areas than rural, partially due to lower female unemployment in the countryside, which reached a low of 10% between 2003-2011 compared to 22% female unemployment in urban areas between 2003-2005 and 35% urban female unemployment in 2011. The urban-rural disparity can be traced back to greater competition for limited work in the city. Rural women work in farms for lower wages or with their families for free. This gives men the chance to work outside the farms, with less competition on non-farming jobs.
5. The agricultural sector in Iraq is unable to provide enough jobs for a growing rural population. This encourages rural residents to move to the city in search of jobs in the services and construction sectors. This shows the importance of investing in creation of non-farming jobs in rural Iraq. Offering jobs outside the agricultural sector in rural areas provides more diversified means of generating income for rural residents.
6. The gender unemployment gap can be traced back to previously mentioned unemployment characteristics affecting those under the age of 25, where the number of eligible female workers is increasing, while job opportunities in the public sector are decreasing.
7. An inverse relationship exists between unemployment and education, where unemployment is more common among those with little-to-no education. According to the 2007 Household Socioeconomic Survey in Iraq, the rate of unemployment amongst people with a middle school education or lower is 57.9% of the overall number of unemployed people in Iraq. Whereas the rate of unemployment for the recipients of above a middle school education is 29.1%. The high rate of unemployment amongst the recipients of a higher education (5.4%) and bachelor's degree holders (13.9%) shows the irrelevance of Iraqi higher education to the needs of the job market. Most recipients of higher education opt for degrees in Accounting, Management, Economics, Linguistics, Law, and Politics, reflecting the popularity of those specializations in the job market and their higher chances of being employed by the state. Fields like Medicine and Arts have, consequently, become less popular.

While more than 50% of those with a middle school education or higher end up being employed in the popular sector, less than a fifth of uneducated people find the same employment opportunities. Around 50% of Iraq's uneducated labour force work in agriculture.

8. Despite the drop in economic activity, and scarce work opportunities for women, the actual rate of unemployment can increase with an increase in activity.
9. The real danger lies in long-term unemployment rather than any other type. However, limited job opportunities, a decrease in the growth rate, and Iraq's heavy dependence on the petroleum field, make the prospect of long-term unemployment very likely for a large number of people.

³³ Pal Sletten and Lauay H. Rashid, *Comparison of Iraqi Labour Force Statistics, FAFO- Paper 2005:12*, p.10. Available at: (<http://www.fafo.no/pub/rapp/776/776.pdf>).

2.2.5. Economic prospects

Since 2010 there has been a significant improvement in the rate of economic growth. Where in 2010 the rate of economic growth was 5.6%, it went up to more than 8.4% in 2012 and was expected to reach 9.0% in 2013, which would have been the highest rate of economic growth the Iraq had seen in 3 decades. These optimistic expectations were based on increases in both the production of crude oil and the activities of other sectors in the economy (especially trade, building and construction, transportation, and general services).

In 2014, public finances might seem in good condition. Oil revenues have allowed for an increase in general expenditure by 100% between the years 2009 and 2013: from 80.3 billion dinars in 2010 to 94.3 billion dinars in 2011, then to 109.4 billion dinars in 2012, then to 121.8 billion dinars in 2013.³⁴ This increase has influenced the future expectations (of expenditure) for Iraq (see predictions of IMF experts in table 7). However, with a recent unexpected drop in oil prices, the situation has changed since late 2014. In 2015, Iraqi oil has been selling at \$41 per barrel instead of \$120 per barrel (as it was the previous year). This drop in prices has forced the Iraqi government to reconsider its future budget/expenditure plans. In addition to limiting public expenditure to 119.6 billion dinars, the Iraqi government has taken other austerity measures, such as decreasing the rate of employment in the public sector and imposing a compulsory savings scheme on all public sector employees. The government has also increased taxes, especially on telecommunications and Internet services.

While the future of Iraq's financial situation is currently unclear, the government does face the challenges of maintaining fiscal discipline and finding alternative (stable) sources of income while at the same time meeting increasing security demands and the restoration of disaster-stricken areas.

Table 4: Iraqi Government's Budget for 2010–2015 (Trillions of Dollars)³⁵

Item	International Monetary Fund Estimates						Public Budget Estimates
	2010	2011	2012	2013	2014	2015	2015
Public Revenues	73.6	104.6	119.4	126.1	135.8	147.3	94.0
Petroleum Revenues	59.9	93.4	109.4	117.9	126.7	137.0	78.6
Public Expenditure	80.3	94.3	109.4	121.8	129.3	137.6	119.6
Current Expenditure	56.2	66.8	75.8	81.8	85.9	85.9	77.6
Investment Expenditure	24.1	27.5	33.6	40	43.4	51.7	41.9

The Central Bank has succeeded in reducing the inflation rate in 2011 and keeping it under control in 2012 and 2013. The bank also succeeded in stabilizing the exchange rates and significantly increasing the foreign-exchange reserves. Reserves increased from \$8 billion in 2004 to more than \$50 billion in 2005 and then \$77.7 billion in 2013.³⁶

³⁴ IMF: *Iraq – Article IV Consultation* (www.imf.org/external/arabic/pubs/ft/scr/2013/cr13217a.pdf).

³⁵ Source: see above.

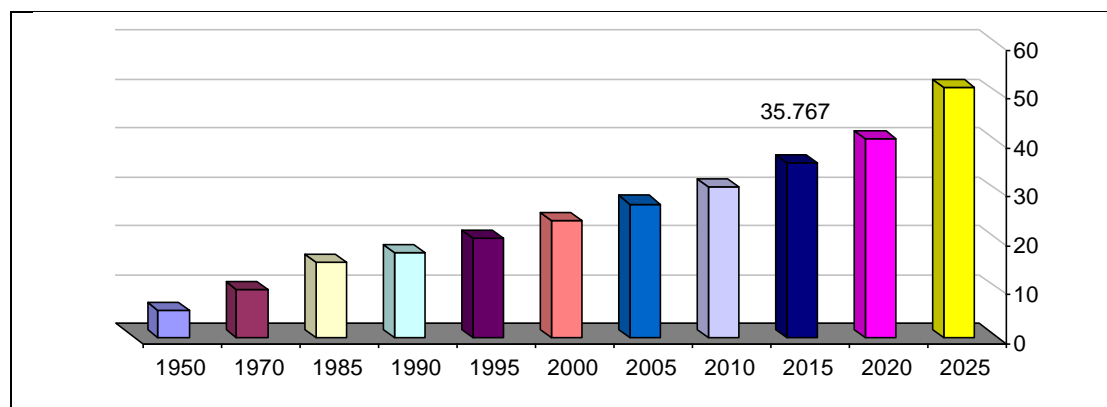
³⁶ <http://api.worldbank.org/v2/ar/country/irq?downloadformat=excel>.

2.3. Demographics

2.3.1. Population size

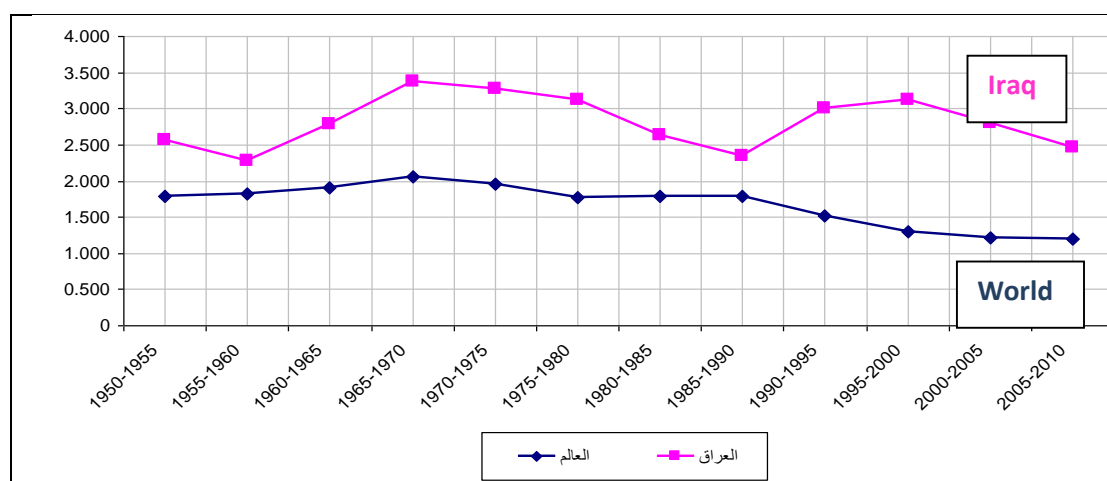
Iraq's population grew in a manner that was rapid, continuous, systematic, but independent from (and dissimilar to) the state of its economy and its political and military developments, especially in the 20th century. This is confirmed by the results of the 5 general population censuses. In 1934, Iraq's population was 3.38 million people. The number increased to 4.82 million in 1947, then to 6.5 million people in 1957, then to 12 million in 1977. By the end of the century (1997), Iraq's population had reached 24 million people. And although the census scheduled for 2007 was never conducted, it is estimated that Iraq's population as of 2009 was 31.6 million people.³⁷

Figure 5: Evolution of Iraq's Population, 1950–2025 (Million People)



According to the latest estimates the size of Iraq's population reached about 33.765 million in 2013. That number is expected to exceed 40 million people in 2020. This large increase can be attributed to Iraq's high population growth rate compared to the global average. It was estimated to be 2.89% in 2013, which was more than double the global average.³⁸

Figure 6: Iraq and World Population Growth Rates, 1950–2010 (%)



³⁷ The National Commission on Population Policy and United Nations Population Fund (UNFP), *Iraq Population Situation Analysis Report 2012*.

³⁸ United Nations, Department of Economic and Social Affairs, Population Division, *World Population Prospects: The 2012 Revision*, New York, 2013, p.388.

2.3.2. The demography of youth population

A decrease in child mortality rates since the 1970s, coupled with an increase in fertility rates, has led to a widening of the base of Iraq's population pyramid. Due to an increase in the number of children, then an increase in the youth population (15-29) to about 28%, according to estimates by the year 2011. This sets the size of the youth population to around 9 million people.

In spite of the relative decline in fertility rates since the middle of the last century, they are still high compared to developing countries, with an estimated total fertility rate of 7.2 children/woman for the period (1950–1955), which dropped to 6.7 children per woman for the period 1980 to 1985, and then down to 6.0 for the period 1985–1990, and then down to 5.7 for the period 1990–1995. In 2011 the rate fell to 4.6 children per woman in Iraq in general and 3.5 children in the Kurdistan region.³⁹

Figure 7: Population by Age, 2010 (Millions)

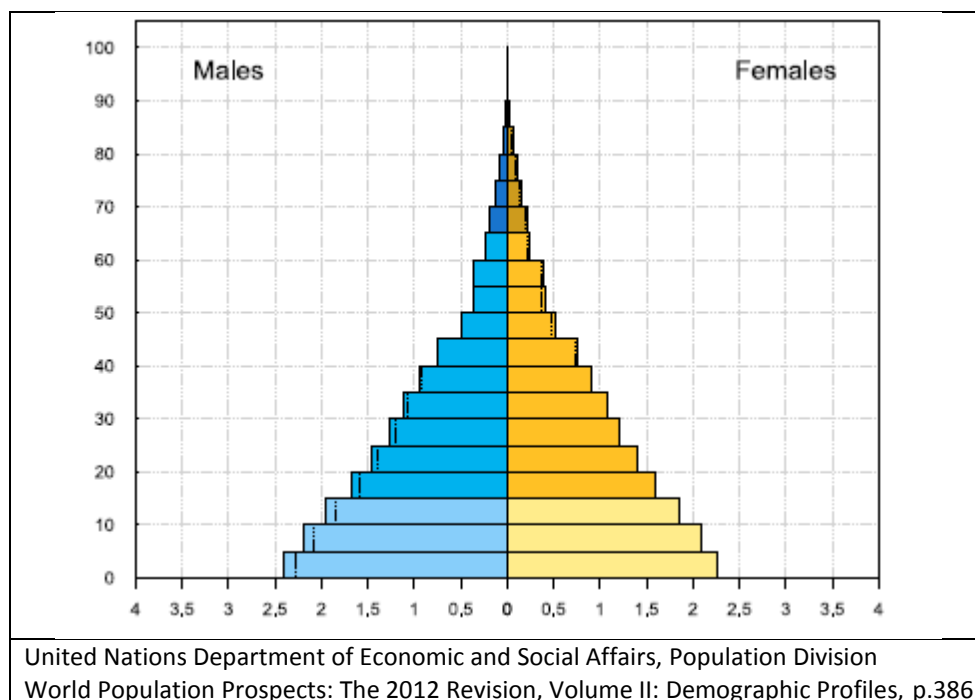


Figure 7 shows that there is a high proportion of youth aged 10-14 relative to the 2 succeeding age groups (and all 3 tiers are bigger in Iraq than in other developing countries). Therefore, most of the Iraqi youth are in the adolescence stage, which requires the state and society to work towards providing programs that help train the youth physically, intellectually, and psychologically for them to be able to contribute to society. The demands of the latter 2 tiers (15-19 and 20-24 years), however, are different, seeing as many youths are approaching a new stage in life that entails making important life choices which include: joining the labour force, settling down and raising a family, or continuing their education.

Tiers on the other end of the pyramid are experiencing changes that are likely to significantly increase the number of people in the older age groups. Despite low life expectancy, especially among males, the size of older age groups has the potential to increase from 1.69 million people in 2013 to 2.4 million people in 2020.

