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>
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<tr>
<td>CoC</td>
<td>Chamber of Commerce</td>
</tr>
<tr>
<td>CoI</td>
<td>Chamber of Industries</td>
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<tr>
<td>CIP</td>
<td>Community Implementation Plan</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>
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<tr>
<td>IDP</td>
<td>Internally Displaced Person</td>
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<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>
Table of Contents

IOM Disclaimer .................................................................................................................. 2
List of Acronyms .................................................................................................................. 2
1. Executive Summary ....................................................................................................... 4
   1.1. Introduction
   1.2. Study Components
   1.3. Al-Musayab Key Findings
      1.3.1 Challenges & Opportunities Facing Youth
      1.3.2 Challenges & Opportunities Facing Jobseekers
      1.3.3 Challenges & Opportunities Facing Employers
      1.3.4 Challenges & Opportunities Facing Consumers
   1.4. Overall Recommendations

2. Location and Study Overview ....................................................................................... 5
   2.1. Introduction
   2.2. LMA Overview
   2.3. Al-Musayab District Overview
      2.3.1 Location and Demographics
      2.3.2. Security, Displacement, and Returns
      2.3.3. Local Concerns
   2.4. LMA Methodology Overview
      2.4.1. Key Informant Interviews
      2.4.2. Youth Focus Group Discussions
      2.4.3. Jobseeker Surveys
      2.4.4. Employer Surveys
      2.4.5. Consumer Surveys

3. Findings ......................................................................................................................... 7
   3.1. Key Informant Interviews
   3.2. Youth Needs and Priorities
   3.3. Jobseeker Needs and Priorities
   3.4. Employer Needs and Priorities
   3.5. Consumer Needs and Priorities
   3.6. Community Implementation Plan (CIP) Recommendations

4. Conclusions .................................................................................................................... 9
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 (MoLSAs) 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 Babylon Governorate, the Al-Musayab district was selected for an in-depth study.

1.2. Study Components
This LMA is based on 150 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, jobseekers, youth, consumers, and employers. It focused on three communities of Al-Musayab – Hay Al-Ataba, Al-Hamiyah-Al-Mutaqedin, and Al-Doob. Some of the data for this LMA also comes from Hilla district, a neighbouring area to the south, also in Babylon governorate. A summary of key findings is below, followed by a fuller analysis and explanation.

1.3. Al-Musayab Key Findings

1.3.1. Challenges & Opportunities Facing Youth
• Blacksmithing and carpentry were most often noted as needed trainings for male youth, while tailoring and hairdressing were most often mentioned for female youth; and
• The majority of respondents expressed a preference towards self-employment.

Recommendations:
Carpentry On-the-Job Trainings (OJTs) would be good to arrange.

1.3.2. Challenges & Opportunities Facing Jobseekers
• Graduates, Female heads of households, youth, divorced persons, and vulnerable people were, in turn, all mentioned as good candidates to prioritize for livelihood assistance; and
• Most jobseekers preferred to own their own business rather than work under the employment of someone else.

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

1.3.3. Challenges & Opportunities Facing Employers
• 96% of Businesses surveyed have experience with or are interested in taking on apprentices in Al-Musayab;
• Employers reported fairly positive outlooks, with only 8 businesses reporting low demand and 19 reporting good demand; and
• Specific businesses that mentioned difficulty in finding skilled labourers included an agricultural supplier, fish farms, blacksmiths, carpenters, a PVC manufacturer, two printing presses, and a cattle breeder.

Recommendations:
On-the-Job Training in agricultural businesses can be supported, even with the respondents to the employer survey.

1.3.4. Challenges & Opportunities Facing Consumers
• None of the participants or their family members reported savings;
• Consumers were not found to spend significantly different amounts of income on rent than in other areas of Iraq surveyed; and
• Consumers were found to spend significantly less on food, electricity and gas, and on transportation than in other areas surveyed in Iraq, suggesting that these sectors may be reaching saturation to a point of price drops.

Recommendations:
Cash based grants to transportation providers should be discouraged to avoid distortion/further price drops.
Avoid BSPs for food related businesses to avoid distortion/further price drops.

