LABOUR MARKET OPPORTUNITIES AND CHALLENGES

Basra District, Basra Governorate

IOM Iraq – April 2019
Labour Market Opportunities and Challenges

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List of Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEP</td>
<td>Business Expansion Package</td>
</tr>
<tr>
<td>BSP</td>
<td>Business Support Package</td>
</tr>
<tr>
<td>CIP</td>
<td>Community Implementation Plan</td>
</tr>
<tr>
<td>CoC</td>
<td>Chamber of Commerce</td>
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<tr>
<td>CoI</td>
<td>Chamber of Industries</td>
</tr>
<tr>
<td>CRC</td>
<td>Community Resource Centre</td>
</tr>
<tr>
<td>ESP</td>
<td>Employment Support Package</td>
</tr>
<tr>
<td>FGD</td>
<td>Focus Group Discussion</td>
</tr>
<tr>
<td>FT</td>
<td>Farming Training</td>
</tr>
<tr>
<td>IDP</td>
<td>Internally Displaced Person</td>
</tr>
<tr>
<td>ISIL</td>
<td>Islamic State in Iraq and the Levant</td>
</tr>
<tr>
<td>IOM</td>
<td>International Organization for Migration</td>
</tr>
<tr>
<td>JP</td>
<td>Job Placement</td>
</tr>
<tr>
<td>LMA</td>
<td>Labour Market Assessment</td>
</tr>
<tr>
<td>NFI</td>
<td>Non-Food Items</td>
</tr>
<tr>
<td>MoLSA</td>
<td>Ministry of Labour and Social Affairs</td>
</tr>
<tr>
<td>OJT</td>
<td>On-the-Job Training</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprise</td>
</tr>
<tr>
<td>VT</td>
<td>Vocational Training</td>
</tr>
</tbody>
</table>
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1. Executive Summary

1.1. Introduction

With sub-offices across Iraq, jointly managed Community Resource Centres (CRCs), and a presence within Ministry of Labour and Social Affairs (MoLSA’s) sub-offices, IOM has a field presence that allows for a community driven approach to recovery and development. Under its livelihoods programming, IOM works with a system of community engagement that has been refined through an interactive learning process, and relies on stakeholder consultation throughout the design of sustainable livelihood activities. In order to design market-led development interventions, a series of Labour Market Assessments (LMAs) were conducted. In Basra Governorate, both the Basra and the Shatt Al Arab districts were selected for in-depth study. This LMA covers the Basra district specifically.

1.2. Study Components

The LMA efforts for Basra district is based on 167 individual interviews and three youth Focus Group Discussions (FGDs) with roughly 30 total participants, conducted over a two-month period between December 2018 and January 2019. Survey tools included a mix of quantitative and qualitative exercises, conducted with key informants, job-seekers, youth, consumers, and employers. It focused on three communities of Basra district – Al-Mowafaqiah, Al-Asmy Al-Jadeed, and Al-Jumhuriya. A summary of key findings is below, followed by a fuller analysis and explanation.

1.3. Basra Key Findings

1.3.1. Challenges & Opportunities Facing Youth

- One FGD mentioned that haircutting and carpentry vocational training courses were already on offer to the point of not being needed, and mentioned computer, heating, and cooling as desired courses;
- Needed trainings for male youth to enhance their livelihoods opportunities mentioned included in computer skills, barber, heating and cooling maintenance, metalwork, computer repair, and painting; and
- For women; computer skills, hairdressing, tailoring and photography training possibilities were mentioned.

Recommendations:
- Look at supporting innovative livelihood sectors that meet the demand on the market, such as air conditioning installation and repair, photography.

1.3.2. Challenges & Opportunities Facing Job-seekers

- 66% of job-seekers mentioned oil companies as the main hiring employer at the moment;
- While 73% believed that jobs available are also desirable; and
- However, 63% stated that jobs are dominated by political party members. This may explain why a majority instead recommended trade as a good investment in the community.

Recommendations:
- Look for ways to increase self employment through Business Support Packages (BSPs).

1.3.3. Challenges & Opportunities Facing Employers

- Businesses largely self-reported good demand, with 73% mentioning that their demand is good or very good; and
- The only hard to source raw materials from the market were wood products (Burmese wood and MDF wood).

Recommendations:
- Introduce cash based interventions such as BSP or Enterprise Development Fund (EDF) here, demand suggests the market can support it.