³⁹ Iraq National Population Commission and the United Nations Population Fund, source previously mentioned, p.56.

These changing population dynamics will inevitably affect the age and economic dependency ratios, both of which are elevated due to an increase in the number of dependent residents in Iraq. In 2010, the overall age-dependency was 83.1%. This rate is expected to drop to 69.2% in 2020 due to an estimated decrease in the lower age groups (i.e. children), an increase in middle-age adults, and an increase in the number of elderly citizens. This process should start accelerating during the second half of the current century.⁴⁰ Additionally, the current increase in fertility rates calls for the setting of population policies that address this increase and the analysis of the effect of this increase on the work and productivity of women.

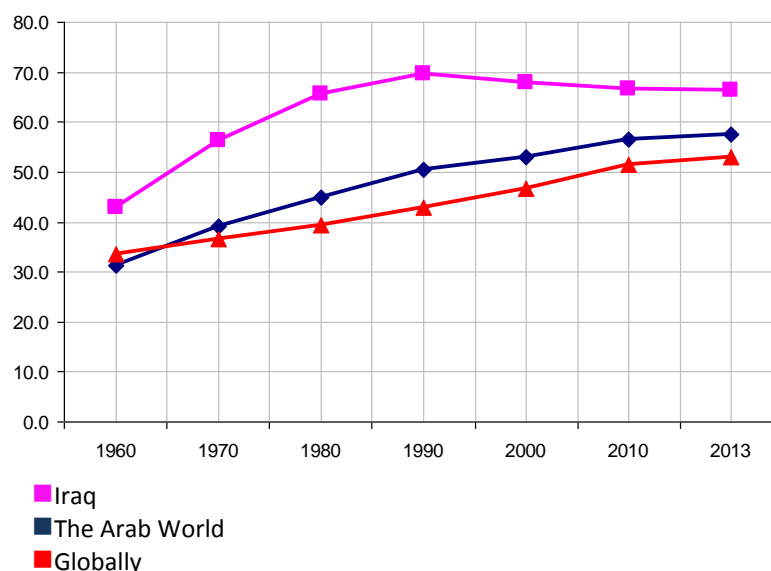
2.3.3. Rapid urbanisation

The migration from rural to urban areas is the most important form of internal migration in Iraq. Rural-to-urban migration became very popular in the 2nd half of the 20th century in Iraq. The disparity in economic and social conditions and in the distribution of services between rural and urban areas played a key role in shaping the migration movement among the population; a pattern that matches that of many other Third World countries since the middle of last century. Rural migration occurs as a result of two main factors:⁴¹

- The desire to live in the city and have access to services that might not be available in the countryside
- In search of jobs

As the figure below shows, in 1960 Iraq’s urban residents comprised 42.9% of the overall population. This rate rose to 69.7% in 1990 and then dropped to 66.4% in 2013.

Figure 8: Increase in Urban Population in Iraq and Globally



<http://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS>

⁴⁰ United Nations Department of Economic and Social Affairs, Population Division, *World Population Prospects: The 2012 Revision, Volume II: Demographic Profiles*, p.386.

⁴¹ National Population Commission and United Nations Population Fund, source previously mentioned, p.31-32.

As the figure shows, the percentage of urban residents in Iraq exceeds both the global average (53% in 2013) and the average of other Arab countries (57.5% in 2013).

In the 1940s and 1950s, agriculture was a source of livelihood for over 60% of the population. This rate decreased over time until it reached its lowest levels by the mid-1990s (28.5%), only to bounce back to 40% in 1997⁴² due to the economic sanctions imposed on Iraq, which changed the structure of the country's economic activity and led the government to revert its attention back to agriculture to satisfy the population's nutritional needs.⁴³

Large-scale urbanization has led to the following:

- The state's attention is now focused more on providing services for urban residents and developing the cities rather than rural areas.
- A decline in the amount of fertile land
- Economic activity in urban areas is limited to agriculture and animal farming
- It has also affected the social conditions in the countryside and relations between farmers (peasants) and landowners

Table 5: Population Distribution in Various Governorates According to Geographic Area

Governorate	1987		1997		2009	
	Urban	Rural	Urban	Rural	Urban	Rural
Nineveh	67.6	32.4	61.9	38.1	60.8	39.2
Saladin	40.2	59.8	45.0	55.0	44.2	55.8
Kirkuk	75.4	24.6	70.5	29.5	71.7	28.3
Diyala	46.2	53.8	42.2	57.8	48.9	51.1
Baghdad	100.0	0.0	89.4	10.6	87.2	12.8
Al Anbar	57.6	42.4	52.7	47.3	48.4	51.6
Babil	46.5	53.5	47.9	52.1	47.2	52.8
Karbala	71.0	29.0	66.0	34.0	66.5	33.5
Najaf	72.8	27.2	69.9	30.1	71.1	28.9
Al-Qādisiyyah	56.4	43.6	52.9	47.1	56.5	43.5
Muthanna	49.3	50.7	44.8	55.2	43.7	56.3
Dhi Qar	53.3	46.7	59.1	40.9	62.9	37.1
Wasit	52.8	47.2	53.2	46.8	57.9	42.1
Maysan	61.6	38.4	66.1	33.9	72.4	27.6
Basra	72.3	27.7	79.8	20.2	79.9	20.1
Erbil	77.4	22.6	77.4	22.6	83.2	16.8
Dohuk	74.6	25.4	74.6	25.4	73.4	26.6
Sulaymaniyah	71.5	28.5	71.5	28.5	84.9	15.1
Total	70.2	29.8	68.4	31.6	72.4	27.6

2.3.4. Human development trends

The latest Human Development Report (2014) ranks Iraq 120th on the list after it had come in at 131 in 2013. This is due to improved income rates and the country's improved ranking among upper-middle-income countries.

⁴² Republic of Iraq, Ministry of Planning, *National Development Plan 2010-2014*.

⁴³ The National Commission on Population Policy and the United Nations Population Fund, source previously mentioned.

Regarding literacy among adults, the average was 78.5% for the period 2005 to 2012. The rate was higher among the youth population, 82.4% of whom could read and write. Nevertheless, literacy rates in Iraq are still relatively low in comparison to the global averages (81.2% and 87.9% respectively).

However, there are serious problems with regards to enrolment in the advanced grades of education. The higher the grade, the lower the rate of enrolment. According to data (2012-2013) the rate of enrolment in primary school (as a percentage of population of primary school age) is 107%, while the rate was 53% for secondary education and 16% for higher education.⁴⁴

Table 6: Education Indicators in Iraq in Comparison to Other Countries

Indicator	Year	Iraq	Arab World	The World
Literacy Rates Amongst Adults	2005–2012	78.5	77.0	81.2
Literacy Rates Amongst Adolescents	2005–2012	82.4	89.9	87.9
Rate of Enrolment in Primary School	2003–2012	107.0	105.0	108.0
Rate of Enrolment in Secondary School	2003–2012	53.0	76.0	74.0
Rate of Enrolment in Higher Education	2003–2012	16.0	28.0	31.0

Source: UNDP, *Human Development Report 2014: Reducing Vulnerabilities and Building Resilience*, Table 9

Although Iraq had concrete achievements in the field of health prior to 1990, economic sanctions have led to an almost complete collapse of the health system due to the lack of financial resources, a severe lack in medical equipment and medicine, and medically trained staff. The infant mortality rate, which measures the number of deaths amongst children under the age of 1 from the total number of births during a certain period of time, is higher in Iraq than that in neighbouring countries.

Also, the number of malnourished children in Iraq (a child's weight in relation to their age, for children under 5 years of age) is around double that of any neighbouring country.⁴⁵

Table 7: Health Indicators in Iraq in Comparison to Other Countries

Indicator	Year	Iraq	Arab World	The World
Infant Mortality Rate	2012	28	28	35
Mortality Rate for Children (5+ yrs)	2012	34	37	47
Adult Females Mortality Rate (for Every 1000 Individuals)	2011	116	111	127
Adult Male Mortality Rate (for Every 1000 Individuals)	2011	207	116	188
Malnutrition Amongst Children (Moderate or Severe Stunting)	2008–2012	22.6	27	-
Severe or Moderate Obesity Amongst Children	2008–2012	11.8	-	-

Source: UNDP, *Human Development Report 2014: Reducing Vulnerabilities and Building Resilience*, Tables 7 & 8

⁴⁴ United Nations Development Program (UNDP), *Human Development Report 2014: Reducing Vulnerabilities and Building Resilience*, Table 9.

⁴⁵ <http://data.albankaldawli.org/indicator/SH.STA.MALN.ZS>.

Chapter 3. Social protection policies and institutions

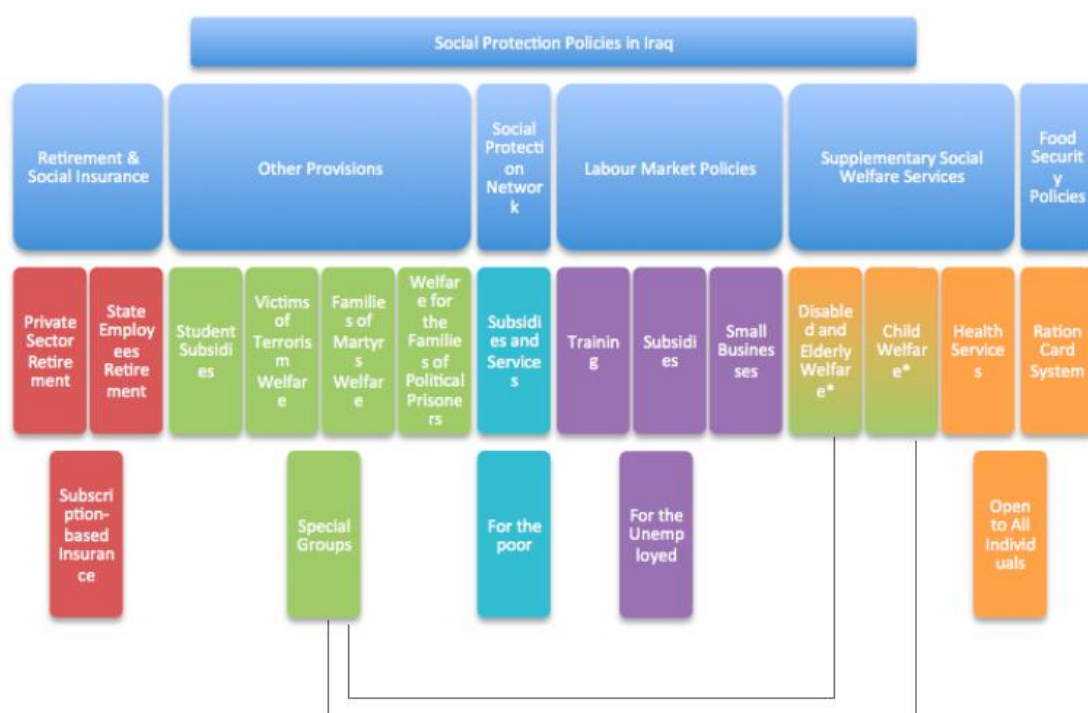
For the purposes of this report, social protection will be defined as the steps taken as a means of countering/responding to degrees vulnerability, risk, and deprivation that are considered unacceptable in a certain political context or society.⁴⁶ These ‘risks’ refer to potential occurrences that might have adverse effects on household savings and consumption (e.g. unemployment, disease, livelihood-threatening risks).

Social protection in Iraq comes in various forms: governmental, non-governmental, permanent and temporary, new and old. It includes institutional arrangements that provide government support for social purposes (subsidies and services). It also includes civil society provisions (e.g. Zakat, Khums) and the relevant laws and regulations.

3.1.Policies and strategies

Social assistance in Iraq comes in various forms, leading to the division of the responsibility of social protection amongst a great number of authorities (or bodies). The lack of a unified strategy prevents these bodies from cooperating leading to the duplication of social protection benefits. Additionally, some of these bodies offer social security programs indiscriminately without an assessment of the beneficiaries’ needs.

Figure 9: Social Protection Policies in Iraq



*Also considered to be “Special Groups”

⁴⁶ Andy Norton, Tim Conway & Mick Foster, *Social Protection Concepts and Approaches: Implications for Policy and Practice in International Development*, Overseas Development Institute, Working Paper 143, London, February 2001, p.21.

Generally we can distinguish between two types of policies on social protection in Iraq:

- Permanent policies: include the retirement system for employees of government and non-government, and the social welfare system and the system of care for women.
- Temporary policies: include the ration card system, and the poverty alleviation strategy.

3.1.1. Permanent policies

The following policies have become a permanent/stable parts of the state's social policy.

3.1.1.1. State Employees' Pension System

The first pension law in Iraq was issued on the 10th of June in 1922. It declared operative the provisions of the Ottoman pension law.⁴⁷ This law was in effect, albeit with many adjustments over the years, until the more elaborate Civil Service Retirement Act No. 12 was issued in 1930. In 1940, another civil service retirement act, No. 43, was issued in May. It included 53 Articles that were divided amongst 6 sections.

The 1940 act was succeeded by the following 3 laws:

1. Law of Civil Pension No. 33 of 1966
2. The Unified Pension Law No.27/2006, covering state employees
3. The Unified Pensions Law No.9/2014, covering state employees

The recent provisions of the retirement law apply to all state and public sector employees, temporary staff, those in charge of public service, and state employees in the mixed sector recruited before 9 April 2003 who have retired (or are retiring) due to illness or disability, old age or death. Perhaps the most important gains implied by law is to double the minimum pension (Article 21/IV). The law also provided new gains for working mothers. Another positive aspect of the law is that it addressed multiple types of retirement in a single law. However, articles 37 and 38 of the law were said to have granted special privileges to members of the House of Representatives (as the articles distinguished between different categories of retirees). However, after a wave of protests against those unjust privileges, the articles were overturned. Another law is currently in the works.⁴⁸

Despite the fact that laws and regulations relating to social protection gave citizens additional rights and privileges and increased the number of beneficiaries eligible for social protection, the application of the programs was not nearly as perfect as it looked on paper. This was especially true for those working outside the state institutions. In reality, the national retirement system covered only 15% of the public sector workforce.⁴⁹ Perhaps the most important outcome of this law is that it established an independent entity to manage the national retirement fund. This entity will be responsible for managing deposits of financial assets according to actuarial bases.

According to the World Bank pension systems face problems related to efficiency, equity and sustainability of funding. These problems have been summarized as follows:

⁴⁷ *Iraqi Legal Database*.

⁴⁸ Interview with Dr. Sanaa Al-Mosawy, Consultant at the General Secretariat of the Council of Ministers.

⁴⁹ World Bank, *Pensions in Iraq: Issues, General Guidelines for Reform and Potential Fiscal Implications*.

1. A mandate in terms of income replacement that is too ambitious and precludes an efficient diversification of savings for retirement
2. Benefit formulas and eligibility conditions that damage incentives and make the system vulnerable to adverse distributional transfers
3. A dual system that increases administration costs, affects the mobility of the labour force and distorts the labour market
4. Implicit rates of return on contributions that are above sustainable levels and compromise the long term viability of the system, even in the absence of an aging population
5. Weak governance structures and administrative capacity.⁵⁰

3.1.1.2. The social security system for workers

Iraq's Social Security Law No.27 of 1956 controls social security in the private sector and has rendered eligible for social security any employer with 30 or more employees.

After the establishment of the republic of Iraq, several laws were issued to expand the scope of social security. These include:

- Social Security Law No.140 of 1964
- Social Security Law No.112 of 1969, which covered public and private sector employees, but excluded those working in the informal sector.
- Law of Pensions and Social Security No.39 of 1971, which expanded the scope of social security regardless of the number of employees in a certain organization

The social security system has faced many serious challenges. The sanctions imposed on Iraq have depleted its fund, thereby causing a drop in the number of people covered by the system. After 2003, the Ministry of Finance took control of what remained of the system's financial assets. Iraq's social security system was handed over to the control of the Ministry of Finance in 2010 and then was returned to the Ministry of Labour and Social Affairs sometime later.

The system today faces serious challenges including a decrease in the number of subscriptions of those covered by the system, and the deterioration of the financial position of the Social Solidarity Fund, as well as the lack of seriousness of the state and private sector institutions to apply the provisions of the law.⁵¹

3.1.1.3. Social welfare system ('social protection network')

The social safety nets are essentially projects or programs for transfers that are not based on contributions, with the aim of helping vulnerable groups face the repercussions of the exceptional circumstances and dangers such as economic crises, natural disasters and wars. So it is aimed at helping these groups to improve their income-earning capacities and accumulation of human capital in order to enable them to get out of poverty.

In 2005 the Ministry of Labour and Social Affairs established the social protection network to serve as a mechanism for the redistribution of income in favour of the poor. The network's establishment coincided with the start of a number of economic reforms that are related to the lifting of subsidies on some commodities, particularly oil derivatives. Except for a small subsidy on kerosene, direct fuel subsidies were eliminated in 2008.

⁵⁰ World Bank, *Pensions in Iraq: Issues, General Guidelines for Reform and Potential Fiscal Implications*.

⁵¹ Interview with Mr Jamal Abdul-Rasool Ghaeb.

The basic objectives behind the creation of the network are:

- raising the standard of living of the poor
- create a system to handle requests/demands of the recipients of care
- establish an effective system for storing and processing data on beneficiaries
- monitoring cases of unemployment and helping job seekers find employment opportunities for generating income.

The network's beneficiaries have been identified as follows:

1. The unemployed
2. The disabled (blind and quadriplegic patient, regardless of age, disability and work entirely from the age of 15 years and above)
3. Minor orphans
4. Married students (to be supported until their completion of undergraduate studies)
5. Families of inmates and missing people
6. Those who are completely unable to work due to old age or illnesses (men & women)
7. Heads of families who are unable to work due to acts of terrorism (by 50% or more)
8. Widows
9. Displaced populations
10. Divorcées.

However, several obstacles impeded the application of the program. Perhaps the most serious one was that the network became vulnerable to the unjust or careless application of the beneficiary selection-criteria, which has led to the exclusion of many poor people.⁵² That is in addition to bureaucratic procedures, the lack of a clear information base, the lack of social researchers, and their exposure to threats.⁵³

Families and individuals are included in the network on the basis of receiving little to no income. The number of subsidy beneficiaries until the 25th of June 2014 are estimated to be 472,255 people, of whom 144,788 are unemployed.⁵⁴

The amount of the aid rises with an increase in household size (see Figure 10). According to the subsidy system applied during the period 2006-2014, the family of one individual receives 65,000 dinars per month (equivalent to \$55).⁵⁵ The amount of the subsidy increases with the increase in the number of family members, until it reaches the maximum level when the number of individuals is 6 or more. The subsidy for that level is worth 150,000 dinars.

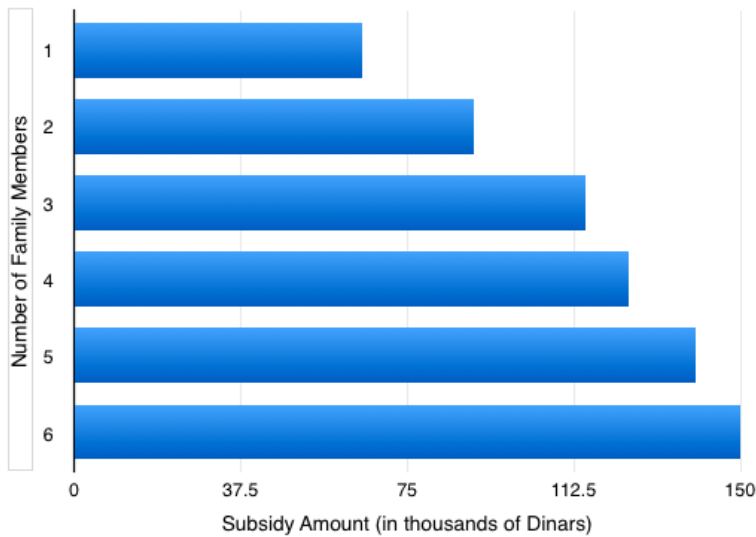
⁵² Interview with Dr Salem Goma'a Abdul-Sahib, Director General of Social Welfare, Ministry of Labour and Social Affairs, Baghdad on 13 August 2014.

⁵³ Interview with Jamal Abdul Rasool Ghaeb, Deputy Director General of Social Welfare, Ministry of Labour and Social Affairs, Baghdad on 13 August 2014.

⁵⁴ Ministry of Labour and Social Affairs, Department of Social Welfare, Administrative Data.

⁵⁵ \$1 is equivalent to approximately 1116 Dinars.

Figure 10: Subsidy Ceiling in Relation to Family Size, 2006–2014



However, the application of the social protection network system over the past years has achieved a series of positive results, including:⁵⁶

- Covering about 750 thousand households according to 2013 data.
- The deployment of the social protection network system in all provinces in the country.
- Improving social protection-related IT infrastructure.
- Building the capacity of workers in the field of social protection.

The new Social Protection Law No.11 of 2014 is a gateway to revolutionizing the social protection system in Iraq, with its greater scope and more stable institutions. The Social Welfare Act No.126 of 1980 has been suspended along with all its reforms, which had been in effect for 35 years. The new, more comprehensive, law brings the country one step closer towards establishing a modern social protection system. It is influenced by successful social protection systems in developed countries and avoids the errors of previous social protection experiences in Iraq.⁵⁷ It targets Iraqi families and individuals as well as foreign nationals residing in Iraq who live below the poverty line and it allows for the redefinition of target groups (if needed) without having to refer to a legislative authority.

The Social Welfare Act No. (126) covered the following categories of people:

- A widow or divorcée, mothering minors or disabled adult children who live with her and are entirely unable to work – if the widow or divorcée were to remarry, her children would still qualify for the subsidy, unless they joined nursery school or moved in with their father.
- Minor orphans.
- Those who are completely unable to work due to illness or handicap or age.
- The family of an inmate, if his sentence is more than one year (as long as the sentence is final).

⁵⁶ Interview with Mr Jamal Abdul-Rasool Ghaeb, conducted on the 30 August 2014.

⁵⁷ Interview with Mr Jamal Abdul-Rasool Ghaeb, conducted on 13 August 2014.

Beneficiaries of this law will be defined through demographic targeting that will rely on annual poverty data and social research. The new law will depend mainly on the poverty map prepared by the Central Bureau of Statistics as a first step in reaching the poor. In the second phase, field visits will be conducted by social workers to those who have been targeted by the map as a means of investigating their actual living conditions.⁵⁸ The application of this law will start during this year (2015).

While in the Kurdistan region, the Social Welfare Act of 1980 is still in effect. People with disabilities are afforded special benefits that range 250-260 thousand dinars, depending on the severity of the disability.⁵⁹

3.1.2. Temporary schemes

Temporary schemes are policies that came in response to emergency or exceptional cases. It is interesting to note that these programs are now considered to be more important from the beneficiaries' viewpoint. They include:

3.1.2.1. Ration card system

The establishment of the ration card system came about in order to cope with exceptional circumstances that resulted from the blanket ban imposed by the Security Council in the wake of the invasion of Kuwait in August 1990. The system was originally meant to cover all residents of Iraq. The Ministry of Trade quickly learned how to manage the system efficiently and seemed to be very attached to it given the scarcity of resources during that time. The ration card system represented the only gateway out of this unfavourable situation. On the other hand, there are others; such as suppliers, brokers, agents (local shop owners), and millers; who benefit from the system, seeing as it relates to their work.

This system was originally designed to be a temporary solution for a specific emergency (i.e. sanctions), but it has yet to be discontinued. It can be said that by treating all Iraqis equally, this system achieves absolute justice, however, its indiscriminateness is actually considered to be one of the disadvantages of the ration card system. Instead of targeting the whole population, the system should be oriented towards those who are in need of aid.

Since it began, this system went through crises and revivals. Following the war, Iraq lost a lot of its strategic reserves and was forced to reduce the amount of commodities offered through the ration card. Food was limited to flour, rice, sugar, and ghee in small quantities and low quality during that time. This changed following the Iraqi state's acceptance of the Security Council resolution 986 (1995) which allowed Iraq to export limited quantities of petroleum and petroleum products *"as a temporary measure to provide for the humanitarian needs of the Iraqi people until the fulfilment by Iraq of the relevant Security Council resolutions, including notably resolution 687 (1991) of 3 April 1991"*.⁶⁰

The Saddam Hussein regime continued to use ration cards as a means of pressuring its opponents into submission.⁶¹ The system still operates in the same way that it did when it was

⁵⁸ Executive Management for the Poverty Reduction Strategy, *Follow-up on the implementation of poverty alleviation strategies 2013, Third Annual Report*, p.13 [own translation].

⁵⁹ Interview with Ms Najah Jalil Khalil, Assistant Director General, Ministry of Labour and Social Affairs, Kurdistan Regional Government. Interview conducted on 30 October 2014.

⁶⁰ United Nations, (1995), *Security Council resolution 986 (1995)*. [online] Fas.org. Available at: <http://fas.org/news/un/iraq/sres/sres0986.htm> [accessed 11 Mar. 2015].

⁶¹ Hasan Latef Kazim Al-Zubaidi, *The ration card system: 95% of Iraqis want it*.

first established. The same methods of distribution and targeting are still followed by the same concerned authorities. Also, the databases used to operate the system have yet to be updated. Until today (2015), the system still uses the same paper coupons that used to be issued on a yearly basis before 2012, and have since been issued every 2 years. Distribution is still being carried out through the same food brokers and agents (local shopkeepers) that are located in residential areas (estimated at around 50,000 agents). These shops are essentially traditional grocery stores that each cater to a specific group of households (families) in accordance with their proximity to the store.

Having operated for so long (since 1990), the ration card system has become a staple for many Iraqi families, but many do not need its benefits. In 2012, more than one-third (35%) of food consumed in Iraq came through the PDS, but in some governorates this was as high as 80%.⁶²

A public expenditure review conducted by the World Bank in 2014 found that the PDS accounts for 11.2% of total government spending and 6.1% of GDP, which is very high. The World Bank agrees that the PDS keeps many households “out of deep poverty, but it is very costly and inefficient, as food rations are provided to wealthy as well as poor households”.⁶³ Subsidising food, most of which is imported, undermines agriculture and local food markets.

Given its elevated status and popularity among Iraqis, subsequent governments have chosen not to tamper with the system (neither working on adjusting the targeting mechanisms nor reducing the commodities offered through the system in preparation for its termination). In fact, the government announced its commitment to ration cards despite the system’s inconsistency and inefficiency throughout the years – one estimate found that it costs \$6 to transfer \$1 worth of food through the PDS.⁶⁴ Today, weak management stops the program from realising its intended potential.

Since 2010, the Ministry of Trade has engaged in a process of reforming the PDS while strengthening social safety nets for vulnerable groups, with support from WFP. The World Bank is also promoting PDS reforms, which includes improving management systems and targeting ration cards at the poorest 10 million Iraqis by 2015, down from 32 million in 2010.