1.3.4. Challenges & Opportunities Facing Consumers

- Around 16% of consumers surveyed save an average of $324 a month;
- 47% of respondents mentioned that it was hard to find some goods such as home appliances, medicine, clothes, electronic and computer appliances, and auto parts; and
- Yet only one respondent mentioned traveling outside of the city to purchase goods and services unavailable at home.

Recommendations:
- Cash based grants to transportation providers should be discouraged to avoid distortion/further price drops.
- Allow for some BSP for household items or other goods.

1.4. Overall Recommendations

<table>
<thead>
<tr>
<th>Sectors to target:</th>
<th>Services, including salon services, heating and cooling services, and tailoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profile to target:</td>
<td>Youth, women, university graduates and vulnerable households</td>
</tr>
<tr>
<td>Notes:</td>
<td>Avoid granting too much in one sector- diversify to spread the impact; This may be a good location to do the EDF given the stability of the local population and low reported rates of migration; and Be aware of potentially conservative views on women’s participation in these activities.</td>
</tr>
</tbody>
</table>


2. Location and Study Overview

2.1. Introduction
Recognizing that the private sector is an engine for growth, IOM works to create inclusive markets at the individual, community and institutional level. At the individual level, IOM has prioritized support to micro enterprises. This has included providing business development services (including business advisory and counselling services) and business support packages (including in-kind and cash support), all of which aim to increase income generation at the household level.

For those individuals who need capacity development support or who have more specific backgrounds like agriculture, IOM provides specialized skills development and training through Vocational Training (VT), Farming Training (FT) or On-the-Job Training (OJT), accompanied by employability assistance inclusive of in-kind items tailored to enhance individual employability. For beneficiaries who already possess relevant education or training and need to gain hands-on work experience, IOM job placement and job matching initiatives link participants with businesses in growth sectors, and agrees to pay their salaries partially or fully for 3-6 months.

At the community level, IOM provides support to slightly larger businesses – small and medium enterprises (SMEs) – to support long term job creation and the expansion of local production capacities.

IOM also targets the infrastructure needed to support markets, linking livelihoods with support for the enabling environment. For example, in agricultural communities IOM may support irrigation projects. At the institutional level, IOM also provides capacity building to national and local authorities, including market assessments that seek to promote institutional change that would support local livelihoods.

2.2. LMA Overview
IOM LMAs are intended to provide actionable recommendations for the individual livelihood assistance that IOM provides, for multiple districts throughout Iraq. This LMA addresses Basra district at the centre of Basra governorate.

2.3. Basra District Overview

2.3.1. Location and Demographics
Basra District is at the centre of the Basra governorate of Iraq, and sits on the Shatt al-Arab waterway, 545 km south of Baghdad. The district has over 2.5 million inhabitants, the vast majority of them Shia and living in the urban city of Basra.

2.3.2. Security and Displacement
Basra saw heavy fighting during the Iraq War, and subsequent instability during the British military occupation that followed it. By the late 2000s, the Al-Mahdi Army or Muqtada al-Sadr had built a stronghold in Basra, from which it was ultimately driven out during the 2008 Battle of Basra, although with fighting continuing afterwards. Accounts of the area thereafter began however to hint at the trend that would soon follow: despite relative security since 2008, critical infrastructure needs, unemployment, and growing poverty have led to undercurrents of unrest in the city and district.

2.3.3. Local Concerns
IOM Rapid Needs Assessments of the studied communities found that water infrastructure throughout the district remains poor, and old inefficient pipes deliver poor-quality water that is unsafe to drink. Residents have reported this issue dating back to 2003. Some accounts have pointed out alarmingly high rates of water-related illnesses due in part to higher than normal water salinity, infrastructure shortcomings, and a number of pollution types.

Electricity is reported to reach nearly 100% of studied communities, but numerous instances of electricity theft exist due to the prevalence of numerous slums and informal housing and commercial areas. Health services are available at two city hospitals, and the studied communities reported having health centres. These smaller centres were reported to be understaffed and in need of supplies, new equipment, and equipment repairs.

Food and NFI are available from a number of shops located throughout the district and city. Additionally, locals have reported high incidences of illegal drug use, prompting safety concerns in the studied communities.

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Consumer Spending Snapshot

Key Weekly Expenses:
- 100% of survey respondents reported having a weekly food expense, averaging 209.8 USD.