3.1.2.2. Poverty Reduction Scheme

On the basis of quantitative measurements of the conditions of the poor provided by the social and economic surveys of households in Iraq in 2007, the poverty reduction scheme was designed and adopted by the government in late 2009. The aim was to reduce the poverty rate by one-third through:

- Increasing income for the working poor
- Improving the level of health for the poor
- Improving education of the poor
- Improving housing for the poor
- Improving social protection for the poor
- Reducing the disparity between poor women and men.

(<http://www.niqash.org/articles/?id=2006&lang=en>).

⁶² WFP (November 2012), *Food Security, Living Conditions and Social Transfers in Iraq*, p.2.

⁶³ World Bank. 2014. *Republic of Iraq Public Expenditure Review: Toward More Efficient Spending for Better Service Delivery*. Washington DC: World Bank. p.49.

⁶⁴ Same as above.

These outcomes will be achieved through running 87 activities that will result in 27 different types of outputs. The poverty reduction scheme has been running since 2012 owing to the dedication of 445 billion dinars from the investment budget to run 24 activities. In 2013, the amount of money committed to the scheme was increased to 605 billion dinars, with the intention of setting up more than 50 of the 87 planned activities.⁶⁵

3.2. Institutional arrangements

Institutional arrangements are the policies, systems, and operations used by organizations for planning and organizing their joint activities. With respect to social protection systems institutional arrangements include ministries and government agencies that bear responsibility for the provision of various social programs, safety and security nets, as well as development partners (donor agencies and international financial institutions, non-governmental organizations, and local civil society organizations) that contribute to designing, financing, management, and implementation of social protection programs and safety nets.

3.2.1. Government

The Ministry of Labour and Social Affairs is the chief actor in the social protection system. This role is supported by the Ministry of Commerce is responsible for the task of managing the ration card system, which represents a comprehensive system that aims to secure nutrition for the whole population. Other ministerial bodies involved include Ministry of Finance, which manages the pension system; Ministry of Planning, which runs the 'Executive Management for the Poverty Reduction Strategy'; Ministry of Displacement and Migration, which sponsors programs targeting internally and externally displaced Iraqis. There is also the General Secretariat of the Council of Ministers, which oversees the institutions of the martyrs and political prisoners.

Ministry of Labour and Social Affairs:

Established in 1940 as 'The Ministry of Social Affairs'.⁶⁶ Its main function is to protect certain groups of people as outlined in relevant laws, mainly the Social Welfare Act No.126 of 1980 and the adjusted Ministry of Labour and Social Affairs Code No.8 of 2006. Essentially, the ministry is responsible for carrying out social protection policies for the welfare of workers, the elderly, and people with disabilities; in addition to ensuring maternal and child welfare. The ministry has been managing the social protection network since 2005 through its two departments for the social protection of men and women. In 2008 when the social welfare department was established it was annexed to the office of the prime minister. It would later be returned to the Ministry of Labour and Social Affairs in 2012.⁶⁷

In December of 2013, the tasks and function of the Department of Social Welfare for Women were issued. These were as follows:

- Providing aid for women with little-to-no incomes and no guardians
- Training women and empowering them economically
- Educating women.

⁶⁵ Executive Management for the Poverty Reduction Strategy, p.5.

⁶⁶ Was known as The Ministry of Social Affairs until 1963, when it was changed to the Ministry of Labour and Social Affairs.

⁶⁷ Interview with Soria Al-sultany, Director General of the Department of Social Welfare for Women, conducted on 31 August 2014.

In 2010, a law for the devolution of the departments of the Ministry of Labour was issued (Law No.18 of 2010). This law would give governors the responsibility of running these departments. The departments would continue to function in accordance with the ‘Law of Governorates Not Incorporated into a Region’ No.21 of 2008. The decision to devolve the departments would later be deemed unconstitutional by the Iraqi Federal Supreme Court.⁶⁸

A new ‘Social Protection Council’ was established in accordance with law No.11 of 2014. This council is associated with the Ministry of Labour and Social Affairs and will alter its organizational structure. Perhaps the most important alteration will be the abolition of the Social Protection Network and taking over its function. Article No.6 of the social protection law ties the amount of aid provided through the Social Protection Council to the poverty line. Article 6 also discusses targeting mechanisms and terms for receiving aid as follows:

Table 8: Social Assistance Ceiling According to the 2014 Social Protection Law

Family Size	1	2	3	4+
Amount of Social Assistance (in Dinars)	105,000	210,000	315,000	420,000

Ministry of Commerce (MOC):

It is generally uncommon for ministries of commerce to be involved in social protection, but due to its heavy involvement in the implementation of the ration cards system through its Department of Planning, Iraq’s MOC is one of the exceptions. In fact, these functions now constitute more than 70% of its overall workload.

The Department of Planning carries out the following functions in relation to the ration card system:

- Setting up rationing programs and supplying all the rationing branches with statistical databases
- Overseeing the availability of sufficient nutritional supplies in hospitals
- Printing ration cards and overseeing their distribution
- Updating ration card databases
- Monitoring the activity of rationing branches
- Running statistical analyses of the importing and processing activities of various ministry-affiliated companies, to determine optimum quantities
- Preparing action plans for companies and offices affiliated with the ministry and overseeing their implementation (in coordination with said companies/offices)
- Monitoring and supervising the ministry’s transportation fleet, responsible for the timely transfer of goods (especially ration card commodities) from the ports to rationing branches (i.e. local shops).

The Ministry of Finance (National Board of Pensions):

This board aims to serve former state employees, be it former military, civilian, or security personnel. The Iraq State Pensions Fund is one of the board’s most important arrangements, serving the function of calculating the pension rights of those covered by the adjusted Unified Pensions Law No.27 of 2006. The board also collects contributions from state employees and

⁶⁸ Federal Supreme Court Decision No.44 of 2010.

investing a proportion of it. The board has offices in every Iraqi governorate, handling the rights of pensioners according to the regulations in each governorate.

Ministry of Displacement and Migration:

This ministry looks out for the interests of the many people who have migrated or have been displaced in Iraq due to sectarian violence, in addition to the families that were expelled during the Ba'ath rule (1986–2003). The ministry also cooperates with international organizations to manage camps for Syrians in Al-Qaem (Al-Anbar), Domiz and Bardarash (Duhok), Baserma (Erbil). The ministry also looks after the Palestinian refugees who came to Iraq in 1984.

Ministry of Planning (Executive Management of the Poverty Reduction Strategy):

On the 24th of November 2009, the council of ministers approved the implementation of the poverty reduction strategy (PRS) and allocated the consequent tasks to the relevant authorities. By the end of 2010, the Executive Management of the Poverty Reduction Strategy (EMPRS) was established. Soon after, EMPRS came to have its representatives around all Iraqi governorates and an additional 28 employees were hired to represent EMPRS within the various relevant ministries and provide support for the implementation of the PRS. Since its establishment, EMPRS has released 3 reports annually, describing its activities and the work carried out by the various relevant ministries with regards to the implementation of the PRS.

EMPRS is responsible for the following tasks:⁶⁹

1. Coordinating with relevant ministries and governorates regarding implementing the strategy and the urgency of some strategy-related activities over others.
2. Overseeing the implementation of the PRS and supervising the monitoring and evaluation program
3. Direct supervision of preparation of reports discussing the strategy's implementation, obstacles to its implementation and recommendations for its success, and submitting the report to a technical committee
4. Carrying out the supreme committee's instructions and recommendations
5. Preparing for and supervising the undertaking of statistical surveys and studies that help implement and assess the strategy
6. Cooperating with international organizations and donor countries in order to receive technical and financial support that will help implement the strategy
7. Coordinating the strategy's implementation with Kurdistan's Ministry of Planning.
8. Working with the relevant authorities (those managing the investment budget) in the Ministry of Planning to ensure annual budget allocations
9. Distributing yearly allowances to ministries and governorates to support the PRS activities. The size of the allowances depends on the poverty rate in each governorate and the amount of poverty-reduction activities carried out by the ministries
10. Coordinating with governorates and ministries to decide on yearly priorities for poverty reduction programs
11. Updating the poverty line on a yearly basis in accordance with inflation indicators and survey results
12. Preparing a poverty map and updating it on a yearly basis.

⁶⁹ Republic of Iraq, Ministry of Planning, Executive Management of the Poverty Reduction Strategy, [Tasks of the Formation of the Poverty Reduction Scheme in Iraq, Baghdad] [own translation], 2003.

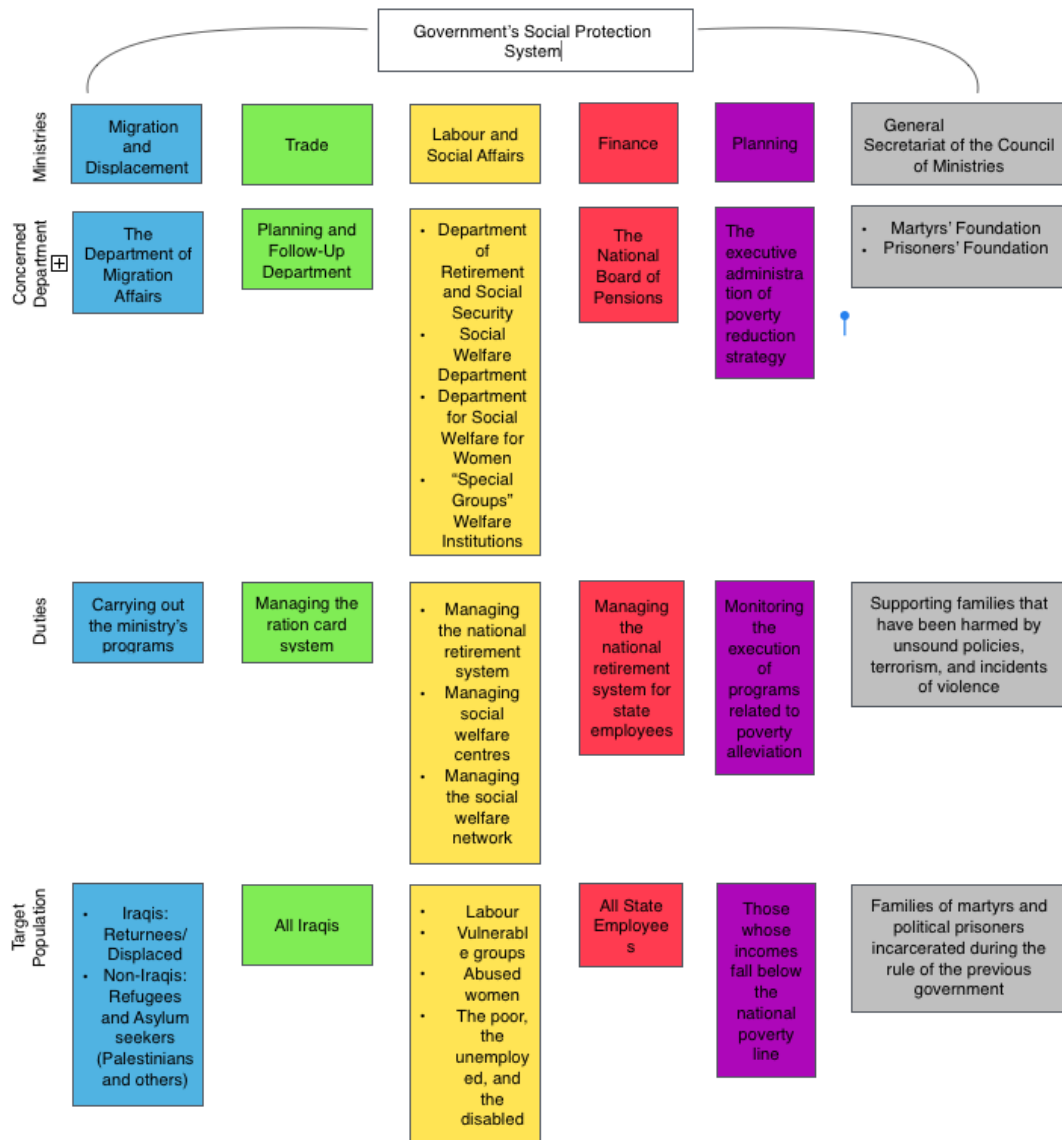
Martyrs Foundation:

The organization began its work on 26 December 2006. It has an independent legal personality and financial autonomy and is linked to the premiership. It is designed to address the general situation of the families of martyrs and to compensate them financially and morally.⁷⁰

Political Prisoners Foundation:

Founded in 2006. Serves a function that is very similar to that of the Martyrs Foundation, except that it is concerned with political prisoners.⁷¹

Figure 11: The Iraqi Government's Current Plan for Social Protection Programs



The structure of the government in Kurdistan region is similar to that of the rest of Iraq, except for their establishment of a ministry for martyrs⁷² and differences within the institutions responsible for social protection programs. The Ministry of Labour and Social Affairs in Kurdistan has 4 departments ('directorates-general') for welfare and social development in

⁷⁰ Law of the Martyrs' Foundation No.3 of 2006 (edited).

⁷¹ Law of the Prisoners' Foundation No.4 of 2006.

⁷² Interview with Dr Sherine Housny, MP in Kurdistan, conducted on 30 October 2014.

Erbil, As-Sulaymāniyyah, Dohuk, and Ckrmaan, in addition to the Social Reform Department⁷³ and the Department of Labour and Social Insurance.⁷⁴⁷⁵

3.2.2. Non-governmental arrangements

The non-governmental (or informal) system of social protection targets, mostly, groups that are not covered by programs that are financed and managed by government institutions. This is very close to being a social assistance mechanism. A wide variety of non-governmental organizations exist in Iraq, some of which are active in the provision of social protection (e.g. caring for the poor, the orphans, widows, divorcées, and the displaced).

The system includes the following types of non-governmental organizations:

Civil Society Organisations: According to official data, there are 1,978 registered non-governmental organizations in Iraq, 44% of which are located in the capital Baghdad alone. In terms of the nationality/origins of these organizations, 1,920 are local organisations and 57 of them are foreign.⁷⁶ The activities of these institutions vary, but a significant proportion focus on providing support and aid to disadvantaged and vulnerable groups, through the provision of cash grants and in-kind services such as legal advice. But, mostly, we find that the activities covered by these institutions are the same areas covered by the governmental institutions of social protection, albeit with limited resources. Despite the lack of statistical data about the size and nature of services provided and the number of beneficiaries, it can be said that the number of beneficiaries is still limited and dependent upon resource availability.

Faith-Based Organisations: In the past few decades, a number of religious institutions have emerged in the name of religious actors and entities, which are active in the community. These institutions play an important role in social protection because they relate to the various forms of Islamic charity (i.e. Zakat, Khums, and alms) offered by the religious people in the Muslim community.⁷⁷

During the years of economic sanctions, these institutions provided basic shelter for vulnerable groups in Iraq, (after the state had neglected them). Faith-based organizations also provided social welfare services such as healthcare and education.

For example, religious figures in Najaf, Karbala and Kadhimiya own social institutions that provide social welfare services to various social groups (poor, orphans, widows, the disabled). These institutions are funded by money that is provided by various Muslim members of the Iraqi society (in the form of Zakat and Khums).

The 'general secretariat of holy Shiite shrines/mosques' have come to play a very important role in Najaf, Karbala, and Kadhimiya. Their influential role amongst the Muslim community gives them access to considerable financial resources, which they are responsible for making use of during times of crisis. For example, the Imam Ali Holy Shrine was able to collect more than 500 million dinars (about 456 thousand dollars) at the beginning of the 2014 IDP⁷⁸ crisis

⁷³ Own translation.

⁷⁴ Own translation.

⁷⁵ Interview with Ms Najah Jalil Khalil, Assistant Director General, Ministry of Labour and Social Affairs, Kurdistan Regional Government, conducted on 30 October 2014.

⁷⁶ Secretariat General for the Council of Ministers, Non-Governmental Organizations Department. Visited on 19/Aug/2014 (http://www.ngoao.gov.iq/uploads/certificate_org/NGO_S_30_6_2014.pdf).

⁷⁷ See also chapter 6.

⁷⁸ Internally displaced person.

in Mosul. Most of the money had come from the office of supreme religious authority Ali al-Sistani, in addition to about a million dollars provided by donors from outside Iraq and donations, contributions offered by the Secretariat for the displaced and the needy. Within days they were able to raise 756 million dinars. These resources allowed the secretariat to care for more than 78,000 displaced people, who have been resettled on the road between Karbala and Najaf. The Imam Ali Holy Shrine continues to provide food, necessary durable goods (air coolers, refrigerators, clothes, etc.) and services to these IDPs.⁷⁹

Government institutions have responded to the role played by the holy sites through logistical support and the provision of food baskets. The Electoral Commission, in turn, has helped create a database for the displaced using a database of their own voters. The Secretariat is planning to create 17 schools for about 17 thousand displaced students, run by about 600 displaced teachers. That is in addition to the establishment of six health centres, and providing obstetric care (with an average of 25 births a day).⁶⁵

3.3.Schemes related to social protection and food security

In light of the existing institutional structure, the wide (unfocused) distribution of the responsibility of social protection is apparent. In fact, some officials have complained of the lack of coordination at the level of a single ministry, let alone across separate institutions.⁸⁰ Weak coordination was manifested in the lack of response to emergency situations (e.g. the 2013 flooding of middle and southern governorates in Iraq or the conditions of Iraqis displaced from Mosul since June of 2014 due to violence).⁸¹

The newly instated social protection law (No. 11 of 2014) should help overcome this issue, since a central objectives of the law is to encourage the cooperation of the social protection authority and various relevant ministries to provide the following services (Article 9):

- Assisting those targeted by the authorities subsidies in entering the labour market
- Education, healthcare and housing
- Raising awareness of family planning
- Childcare and organizing events for children
- Labour force training
- Investigating the situation of all members of a family and identifying those who are able to work.

In addition, the mechanism of action and the means of forming high commissions for social protection in different governorates require coordination between a number of bodies to determine who is entitled to receive subsidies from the Authority. Moreover, the Social Protection Fund⁸² is administered by a board of management that comprises representatives

⁷⁹ Interview with Mr Zahir Muhammed Reda, Deputy Secretary General for the Imam Ali Holy Shrine, Najaf, conducted on 18 August 2014.

⁸⁰ Interview with Dr Salem Jomaa Abdul-Sahib, Director General of the Social Welfare Department, Ministry of Labour and Social Affairs, Baghdad, conducted on 13 August 2014.

⁸¹ Interview with Mr Zahir Muhammed Reda, Deputy Secretary General for the Imam Ali Holy Shrine, Najaf, conducted on 18 August 2014.

⁸² The fund is a new structure that was established as part of the Social Protection Law No.11 of 2014. The fund is managed by a board of directors that is headed by the head of the social protection authority, the heads of the authority's departments, and additional members from the relevant ministries (finance, education, health, planning, justice and interior). The fund is composed of financial allocations from the national budget; subsidies, grants, and donations; half the legacy of people with

from the ministries of Labour and Social Affairs, Finance, Education, Health, Planning, Justice, Interior, in addition to any other body that the head of the social protection authority sees fit. Lastly, the law is inclined towards a more decentralized form of management relative to the previous arrangements.

With regard to food security, Iraq's Ministry of Commerce monopolizes the role of achieving food security, since ration cards play a critical part in the process. According to data published in 2011, the level of food deprivation in the country is about 5.7%, despite a recorded rise in daily calorie consumption per person (to 2,810 calories). More than one million of those deprived individuals reside in the three provinces of Baghdad, Basra, and Dhi Qar. Despite a decline in the relative importance of the ration card items in satisfying calorie needs, it still provides about 35.5 % of calories per person per day on average.⁸³

By the end of 2012, in an attempt to coordinate food security efforts, the Ministry of Commerce adopted a strategy of creating strategic food reserves using the commodities distributed through ration cards. This is despite its support of the decision to exchange food supplies for money. This strategy comes in line with Law No.37 of 2011, the first article of which states: "providing strategic stocks of essential materials and commodities through working with the private sector to prepare and establish the needed storage space".⁸⁴ The cost of creating said storages is estimated to be 2.6 billion dollars.

no heirs; 1% of public company profits; (0.0025) of state employee salaries; returns on investment of the fund's money; and, finally, 1% of tourism revenues. (Source: Social protection law no.11 of 2014, Articles 18 & 19.).

⁸³ Central Organization for Statistics and World Food Program (2012), *Alamn Alghidhaa'y Wa Zoroof Alma'eeshah Wa Altahweelat Aljtimaa'yya fi Al'iraq [Food Security, Living Conditions, and Social Transfers in Iraq]*, WFP, p.6.

⁸⁴ Own translation.

Chapter 4. Social protection programs and safety nets

4.1. Policies

Social security policies in Iraq are linked to the country's economic transition to a market economy; a process that the state has been fostering since 2005. The political economy of the transition period has not created a clear vision for the transformation process, rendering its contours uncertain. Government social protection policies are also influenced by the state's social and economic decisions, fiscal and monetary policies, and the structural imbalances in the economy, due to the influence of those choices on the population. Therefore, making the right choices with regards to the aforementioned policies can have positive social effects in addition to helping determine the scope of social protection programs.

Nevertheless, the interventionist attitudes of the state continue to coexist along with recent steps towards economic liberalization. Ongoing government support coincides with unprecedented levels of economic freedom. Many public services are still heavily subsidized, impacting prices and wages negatively and distorting the cost structure.

Iraq's economic reform process is in need of redefining the country's economic and social goals to reflect the country's new social contract. Unfortunately, social protection programs lack defined objectives. In fact, some strategies, specifically the ration cards system, obstruct economic reform.

As previously mentioned, the following 4 main schemes exist within the social protection framework in Iraq: state-employee retirement system, social security for workers, ration card system, and the social protection network. These systems continue to operate independently from one another with incomplete databases.

4.2. Programs' main goals

The pension system is the oldest system of social protection in Iraq, yet, it is currently facing competition from the new institutions established in 2006, such as the institutions of the prisoners and martyrs system. The services and benefits of these programs could have been combined into one. However, due to political reasons this is not likely to happen.

The main reason behind establishing the ration card system was to achieve food security and counteract the debilitating effects of the economic sanctions imposed on Iraq in 1990, by providing families with basic food items. However, due to continuing food security issues, especially prior to implementing the Oil-for-Food Program in 1996, the ration card system was not discontinued. And despite the eventual improvement in Iraq's food security status and the government's ability to satisfy basic needs through imports, the ration card system continued, albeit for political reasons.

According to the 2011 Iraq Knowledge Network Survey, around 80% of the households received at least one of the ration card items during the period (2010-2011), while 65% of them received at least two items, and only 25% received at least three items. Less than 5% of households are likely to receive the system's full benefits.⁸⁵ Flour is one of the items most commonly delivered to families through ration cards, with 71% of households receiving it. Rice

⁸⁵ Republic of Iraq, Ministry of Planning, Central Statistical Organization, *Iraq Knowledge Network Survey 2011*.

follows at a rate of 64%, then olives and cooking fat at 30%. Only 5% of families with children under the age of 2 receive the baby milk that the system was meant to afford them.

More than 90% of households in Al-Muthanna and Al-Anbar governorates reported receiving flour, while in Dohuk and Wasit only 57% and 42% of households, respectively, reported receiving flour. Households in Babel and Karbala received rice on almost every month, while those in Wasit and An-Najaf received rice rations only 27% and 44% of the time, respectively. This is despite An-Najaf governorate being one of the country's biggest producers of rice.

4.3. Coverage, targeting and types of support

According to a 2012 survey of the social and economic status of families in Iraq, approximately 98% of households own ration cards. 95% of individuals receive basic foodstuffs under this system⁸⁶ and the distribution remains indiscriminate (i.e. without taking living conditions and food security of individuals into account).

The state-employees' pension system is slightly more generous. The system comes at a greater cost despite covering only 15% of the labour force. The current number of public sector retirees is estimated to be 800,000. The number for the private, mixed, and cooperative sectors combined was 15,810 in 2012 (see table below). According to the latest surveys available, the number of people covered by the pension scheme and social security amount to about 46.3% of wage earners.⁸⁷

Table 9: Number of Public Sector Retirees and Other Retirees

Year	Public Sector Retirees	Private, Mixed, and Cooperative Sector Retirees			
	Number of Retirees	Pensions (Billion Dinars)	Old-age Retirement	Descendants pension	Disability and Unemployment Pensions
1996	262463	3.3	4473	10908	1931
1997	265592	3.4	4664	11065	1928
1998	283363	12.6	4838	13873	2374
1999	270354	13.0	5039	10379	2400
2000	824094	17.0	4775	9105	1978
2001	844605	38.8	4548	7666	1889
2002	872525	0.0	5182	6599	1518
2003	870693	919.9	5960	8931	–
2004	148876	–	6850	16029	247
2005	1603275	1104.9	6584	7816	1105
2006	1672544	1996.2	6140	7266	1002
2007	1712564	3816.7	6258	7638	959
2008	1787632	2786.1	6334	7785	959
2009	1731624	–	6461	7629	995
2010	1744790	–	6754	7693	1011
2011	797163	–	6909	7756	1099
2012	812669	–	6942	7742	1126

⁸⁶ Republic of Iraq, Ministry of Planning, Central Statistical Organization, *Iraq Household Socioeconomic Survey 2012*.

⁸⁷ See previous source.