Key Monthly Expenses:
- 50% of survey respondents reported having monthly transportation expenses, averaging 54.3 USD per month;
- 66.6% of survey respondents reported having a monthly combustibles expense, averaging 59.5 USD per month;
- 70% of respondents reported a monthly temptation items expense, averaging 52.8 USD per month; and
- 33.3% of respondents reported monthly rent expenses, averaging 230 USD per month.

A more thorough breakdown of consumer expenditure based on the collected data is presented in the Findings section below.

2.4. LMA Methodology Overview

The LMA process for Basra district is based on 167 individual interviews and three youth focus group discussions with roughly 30 total participants. It took two months to complete. Three communities of Basra district were selected for surveying in depth – Al-Mowafaqiah, Al-Asmy Al-Jadeed, and Al-Jumhuriya. After a 2-day training, surveyors interviewed key informants, jobseekers, average consumers, youth, and local businesses. Where possible, surveys were collected evenly across these three locations. The table below outlines the types and number of surveys conducted for Basra Governorate, including both the assessed districts:

<table>
<thead>
<tr>
<th>Tools</th>
<th>No. Conducted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Informant Interviews</td>
<td>13</td>
</tr>
<tr>
<td>Youth Focus Group Discussions</td>
<td>6</td>
</tr>
<tr>
<td>Job-seeker Surveys</td>
<td>66</td>
</tr>
<tr>
<td>Private Sector Employer Surveys</td>
<td>98</td>
</tr>
<tr>
<td>Consumer Surveys</td>
<td>60</td>
</tr>
</tbody>
</table>

Table 1. Surveys Conducted in Basra Governorate for LMA

Below is an explanation of the surveys conducted:

2.4.1. Key Informant Interviews

12 key informant interviews were conducted in Basra district. These included local representatives of local government as well as representatives of large companies based in the area.

2.4.2. Youth Focus Group Discussions (FGDs)

Youth FGDs were designed to identify bottlenecks to youth employment and training preferences. They were conducted by soliciting participation from members of each of the studied communities. In Basra district, three FGDs were conducted with participants aged between 15-25, and sought to include a diverse group of youth if possible.

2.4.3. Job-seeker Surveys

The job-seeker survey is designed to identify preferences of unemployed and underemployed workers. 30 job-seekers were identified and surveyed in Basra district. The survey purpose was outlined for each job-seeker survey, and informed consent was obtained from those surveyed.

2.4.4. Employer Surveys

95 Employer surveys were also conducted in Basra district, in order to provide a representative sample of the local market. Employers were initially provided an advance copy of the handout materials and then later contacted for follow-up interviews. Figure 1 below is a map showing the locations of the 95 surveyed employers in Basra district as well as employers surveyed in Shatt Al Arab districts:

2.4.5. Consumer Surveys

The consumer survey was designed to triangulate data related to demand, income, and vulnerability. In Basra district, 30 respondents participated in the survey. The respondents were identified by approaching general members of the public who were present in commercial or industrial areas of the district. There were no restrictions on the demographic profiles of participants, but IOM sought a range participants that represented the population of Basra district.
3. Findings

3.1. Key Informant Interviews

54% of key informants felt that prior to the current political crisis, the industrial sector was one of the biggest employers in the area, followed by trade (mentioned by 38%) and construction (mentioned by 31%). All sectors were reportedly hit hard by the crisis and are currently recovering.

Currently, these same sectors were reported by key informants as the main employers in the area. Along with the addition of the food industry. Overall reflecting little transformative effect of the globalization and conflict that has occurred over the last 5 years. 30% of key informants felt that general trade was the most oversaturated sector, and construction was also mentioned by 15% of respondents.

Industry, construction and agriculture were mentioned most often as having the potential to expand and grow significantly included industry, construction, and agriculture, presenting a mixed consensus on demand for the construction sector.

Meanwhile, government investment was noted in the same sectors (agriculture, construction and industry). Private investment is also reportedly occurring in construction, oil, industry and livestock businesses. Investment or development from humanitarian agencies was not well known about. Half had not heard of any programs, and only one mentioned IOM and UNICEF, reflecting a low level of IOM's visibility in the community.

3.2. Youth Needs and Priorities

Youth Focus Group Discussion (FGDs) participants were asked whether they thought increased access to employment opportunities would make youth less likely to join military actors, to which 90% agreed.