The activities of both social welfare departments are centred on the provision of financial aid to beneficiaries, considered to be one of the more important benefits for the recipients. The departments' other activities include a housing project for widows, with around 314 beneficiaries in 2013. They have also offered small loans and agricultural loans, the latter of which is managed in cooperation with the Ministry of Women's Affairs. They have also run projects for the distribution of residential lands.⁸⁸

Table 10: Beneficiaries of Social Protection in Iraq, by Governorate and Gender

Governorate	Women on Welfare	Men on Welfare	Total Beneficiaries
Baghdad	112577	68771	181348
Al Anbar	19981	21405	41386
Basra	38090	27997	66087
Kirkuk	11476	13224	24700
Al-Qadisiyyah	19090	18619	37709
Muthanna	12764	14080	26844
Najaf	19962	20764	40726
Babel	19923	28742	48665
Diyala	12462	22737	35199
Dhi Qar	23471	31344	54815
Saladin	21495	15898	37393
Karbala	16340	16123	32463
Maysan	18075	17200	35275
Nineveh	43970	41722	85692
Wasit	16751	22243	38994
Total	406425	380867	787292

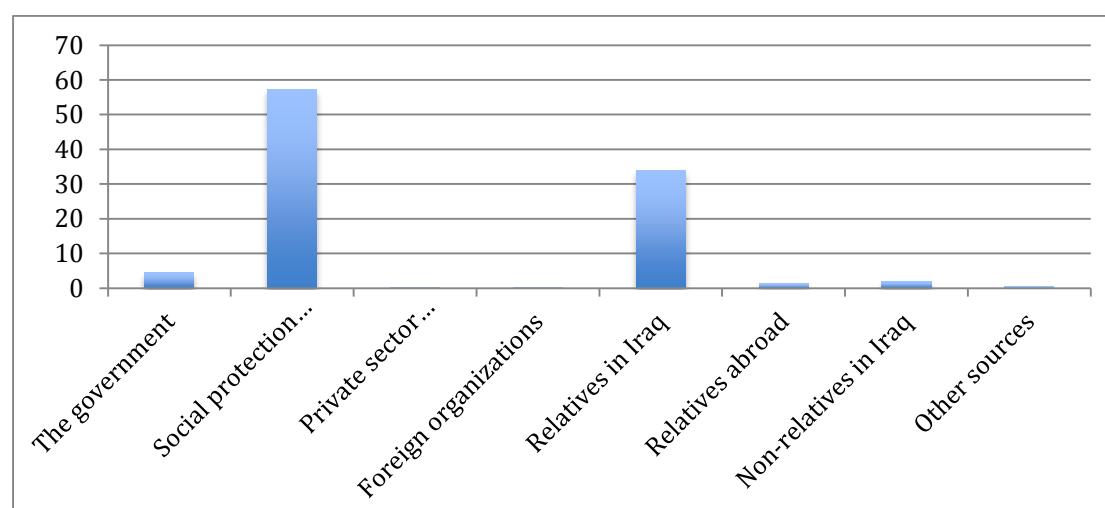
Other institutions in Iraq offer cash benefits (with the exception of the ration cards program, which provides essential food products). The departments concerned for the welfare of children or people with disabilities provide services that satisfy the needs of these groups.

Additionally, the Establishment of Martyrs and the Political Prisoners Foundation provide financial support and various other services for those who qualify for such schemes. This is considered to be more of a means of compensation rather than social protection, as the funds provided cover the costs of pilgrimage, education, and healthcare within Iraq as well as abroad.

According to a survey of socioeconomic status of families in Iraq in 2012, the social protection network had served as the main source of support (aid) received by the families during the previous year. 57% of those who had required aid were able to obtain it through the social protection network. Coming in at 2nd place was aid that was provided by relatives (also living in Iraq). 34% of those who had required aid were able to obtain it from relatives who were also living in Iraq. While only 1.4% of those surveyed were able to obtain support from relatives who reside outside Iraq.

⁸⁸ Republic of Iraq, Ministry of Labour and Social Affairs, *Women's Welfare Department, Annual Report 2013*, p.12.

Figure 12: Main Sources of Aid for Iraqi Families Last Year⁸⁹



However, the social protection network remains incapable of targeting and reaching out to Iraq's marginalized rural community. Data collected about social protection programs shows a tendency to focus on urban centres rather than remote rural areas.⁹⁰ In addition, data obtained from the 2012 Household Socioeconomic Survey shows that social protection covers 17.3% of the poor, while the other 87.2% included are, technically, not poor.⁹¹

The number of people benefiting from the social protection network in Kurdistan are estimated to be 224,768 people as of September 2014. Half of those beneficiaries are people with disabilities (PWD). 37% benefit from the subsidies offered by the social protection network, 8.5% receive unemployment benefits (university students), while 3% receive small loans. Less than 2% are abused children (see table below).

Table 11: Number of Social Protection Network Beneficiaries as of September 2014⁹²

	Erbil	As-Sulay-māniyyah	Dohuk	Ckramaan Administration	Total
Social protection network	25316 (30.2%)	31819 (37.9%)	20489 (24.4%)	6231 (7.4%)	83855 (100%)
PWD	40114 (36.2%)	37151 (33.5%)	25884 (23.4%)	7596 (6.9%)	110745 (100%)
Small businesses	2148 (30.6%)	2104 (30.0%)	2032 (28.9%)	737 (10.5%)	7021 (100%)
Unemployment insurance	5518 (28.9%)	8551 (44.8%)	3873 (20.3%)	1155 (6.0%)	19097 (100%)
Abused children	4057 (99.7%)	7 (0.2%)	4 (0.1%)	0 (0.0%)	4068 (100%)

⁸⁹ Republic of Iraq, Ministry of Planning, Central Statistics Agency, *Household Socio-Economic Survey in Iraq 2012*, p.460.

⁹⁰ Interview with Dr Salem Joma'a Abdul-Sahib, conducted on 2 September 2014.

⁹¹ Deduced from data provided in the Socioeconomic Survey 2012.

⁹² Source: Ministry of Labour and Social Affairs, Kurdistan Region, internal date [in Kurdish].

4.4. Monitoring and evaluation (M&E)

Expanding the scope of the Social Welfare Department has led to a doubling of beneficiaries, which, in turn, led to the department's inability to deal with the added responsibility that overwhelmed its limited financial and human resources. The government's insistence on nation-wide coverage and the lack of stable targeting mechanisms led to what can be called 'random inclusion'. This explains why the data collected in the 2012 Household Socio-Economic Survey in Iraq indicates a deviation in the targeting of deserving beneficiaries.

Table 12: Distribution of Poor and Non-poor Families according to Location and Inclusion in the Social Protection System⁹³

Households economic status	Location	Inclusion in the Social Protection System		
		Included	Not included	Total
Non-poor	Urban	6.4	93.6	100.0
	Rural	7.8	92.2	100.0
	Total	6.7	93.3	100.0
Poor	Urban	11.2	88.8	100.0
	Rural	9.7	90.3	100.0
	Total	10.5	89.5	100.0
Total	Urban	6.9	93.1	100.0
	Rural	8.3	91.7	100.0
	Total	7.3	92.7	100.0

This has resulted in the distortion of the internal M & E system, limiting it to becoming an *a posteriori* process that functions after aid has already been delivered.

Both the Pensions and Social Welfare departments run preliminary audits of people covered by those programs. Pensioners are re-registered and their profiles are updated. Annual questionnaires are distributed to amongst the beneficiaries to confirm their existence and their residence in Iraq.

Databases and information systems used by social protection institutions are inadequate and incomplete. And despite operating on a networked database with its offices all around Iraq and routinely cross-checking the data available with various ministries to detect those who are unlawfully taking advantage of the social protection network, the ministries' reluctance to provide information about their own employees renders the process incomplete and deficient. However, the Ministry of Labour and Social Affairs runs annual audits with employees to root out those who abuse the social protection network (by illegally taking advantage of its benefits). These audits have allowed for the retrieval of more than 42 billion dinars from abusers of the Social Welfare Department (for men)⁹⁴ and 8.443 billion dinars from around 5,926 abusers in the women's department in 2013.⁹⁵

The reluctance of ministries to comply with the Social Welfare Department (i.e. reluctance to provide data about their employees) has been one of the major obstacles to the auditing process. It eventually led the Social Welfare Department to send its database to the ministries, delegating the task of cross-referencing to them instead.

⁹³ Deduced using information from the 2012 Household Socio-Economic Survey in Iraq.

⁹⁴ Interview with Dr Salem Goma'a Abdul-Sahib on 2 September 2014.

⁹⁵ Republic of Iraq, Ministry of Labour and Social Affairs, Department of Social Welfare for Women, *Annual Report 2013*.

Unlike other schemes, the pensions scheme is not subject to as much fraud, however, some of those covered by the pensions scheme might be able to take advantage of other schemes.

Certain governmental institutions such as the Office of the Inspector General, the Commission of Integrity, the Ministry of Human Rights,⁹⁶ and the Office of the High Commissioner for Human Rights⁹⁷ all monitor social protection activities in Iraq. Based on the information provided by these organizations, the Social Welfare Department takes action to either eliminate those who are unlawfully receiving benefits or targeting those who deserve them.⁹⁸

In an attempt to get to know the opinions of the beneficiaries of social protection programs, the Ministry of Labour and Social Affairs, in cooperation with a private company, conducted a survey in April of 2009 as a means of assessing the efficacy of the social protection network.⁹⁹ The results showed that people benefiting from social protection programs think the allowances given to them are too little and are issued too far apart. Beneficiaries have expressed a preference to receive more money on a monthly basis rather than every 3 months. 71.7% of those who took the survey felt that social protection programs had not led to an improvement in their living conditions.¹⁰⁰

When asked to give their opinions regarding the programs' administration, 28% of the beneficiaries surveyed cited themselves or other beneficiaries as being responsible for corruption in the social protection institution, 21% attributed corruption to other parties external to the ministry, and 17% said it was employees from the social protection departments who are responsible for corruption in the institution. 42.3% of respondents attributed the inefficacy of the social protection system to the absence of suitable administrative and field procedures for a more accurate selection of beneficiaries, while 26.3% think it relates to fraudulent documents presented by some beneficiaries that affords them unwarranted aid, and others believe it relates to the lack of deterrent penalties against corrupt employees.¹⁰¹

4.5. Financing social protection programs

Since 2007, the Iraqi government has been contributing a considerable sum of money to social protection programs (7-12% of public expenditure), which shows the government's dedication to social protection programs.

⁹⁶ Republic of Iraq, Ministry of Human Rights, Department of Performance Monitoring and the Protection of Rights, *Social Affairs Department Annual Report 2013*.

⁹⁷ In accordance with Law no.53 of 2008, the Office of the High Commissioner for Human Rights coordinates with the relevant authorities to prepare strategies and joint mechanisms that reinforce human rights and ensure their protection (Article No.4). It also conducts field visits to social protection departments around Iraq to monitor their performance and to guarantee their unreserved respect for the rights of all deserving beneficiaries (interview with Dr Daham Muhammad Al'azizaw, Labour and Social Protection Officer in the Office of the High Commissioner for Human Rights, conducted on 2 September 2014).

⁹⁸ Interview with Dr Salem Goma'a Abdul-Sahib on 2 September 2014.

⁹⁹ *Shirkit Kafa'at Alrafidain Lilmosooh wa Technologia al Ma'aloomat* [A Study Evaluating the Social Protection Network: Final Report], December 2010.

¹⁰⁰ See previous source, Table 32.

¹⁰¹ Same as previous source, Table 58.

Table 13: Financing Iraq's Social Protection System (in Millions of Dinars)

Social Benefits	2007	2008	2009	2010	2011	2012
Pensions	3.93	4.36	4.60	5.64	5.11	5.11
Donations and Subsidies	139.07	515.90	176.70	112.15	131.13	141.62
Social Protection Network	1040.07	1087.10	845.71	845.71	903.40	975.64
Pensions for the Dep't of Labour & Social Security	109.23	45.03	62.27	62.27	67.25	72.63
Military Allowances	253	253	120	120	120	120
Ration Card	699	4,200	3,150	3,500	3,500	400
Total Social Expenditure	3.93	4.36	4.60	5.64	5.12	5.12
Total Public Expenditure (million)	39.03	59.40	52.57	70.13	40.76	
Social Expenditure to Public Expenditure (%)	10.07	7.34	8.75	8.05	12.56	

Oil production (and the availability of oil as a natural resource in Iraq) has allowed the government to increase its public expenditure (including its spending on social protection programs). However:

- The complete reliance of social protection programs on oil revenues threatens their demise if oil production collapses for any reason
- Easy access to a big amount of funds might lead to the careless use of money. The main problem with social protection programs since 2005 has been the misuse of allocated funds, either through mismanagement or careless targeting of beneficiaries. The fact that the money is readily available (not hard-earned) encourages its careless use.

4.6. Resilience, responsiveness, and reform efforts

The level of efficacy and efficiency of a state's institutions are likely to influence subordinate systems and projects. Social systems might be more prone to administrative corruption given their function of managing financial resources dedicated to vulnerable communities, which makes it easier to steal these resources.

Generally speaking, state institutions should only be run by administrators who fit the job profile and are suitable for the goal that the institution aims to accomplish. This is especially true for social protection institutions and the Ministry of Labour and Social Affairs. The ministry has long had issues with the quantity and quality of its social researchers. The Social Welfare Department (for men) only has 87 social researchers as employees, most of whom are from Baghdad.¹⁰²

¹⁰² Interview with Dr Salem Goma'a Abdul-Sahib, on 30 August 2014.

Iraq has long been scoring really low in international transparency rankings. According to CPI indicators, Iraq ranks 171 out of the 177 ranked countries, with a score of 16 points (out of 100).¹⁰³ According to an Iraq Knowledge Network 2011 survey, 8% have been directly or indirectly exposed to bribery in Iraq. The prevalence of bribery in Iraq was estimated to be 11.6% as measured through citizens that have regular dealings with civil servants in Iraq. The rates of bribery vary between different sectors of public administration, as citizens sometimes are forced to bribe policemen, land registration officers, tax officers and others for their services.

Bribery rates vary greatly between different governorates in Iraq. The prevalence of bribery was estimated to be 29.3% in Baghdad, but much lower in the Kurdistan region (3.7%), and it reaches 10.2% in other governorates. Also, bribery incidents are more common in urban areas (12.5%) than rural areas (9.7%).¹⁰⁴

Table 14: Main Social Protection Programs in Iraq – Flexibility and Responsiveness

	Social Protection Network	Ration Card	Pensions
Form of Provisions	Monetary	In kind	Monetary
Payment Method	Direct Payment	Direct Payment	Electronic + Direct Payments
Means of Calculating Payment	Based on \$1.5	None	Pensions Law
Monitoring Mechanism	Internal Oversight	Internal Oversight	Internal Oversight
Evaluation	None	None	None

In August of 2005, the Iraqi government formed a ministerial committee to look into reforming the ration card system. The discussion centred on abolishing the ration card system in favour of cash transfers. The resulting recommendations were submitted to the council of ministers, which approved of the following:¹⁰⁵

1. Starting a restricted application of the cash transfers system in 2006, in Dohuk, Al-Muthanna, and certain areas in Salāh ad-Dīn.
2. Households retain the right to choose between continuing to receive their ration cards or exchanging it for cash
3. Market prices have to be taken into account with each application of this new system (along with the recipients' preferences).

In 2009, the Supreme Committee for the Reform of Ration Cards, a technical committee formed by the General Secretariat of the Council of Ministers, carried out an evaluation of the ration cards system. The committee, headed by the Secretary General of the Council of Ministers, was split into three main groups: the targeting committee, card components

¹⁰³ <http://cpi.transparency.org/cpi2013/results/>.

¹⁰⁴ Republic of Iraq, Ministry of Planning, Central Statistical Organization, *Iraq Knowledge Network Survey 2011*, Section 9.

¹⁰⁵ Ministry of Planning and Development Cooperation, Central Organization for Statistics and Information Technology, and UNDP: *Unsatisfied Basic Needs Mapping and Living Standards in Iraq*, Volume 1, Analytical Report.

committee, card management committee.¹⁰⁶ The supreme committee submitted its recommendations to the council of ministers on the 27th of October 2009, which proceeded to carry out the reforms through resolution No.369 (2009).

The government ended up adopting the following reforms based on the evaluation of the ration card system:

- Adjusting the target mechanisms to ensure the exclusion of rich households. Employees with incomes of over 1.5 million dinars were excluded. The decision was meant to affect the private sector as well, however, technical and administrative difficulties prevented that. This decision is not expected to revolutionize targeting mechanisms as only about 100 thousand people were affected by this reform, while the beneficiaries of the ration card system surpass 32 million individuals. Even an optimistic estimate of the number of excluded people, one that includes the families of the excluded employees, would still not make a big difference in terms of accurate targeting
- Limiting the card's components to 5: flour, rice, sugar, oil, and baby milk
- Reducing the amount of flour from 108 kg to 90 kg
- Using smartcards (or smart ration cards) and offering rations through normal market outlets. This gives cardholders a greater variety of products to choose from and avoids delivering products that might not necessarily satisfy cardholders' needs. This decision will be implemented first in Haydariyah district in An-Najaf Governorate. Every household will receive one electronic card, which will have multiple uses and can be used for other social protection programs.¹⁰⁷

Despite all these reductions, the ration cards system remains too big for its own good and hinders much of the efforts of the Ministry of Commerce. Given a birth rate of around 800,000 individuals per year (according to 2011 estimates) and a yearly death rate of around 200,000 individuals, around 600,000 individuals are added to the ration cards system every year, which puts a lot of pressure on the ministry.

Meanwhile, social protection efforts in Kurdistan were disrupted due to lack of funding, which goes back to a failure to adopt the federal budget for 2014.¹⁰⁸

¹⁰⁶ Republic of Iraq, Secretariat General of the Council of Ministers, Committee Affairs Department, Decree No.111 of 2009.

¹⁰⁷ Interview with Deputy Minister of Planning, Dr Mehdy Al-Allaq, on 12 August 2014.

¹⁰⁸ Interview with Ms Najah Jalil Khalil, Assistant Director General, Ministry of Labour and Social Affairs, Kurdistan Regional Government, conducted on 30 October 2014.

Chapter 5. Programs targeting refugees and displaced people

5.1. Distribution of refugees and their place of residence

Most Syrian refugees reside in the province of Kurdistan (Duhok, Erbil and Sulaymaniyah), or in Al-Anbar, or Nineveh governorates, where 3 main camps have been built:

- Domiz Camp in Duhok Governorate
- Al Qaem Camp in Al-Anbar Governorate
- Al Walid Camp in Al-Anbar Governorate.

On the 24th of July, 2012, Iraq's Council of Ministers took the decision to allow Syrian refugees to enter Iraq, form a national committee (one that will be managed by Iraq's Department of Immigration), and set up camps in Al Qaem Port and Rabia. 50 billion Iraqi dinars were set aside for Iraqi returnees (from Syria) and Syrian refugees.

In mid-July 2014, the number of Syrian refugees in Iraq was 217,192. This number constitutes 7.6% of the total of Syrian refugees registered with the UNHCR. 96% of the refugees in Iraq have been settled in the Kurdistan Region.

Table 15: Registered Syrian Refugees in Iraq (as of 15 July 2014)¹⁰⁹

Location	Households		Individuals	
	%	Number	%	Number
Duhok	39.7	31011	44.8	97365
Erbil	43.2	33738	40.0	86935
Sulaymaniyah	13.6	10646	11.3	24487
Al Anbar	1.5	1150	2.1	4532
Refugees dispersed around Iraq	1.1	859	0.8	1824
Nineveh	0.6	442	0.6	1358
Kirkuk	0.3	241	0.3	691
Total	100.0	78087	100.0	217192

Generally, Syrian refugees in Iraq are seeking means to make money for food and rent, especially those living outside UNHCR camps. The high cost of living in the Kurdistan region has encouraged Syrians to relocate in search of jobs elsewhere in Iraq.¹¹⁰

5.2. Role of active agencies

Iraq's Ministry of Displacement and Migration is responsible for managing refugee camps and helping improve the living conditions of refugees in Iraq by providing them with the basic living requirements. Last April, the Ministry of Displacement and Migration distributed 3,000 food rations (containing ten items) among refugees in Erbil, 3230 meals in Dumez Camp, 800 meals in Gosh Tepe, 5000 pieces of winter clothing, and 3000 oil-operated heaters.

¹⁰⁹ <http://data.unhcr.org/syrianrefugees/country.php?id=103> [visited on 9 August 2014].

¹¹⁰ Republic of Iraq, Ministry of Displacement and Migration, *Migration Magazine*, Issue 71, April 2014, p.17.

United Nations organizations are active in addressing the problems of Syrian refugees. The Food and Agriculture Organization has also proposed 2 projects to combat food insecurity in districts where Syrian refugees have settled. The first project supports rural households' food security through the establishment of home gardens funded by the Australian government, at a cost of up to three million dollars. The second project supports societal livelihoods and small industries in rural and urban areas in northern Iraq, and is funded by the United Nations Development Group and the Trust Fund for Iraq, at a cost of 2.7 million dollars.¹¹¹

The World Food Programme (WFP) provides food aid to all the governorates of Iraq and has been able to connect with nearly 1.4 million displaced people in 2014. WFP has also worked on making food vouchers available for people in need in the Northern parts of Iraq in November 2014. The program allows its beneficiaries to pick and buy the food themselves. In December 2014, WFP distributed 40,000 food vouchers to displaced Iraqis in Shaqlawa and Soran cities (Erbil governorate) and plans to have reached half a million Iraqis by 2015. This counts as the first time for vouchers to be distributed amongst displaced people in Iraq since the start of the conflict. It is due to generous donations by Saudi Arabia, Japan and Germany that this program is available¹¹². The value of one voucher is equivalent to USD 26 (approx. 3,000 Iraqi Dinars) and can be used to buy food from local shops.

5.3. Internal displacement: distribution and management policies

Violence is usually the main reason behind internal displacement in Iraq. Huge numbers of people were displaced after the tragic events of April 2003. However, droughts have also contributed their fair share, becoming the main reason behind the displacement of 80% of families living in Salāh ad-Dīn and Nineveh between September of 2007 and June of 2009. According to a 2012 International Organization of Migration (IOM) report, around 11% of displaced families had abandoned their homes due to water scarcity. In some governorates, the rate of displacement motivated by water scarcity was higher than that due to violence and lack of employment opportunities. The south of Iraq has, therefore, seen large number of displacement due to dry marshes and water scarcity.¹¹³

Social protection mechanisms that cover those who have been displaced have yet to be designed. However, both the social protection and rationing card departments have decided to continue giving out grants to displaced people who had been receiving grants before having been displaced. That is, as long as they (the displaced people) carry smart cards. Both departments have recently been issuing smart cards in accordance with their plans to continue their support for displaced Iraqis.¹¹⁴ Those who were already covered by social protection programs before having been displaced will still be subsidized in their new settlements as long as they carry smart cards, which the Iraqi authorities are reissuing.

The Ministry of Displacement and Migration is responsible for supporting people who have been internally displaced. Thus, when violence was breaking out in Anbar, the ministry distributed financial grants amounting to 300,000 dinars for about 9373 Anbarian families that

¹¹¹ Food and Agriculture Organization (FAO), *Taqyeem Taatheer Alazma Alsureyyah 'ala Alamn Alghidhaey Wa Alawdaa' Alma'eesheyya Fee Al'iraq wa Alordon [Agricultural Livelihoods and Food Security Impact Assessment and Response Plan for the Syria Crisis in the Neighbouring Countries of Egypt, Iraq, Jordan, Lebanon and Turkey]*, March 2013.

¹¹² <http://www.wfp.org/content/wfp-iraq-situation-report-11-12-november-2014>.

¹¹³ UNESCO Office Iraq, *op. cit.*, p.93.

¹¹⁴ Interview with Dr Salem Goma'a and Ms Sorial Al-Soltany, on 2 September 2014.

had been displaced to a dozen counties, including the 3883 families that had settled the Kurdistan region, 2523 in Baghdad, and 2298 in Salah al-Din.¹¹⁵

The Ministry of Displacement and Migration runs a ‘human stability’ program in several governorates to settle displaced families in preparation to close their files. This is done in cooperation with the United Nations High Commissioner for Refugees and involves building affordable housing for the displaced.

The emergence of the Islamic State of Iraq and the Levant (ISIS) and its dominance since July 2014 has put further pressure on the residents of Iraq. The number of internally displaced people is estimated to be 2.3 million individuals, which is equivalent to 6% of the population. The increasing violence in Al-Anbar, Nineveh, and Salah Ad-din at the end of 2013 led to the displacement of around 2.1 million people. According to some organizations, the number of internally displaced people is estimated to be 2.914 million people as of 21st October 2014.¹¹⁶ Government statistics provide a more optimistic estimate, where, as of the 29th of October 2014, the number of the internally displaced (according to the government) was estimated to be 1,987,145 people from 387,740 families, more than half of whom reside in the Kurdistan region (Dohuk, Erbil, and As-Sulaymāniyyah).

Table 16: Displaced Families and Individuals by Place of Residence, 29 October 2014¹¹⁷

Governorates	Number of households	Number of individuals
Erbil	81,192	384,116
Al-Anbar	42,579	231,821
Al-Basrah	1,503	7,016
As-Sulaymāniyyah	32,904	170,800
Al-Qādisiyyah	2,721	13,530
Al-Muthannā	851	4,180
Najaf	12,233	60,130
Babel	8,474	43,093
Baghdad	29,210	157,842
Dohuk	96,765	492,535
Diyala	19,517	98,743
Dhi Qar	1,513	7,348
Karbala	12,309	61,548
Kirkuk	42,319	219,461
Maysan	960	4,533
Nineveh	1,345	6,439
Wasit	1,345	24,010
Total	387,740	1,987,145

Displaced people in Kurdistan have put more pressure on the region’s economy than refugees. Unlike refugees, who live in camps on the border of the region, displaced people live amongst the residents of Kurdistan. The government has used around 750 schools to provide shelter

¹¹⁵ Republic of Iraq, Ministry of Displacement and Migration, *Migration Magazine*, Issue 71, April 2014, p.20.

¹¹⁶ Internal Displacement Monitoring Centre (IDMC) (www.internal-displacement.org/middle-east-and-north-africa/iraq/) (visited on 30 October 2014).

¹¹⁷ Ministry of Planning, Central Bureau of Statistics.

to displaced people. This affects Kurdistan's economy in several aspects: housing, the job market, prices, public services. All this at a time when local governments are complaining of the scarcity of resources due to delays in the approval of the national budget of 2014.¹¹⁸

A committee was formed in the region, headed by the deputy prime minister, to focus on the increase in the number of displaced people due to the latest events in Mosul, the emergence of ISIS, and the forceful displacement of Christians and Yazidis from Mosul. The Ministry of Labour and Social Affairs is working protecting and taking care of children, displaced people, and refugees for whom there are no connections or backing. The ministry has sponsored 419 displaced children and 140 refugee children in cooperation with UNICEF, in addition to abused women in the camps.¹¹⁹

¹¹⁸ Interview with Mr Mahmoud Othman, As-Sulaymaniyah Statistics Office [own translation], conducted on 30 October 2014.

¹¹⁹ Interview with Ms Najah Jalil Khalil, Assistant Director General, Ministry of Labour and Social Affairs, Kurdistan Regional Government, conducted on 30 October 2014.

Chapter 6. Informal safety nets

6.1. Islamic-based systems of social protection

Religious and sectarian pluralism in Iraq has produced rich and diverse Islamic regimes in Iraq. For example, while Sunni Muslims rely on Zakat as one of their primary sources for social protection, Shi'a scholars, on the other hand, have adapted the concept of Khums to become the main source for financing social protection programs that are run by Shi'a *Maraji'*¹²⁰ and Ayatullah offices. The Waqf (endowments) system, although operational in both sects, is managed differently by Sunni and Shi'a Muslims.

Since 2003 the Shi'a sect has been developing new social services systems (the creation of which dates back to the early 20th century). The idea revolves around annual Shi'a events, for which new mosques and institutions, known as *Mawakib*, have been constructed. These *Mawakib* function as optional and voluntary associations that provide a variety of services for vulnerable groups in times of crisis (e.g. those displaced due to sectarian tensions).