Participants in one of the FGDs mentioned that haircutting/hairdressing and carpentry vocational training courses were already on offer to the point of not being needed, and mentioned computer and HVAC (heating and cooling) as desired courses that were yet unavailable. However, each FGD mentioned haircutting or hairdressing when discussing desired training courses.

Male youth indicated that they felt trainings in computer skills, barber skills, heating and cooling maintenance, metalwork, computer repair, and painting could help enhance their livelihoods opportunities. Women youth indicated that computer skills, hairdressing, tailoring and photography trainings would be valuable to enhancing their livelihoods opportunities.

Table 2 on the opposite column shows a breakdown of some of the desired courses mentioned in each individual community FGD. There is some overlap between these and employers who sought skilled labour or apprentices, including metalsmiths, barbers, and tailors, as well as some computer-related skills.

3.3. Job-seeker Needs and Priorities

Job-seekers who were surveyed were all host community members, and about 36% were university graduates. Job-seekers felt that the unemployment rate in their city was around 85%, and that youth, graduates and women were the least likely to be employed.

When asked specifically about a job centre, respondents were not aware of any type of service in the area. However, 60% of respondents thought one could be useful for vocational training, while 40% suggested a job centre could be useful for finding and creating jobs. 23 of the participant group believed that university graduates and youth should be a priority for livelihood assistance, seven believed that priority should be given to experienced people, and only two participants believed women should be prioritised, possibly reflecting conservative attitudes.

66% of job-seekers mentioned oil companies as the main hiring employer at the moment, while 73% believed that jobs available are also desirable. However, 63% stated that jobs are dominated by political party members. This may explain why a majority instead recommended trade as a good investment in the community. 87%, in turn, believed that trade businesses, for example grocery stores, are the most successful in the area, because of high demand, while three other respondents mentioned service businesses as successful for the same reason.
3.4. Employer Needs and Priorities

In a sample of 30 male business owners, most indicated they had no problems with suppliers (mentioned by 73% of participants) or clients (mentioned by 63%). Four participants reported cash payments as a difficulty, while others mentioned the high price of materials, a lack of raw material, and transportation challenges on the supplier side as well as debts and payment problems on the client side.

Employer responses here were generally more positive than in more heavily devastated areas like Mosul and Fallujah. Within the sample, only a carpentry business, a decoration business, and a PVC window workshop reported low demand. Businesses largely self-reported good demand, with 73% reporting that their demand is either good or very good.

One challenge facing some businesses, such as carpenters, was the supply of raw materials. Participants expressed difficulty sourcing Burmese wood and medium-density fiberboard (MDF) wood. Successful businesses reported an interest in hiring apprentices as they mentioned finding skilled labourers was challenging. The list of participating business types (taken from a fuller sample of 98 Basra governorate businesses) are listed below:

<table>
<thead>
<tr>
<th>Business Type</th>
<th>Participating Business</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cosmetic Shop</td>
<td>Blacksmith</td>
<td>Good</td>
</tr>
<tr>
<td>Aluminum workshop</td>
<td>Blacksmith</td>
<td>Good</td>
</tr>
<tr>
<td>Photo studio</td>
<td>Car repair workshop</td>
<td>Good</td>
</tr>
<tr>
<td>Metal workshop</td>
<td>Tailor</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td>Barber</td>
<td>Good</td>
</tr>
</tbody>
</table>

Table 4. Basra Area Business Profiles for OJT and JP

3.5. Consumer Needs and Priorities

The average monthly income of consumers surveyed was 308.3 USD. None of the participants or their family members have savings. 63% of participants mentioned that they have difficulty in accessing medical care or services, household items and home accessories. 70% of participants, meanwhile, reported travelling outside the city to purchase much needed items and supplies needs, and more so for medical treatment.

No members of specifically-identified groups (i.e. women, refugees, minorities) reported avoiding or frequenting certain shops more so than others. Most participants expressed a wish for their local market to be rehabilitated, while some wished it would be safer.

Consumers were not found to spend significantly different amounts of income on rent, food, gas and electricity, or transportation than in other areas of Iraq surveyed.