Shiite holy shrines have started playing an important role in social protection in Iraq, as their administrations possess a great sum of resources that they use to provide social services and have recently started using it for profitable production in an attempt to create a sustainable source of income.

6.1.1. Zakat

Zakat is a religiously obligatory tax to be paid by wealthy Muslims. Zakat is considered to be a form of worship as well. It can be given in cash or in kind. The person paying Zakat has the freedom to donate the money to whoever he/she thinks is more deserving of it. Alternatively, the money can be donated to governmental or non-governmental organizations that specialize in delivering the money to those who are most in need. Muslims consider Zakat to be a means of social solidarity and ensuring the economic wellbeing of the society.¹²¹

One of the purposes of Zakat is to improve the standard of living of vulnerable communities, as Islam is generally inclined towards encouraging the creation of a society where social justice prevails and wealth is equally distributed. The Islamic economy sets general rules that are meant to ensure food security and achieve social protection and justice.

Both sects (Sunni and Shiite) have structures that are responsible for managing Zakat (Department of Zakat Fund). This department handles the collection and management of zakat funds provided by donors.

The Zakat funds are stand-alone institutions linked to the office of the leaders of both sects, who will collect and distribute zakat funds to Iraqi families that need it, especially the poor and the widows and families of martyrs. This is done regardless of religious affiliation or

¹²⁰ Knowledgeable Shi'a leaders who are considered the highest authority over the Shi'a community.

¹²¹ For more see: Sobhi Findy Khidr Al-Kobeisy (2009), *Alforood Almaleyya Alislameyya Aldawreyya wa Atharaha Altawzee3y [Islamic Periodic Financial Obligations and the Impact of their Distribution]*, Diyoon Alwaqf Alsunni [The Sunni Endowments Diwan], Markaz Aldirasat W Albohooth Alislameyya [The Centre for Research and Islamic Studies], Baghdad, pp.87-114.

nationality. Nevertheless, these institutions need government support to establish branches in governorates.¹²²

The Sunni population is more inclined to the institutionalization of Zakat relevant to their Shiite counterparts. Shiite Iraqis tend to take into consideration religious references and the recommendation of the Shiite authority offices when giving out Zakat.

6.1.2. Khums (The Fifth)

Historically, Khums was an obligatory tax that was collected from Muslim warriors after winning a war and collecting the spoils. One fifth of the spoils were donated to the head of the state. Shia scholars have expanded the concept to include commercial profit gains. Most Shiite *Maraji'* give Khums payers permission to deal with one third of their Khums as they see fit, while some taxpayers are given permission spend the full amount of Khums.

Shiia clerics give the following groups priority in receiving Khums:

- Bani Hashim poor, who usually don't qualify for alms
- Like Zakat, Khums can be given to whoever the provider thinks is most deserving. It can also be donated to governmental or non-governmental organizations that deliver the money to those who are most in need).

There are optimistic estimates about the size of the Khums tax, but the religious authority has historically refused to institutionalize it. It is thus the responsibility of the Shi'a *Maraji'* to handle Khums, delivering it to the most deserving recipients. Inclusion is therefore dependent on the relationships that bind those in need to mosques and *Maraji'* offices, as those are the main sources of charity. Khums, therefore, does not depend on modern mechanisms, rules, or databases to target those in need. It is apparent that there is some variance between Sunna and Shi'a with regards to giving out religious charity. Whereas the Office of the Ministry of Endowments plays a big role in targeting Zakat beneficiaries, non-institutional arrangements dominate in the Shi'a sect in Iraq. This is with the exception of a few organizations that are closely affiliated with Shi'a *Maraji'* and thus are authorized to handle Khums.

6.1.3. Waqf (Endowments)

Waqf means contractually relinquishing one's ownership of an estate to allow it to be used for the public benefit. This tool has so far been very helpful in dealing with poor and vulnerable people. The Sunni Endowments Diwan in Iraq has recently launched a program in support of the vulnerable segments of society. The program is run by 'The Management and Investment of Funds of the Sunni Endowment Authority'. The number of people benefiting from this program have reached 1,259 individuals (widows, orphans, and low-income people). Until 30th of June, 2014, the endowment authority managed to secure 377 million dinars to support these individuals.¹²³ This program focuses on the following activities:¹²⁴

- Financial aid to people in need (includes widowed women, orphans, people with limited incomes, needy families, health crises)
- Supporting students financially or in kind (i.e. books and clothes)
- Printing and distributing Qur'ans

¹²² Republic of Iraq, The Sunni Endowments, Centre for Islamic Research and Studies, *Daleel Diwan Alwaqf Alsunni: Sanawat Min Alingazal Wa Al'ataa Khidma Lildeen Wa Alwatan*, Baghdad, 2011, p.79.

¹²³ The Sunni Endowments Diwan (<http://sunniaffairs.gov.iq>).

¹²⁴ The Sunni Endowments Diwan (<http://sunniaffairs.gov.iq/ar/haiaa-waqf-mnafth#more-11304>).

- Building Qur'an memorization centres
- Supporting summer courses for Qur'an memorization, where gifts and grants are provided as prizes
- Providing food for students of religious sciences and providing charity meals in almost all the mosques in Iraq.

According to a report that was issued by the accounting department of the Bureau for the Management and Investment of Shiite Endowment Funds,¹²⁵ around 4 billion Iraqi Dinars have been dedicated to establishing a number of humanitarian and religious programs and events in support of the Iraqi Volunteer Forces in 2014. Support was provided in the form of food, water, domestic appliances for displaced families from 10 different governorates. The money was also used to support the Khairat Fund, which provides emergency grants to cover the transportation costs of orphaned children who are registered with schools from the religious education department, and sponsors some surgical operations for some Diwan employees.¹²⁶

6.2. Other social systems

There are two forms of social solidarity. The first operates within the context of familial relationships. The second takes place within tribes and clans. 'Family solidarity' implies the support that one receives by being part of a family in Iraq. This type can be traced back to Iraqi values that encourage family unity and solidarity.

Tribal solidarity, also known as clan funds, is essentially a sum of money that is provided and maintained by adult male members of one clan. The money is used to support tribal members in crisis (e.g. to fund a funeral). The amount of money contributed by clan members differs from one clan to another and so does the rate of the fund's contribution to crises. On average, funds finance 20–50% of funerals or blood rites.

6.3. Civil society organizations

Due to a lack of funding and incessant government intervention, civil society organizations (CSOs) were more-or-less absent from Iraq until 2003. The lack of sufficient funding was a particular problem for CSOs as it limited their abilities to contribute to the problems of poverty and unemployment. Yet, some organizations have successfully launched projects that have contributed to positive change in the communities where they operate.¹²⁷

¹²⁵ Own translation.

¹²⁶ Source: Shiite Endowments Bureau (Diwan) (<http://www.alwaqfalsheai.gov.iq/ar>).

¹²⁷ Interview with Dr Batool Farouk, former member, the Council of Representatives, in August 2014.

Chapter 7. Conclusions

7.1. Summary

1. The highly politicized nature of social protection programs in Iraq has affected their structure, especially with regards to mechanisms used to identify target populations. It has also led to the emergence of several competing providers, such as the National Board of Pensions and the Ministry of Labour and Social Affairs.
2. The institutional structure of social protection is fragmented. Relevant responsibilities are divided amongst a wide range of institutions, some of which do not specialize in their assigned roles.
3. The aforementioned drawbacks render the structure, efficacy, and efficiency of social protection system far from modern standards of social protection.
4. The real challenge facing social protection in Iraq has less to do with the type and suitability of social protection policies and more to do with the actual implementation of said policies amidst weak state institutions.
5. There is, therefore, a deficiency in the governance of social welfare institutions.
6. One other challenge facing social protection in Iraq are the pre-existing notions of the social role of the state and citizens' rights to social protection.
7. The social protection system, in its current form, distorts the labour market. This is due to its inability to provide sufficient work incentives in light of the current lack of adequate employment opportunities (outside the public sector).
8. The lack of accurate targeting mechanisms leads to high administrative, social and political costs due to the inaccurate selection of target populations.
9. The social protection system in Iraq is vulnerable to the availability of public funds and is therefore susceptible to fluctuations in the price of oil.
10. There is a lack of strategic vision on the overall objectives of the social protection system.
11. There is a lack of the data required to run social protection programs. This lack can be traced back to many of the authorities responsible for managing social protection.
12. There exists a scarcity in research centres that specialize in the field of social protection and scientific research focusing on the issue.
13. The lack of coordination between responsible parties has led to the frequent abuse of the social protection system.
14. Lack of communication between the beneficiaries and providers of social protection has contributed to the disruption of the system.
15. Part of the problem with social protection in Iraq can be traced back to a lack of cadres. An increase in the number of social researchers in social welfare institutions is likely to improve the institutions' accuracy in targeting deserving communities.
16. Social protection institutions are often not open to volunteerism or cooperation and networking with civil society organizations.
17. There exists a general absence of strategic planning in social protection institutions.

7.2. Analysis of gaps

1. A large gap exists between social protection requirements and the state's ability to satisfy them. As Iraq's vulnerable population expands across demographic, economic and political lines, social protection institutions remain limited in their ability to respond to such increases. Iraq's social protection system is challenged with regards to its ability to expand vertically (increasing the target population) as well as horizontally (increasing the risks covered by social protection programs).
2. Perhaps the biggest limitation of Iraq's social protection system is its lack of clear-cut policies and mechanisms that ensure the inclusion of workers in the private sector. The private sector is not regulated by current social protection laws and continues to evade its financial obligations as part of the system. This is in addition to Iraq's informal sector. This brings the number of workers not included under the current social security laws to around 4 million.
3. The lack of a national strategy for social protection (one that is founded on the analysis of internal needs and external conditions), has led to a gap in the realization of the needs of Iraq's rural population, where poverty and malnutrition abound.
4. Social protection institutions in Iraq currently use traditional storage systems, where data is stored manually, using the individuals' names as the primary identifier. This puts the institutions at a high risk of errors. The low level of computerization only increases the possibility of human error. The realization of national identity numbers might help fix this gap.
5. A recently discovered institutional gap relates to the powers granted by the 2014 social protection law (No.11) and the institutional structure it requires. This will necessitate a transition to newer institutional structures, involving new governance mechanisms that transgress the problems that have affected existing social protection institutions. With the addition of new services and an increase in subsidies (under the new law), a more accurate targeting of beneficiaries is critical. Also, the new law calls for the establishment of a social protection fund without specifying how this fund should be set up (source of funding). The law also gives the right to invest this money, a rare feature for this type of fund.
6. As far as legal gaps go:
 - The social protection system still requires a lot of laws and regulations to function properly. For example, there is still a need for instructions to guide the operation of the social protection institution, for which the council of ministers is legally responsible.
 - Secondly, a legal gap exists when it comes to regulating the relationship between the institution and its stakeholders, especially the ministries of labour, social affairs, and finance; the general secretariat of the council of ministers; and the council of representatives (parliament), all of whom have varying responsibilities towards the social protection institution.
 - Thirdly, the law has not obligated the institution to issue work-related reports and statistics periodically, which makes it difficult for stakeholders to monitor and evaluate its performance.
 - Also, the protection law does not specify how benefits (subsidies) should be calculated or how programs should be designed. For example, the law gives the

responsibility of calculating the poverty line to the Ministry of Planning, thereby outsourcing a central aspect of the institution's function (determining the amount of subsidies).

- The government should issue a law to regulate the social protection and pensions of private sector employees, similar to the Unified Retirement Law No.9 of 2014.
7. An administrative gap materialises in the normally integrated, united nature of social protection systems and the decentralized, fragmented goals in governorates which are not part of a region. This gap is expanding as local governments strive for more authority and administrative autonomy. The governorates' persistence on managing ration card and social security files might result in serious problems related to systems management and the quality and amount of benefits provided, which largely depends on the capacities of each governorate (i.e. whether or not it is an oil-rich governorate).
 8. Applying conditional subsidies will be problematic in light of the current lack of comprehensive data on potential beneficiaries and the weak institutional structure. The application of conditional subsidies may prove to be a security challenge. It is also unfair to many of the families in Iraq that will often not qualify for subsidies, due to violating one of the requirements.

7.3.Recommendations

All relevant parties should work cooperatively towards establishing an advanced social protection system in Iraq:

1. Local councils and religious figures are central to the process, especially when it comes to targeting (identifying the target population)
2. It is essential to train those who are working in the field of social protection and guarantee them legal protection
3. The computerization of social protection information systems and ensuring the comprehensiveness and accuracy of databases of vulnerable people in Iraq
4. Developing the concept of social welfare to include people who don't work in the organized sector and –informedly – increasing the number of beneficiaries
5. Introducing more transparency measures to the field of social protection
6. Building the capacity of social protection researchers
7. Demanding the inclusion of the unemployed in social welfare systems
8. Enhancing targeting mechanisms through depending on local councils and local representatives
9. Conducting a comprehensive survey of all (formal and informal) social protection institutions to determine whether or not they are operational, their geographical locations, and the number of people they are able to reach and serve
10. Linking the institutions involved in the process of providing social protection on a functional and provincial level
11. The gradual shift towards responsible social transformation in order to avoid passing poverty down to new generations and to ensure an increase in human capital – this will require the cooperation of the social protection institutions and the ministries of higher education and health
12. Encouraging volunteering in the formal and informal sectors of social protection

13. Strengthening partnerships with civil society organizations and between social protection organizations
14. Diversifying the sources of funding – for example, allocating a fixed portion of oil revenues to social protection
15. Establishing a research centre in one of the universities in Iraq for specialized research into social protection and evaluating social policies.