Spending patterns for various expenses are shown in Table 4 below, in comparison to nationally-surveyed averages:

<table>
<thead>
<tr>
<th>Period</th>
<th>Expense</th>
<th># Participants With Expense</th>
<th>% Participants With Expense</th>
<th>Average Local Expense (USD)</th>
<th>Average National Expense (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week</td>
<td>Food</td>
<td>30</td>
<td>100%</td>
<td>75.4</td>
<td>97.05</td>
</tr>
<tr>
<td></td>
<td>Rent</td>
<td>7</td>
<td>23%</td>
<td>137.14</td>
<td>151.02</td>
</tr>
<tr>
<td></td>
<td>Combustibles</td>
<td>30</td>
<td>100%</td>
<td>34.5</td>
<td>58.38</td>
</tr>
<tr>
<td></td>
<td>Transport</td>
<td>29</td>
<td>97%</td>
<td>28</td>
<td>49.43</td>
</tr>
<tr>
<td></td>
<td>Temptation Goods</td>
<td>28</td>
<td>93%</td>
<td>23</td>
<td>64.32</td>
</tr>
<tr>
<td></td>
<td>Recreation</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>75.10</td>
</tr>
<tr>
<td></td>
<td>Water</td>
<td>26</td>
<td>87%</td>
<td>36</td>
<td>20.51</td>
</tr>
<tr>
<td></td>
<td>Phone/Cable/Internet</td>
<td>30</td>
<td>100%</td>
<td>19</td>
<td>37.90</td>
</tr>
<tr>
<td>Month</td>
<td>Education</td>
<td>28</td>
<td>93%</td>
<td>62</td>
<td>372.36</td>
</tr>
<tr>
<td></td>
<td>Medical</td>
<td>28</td>
<td>93%</td>
<td>74</td>
<td>496.91</td>
</tr>
<tr>
<td></td>
<td>Repairs</td>
<td>22</td>
<td>73%</td>
<td>31</td>
<td>485.92</td>
</tr>
<tr>
<td></td>
<td>Household Appliances</td>
<td>12</td>
<td>40%</td>
<td>15</td>
<td>215.83</td>
</tr>
<tr>
<td></td>
<td>Purchase of Vehicles</td>
<td>1</td>
<td>3%</td>
<td>25</td>
<td>1604.91</td>
</tr>
<tr>
<td></td>
<td>Family Events</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>808.82</td>
</tr>
</tbody>
</table>

Table 4. Consumer Spending Averages – Basra District
3.6. Community Implementation Plan (CIP) Recommendations

Based on the surveys conducted and data collected, IOM developed an initial list of potential community interventions, or Community Implementation Plans (CIPs) in Basra district to help address various identified infrastructure and livelihoods issues.

Each community had a different infrastructure priority. Al-Mowafaqiah’s community proposed plan recommended cleaning and repair of water infrastructure to reduce water salinity and improve overall water quality. Al-Asmy Al-Jadeed’s community respondents recommended to rehabilitate the overstretched and aging local health centre enabling it to care for more patients as it serves three communities. Finally, Al-Jumhuriyah’s community respondents proposed plan recommended between 200-250 street lights to improve street safety and to help extend possible business hours for shops.

Livelihoods recommendations proposed numerous Employment Support Packages (ESPs) and Business Support Packages (BSPs) to support existing businesses and begin new ones based on the positive demand identified by business owners, as well as consumer feedback that certain goods were hard to find in the area. Furthermore, On-the-Job Training (OJT) and Job Placement (JP) programs were proposed for those skilled youth, women, men, and vulnerable households with skills needed by area employers per Table 3.

Community engagement recommendations included activities to bring together local craftsmen and specialists to help rehabilitate and beautify two schools in the area, as well as a local youth centre.

4. Conclusions

Basra center is currently displaying some promising economic indicators- a small but hopefully growing number of people are saving, there are insignificant differences between spending across categories compared to the rest of Iraq, and a largely stable community with limited flight risks. The youth requested a mix of traditional and innovative training types, so IOM would do well to respond by providing these.

Demand also looks positive in the area, with few businesses reporting a lack of demand in their goods or services. As such, this would be a great area to try cash based interventions. The limited risk of distortion and a genuine sense of demand for more goods and services mean that a cash based intervention such as the EDF can provide the opportunity for sustainability.

For the time being, normal and traditional training courses, OJT and JP, and perhaps the trade in goods can all be encouraged in order to diversify the number of buyers and sellers in the market. Farming and agriculture did not really receive much attention, and could also be looked at for further opportunities, but it is likely that most farming land is currently not accessible to respondents, even if they do have it.