1.4. Overall Recommendations

<table>
<thead>
<tr>
<th>Sectors to target:</th>
<th>Carpentry, animal husbandry, mechanical services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profile to target:</td>
<td>Youth, women, university graduates and vulnerable households</td>
</tr>
</tbody>
</table>

Notes:
• Avoid granting to the food processing sector;
• Emphasize Job Placement (JP) and On-the-Job Training (OJT) here as there may be demand to support additional staff once trained; and
• Avoid granting to construction from a conflict sensitivity standpoint, as it seems to be dominated by one group to the exclusion of another.
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

This and other IOM LMAs are intended to provide actionable recommendations for the individual livelihood assistance that IOM provides, for multiple districts throughout Iraq. This LMA focuses on Al-Musayab, a district in Babylon Governorate south of Baghdad, and also incorporates some data from nearby Hilla district.

2.3. Al-Musayab District Overview

2.3.1. Location and Demographics

Al-Musayab is a district in the Babylon governorate centered around the city of Al-Musayab, about 80 kilometers south of Baghdad. The district and city occupy both banks of the Euphrates river just before it splits into its Hindiya and Hilla branches just south of the area. Its population is largely Shia Arab. Before the start of the Iraq War, its population was believed to be over 275,000. However, that population has greatly decreased since 2003, and current population figures are inconsistent across various sources.

2.3.2. Security and Displacement

Al-Musayab was part of the “Triangle of Death” in the years following the Iraq War and the sectarian violence that followed it. This area between Baghdad and Hillah saw numerous large suicide and other attacks that focused on Iraqi civilian gathering places and government infrastructure, in particular the important Al-Musayab power plant. Violence continued beyond the period of the US Troop Surge from 2007-2011, with a number of attacks targeting Shia residents and pilgrims in particular.

These attacks have dated even to beyond 2017, after which Iraq reclaimed significant territory from ISIL. One result of this heavy violence has been high displacement. Out of districts in Babylon, Al-Musayab is host to the second largest IDP population, including IDPs from Babylon and Anbar, whose return movements have been impeded by ongoing mine clearance operations. Access to work, a priority need identified by IDPs, is closely tied to limited economic opportunities.

2.3.3. Local Concerns

Al-Musayab holds key importance for the whole of Iraq, as its large power plant has the potential to supply one-quarter of all of Iraq’s power needs if operating at or near capacity. However, attacks on the plant following the Iraq War greatly hindered its capacity, and its age – having been designed in the Soviet era – meant that parts and infrastructure had deteriorated.

IOM Rapid Needs Assessments of the studied communities have not pointed out any need to repair electrical infrastructure, but capacity is still a concern, with power only available for a few hours each day.

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2.4. LMA Methodology Overview

The LMA process took two months to complete. Three communities in Al-Musayab district were selected for surveying in depth — Hay Al-Ataba, Al-Hamiyah-Al-Mutaqedin, and Al-Doob. Some of the data for this LMA also comes from Hilla district, a neighboring area also in Babylon governorate. After a two-day training, surveyors interviewed key informants, jobseekers, average consumers, youth, and local businesses. Where possible, surveys were collected evenly across these three locations. Below is an explanation of the surveys conducted:

2.4.1. Key Informant Interviews
Five key informant interviews were conducted with representatives of the Ministry of Labour and Social Affairs, the Ministry of Migration and Displacement, as well as labor union and training center representatives. The Chamber of Commerce also participated.

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. Three FGDs were conducted with participants aged between 15-25, and sought to include a diverse group of youth.

2.4.3. Jobseeker Surveys
The jobseeker survey is designed to identify preferences of unemployed and underemployed workers. In Al-Musayab, 29 jobseekers were identified and surveyed. The survey purpose was outlined for each jobseeker survey, and informed consent was obtained from those surveyed.

2.4.4. Employer Surveys
32 Employer surveys were also conducted in Al-Musayab district in order to provide a representative sample of the local market.

Consumers Spending Snapshot

Key Weekly Expenses:
- The typical consumer in Al-Musayab district reported spending an average of 83.6 USD on food expenses per week.

Key Monthly Expenses:
- 86.7% of survey respondents reported having a monthly transportation expense, averaging 36.7 USD per month;
- 100% of survey respondents reported having a monthly combustibles expense, averaging 49 USD per month;
- 96.7% of respondents also reported a monthly water expense, averaging 13 USD per month;
- Only 56.7% of respondents reported monthly expenses on temptation goods, averaging 65.8 USD per month; and
- Finally, 43.3% of respondents reported monthly rent expenses averaging 158.5 USD per month.

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

Employers were initially provided an advance copy of the handout materials and then later contacted for follow-up interviews. The map below shows the locations of the surveyed employers.

Figure 1. Al-Musayab Surveyed Employer Locations

2.4.5. Consumer Surveys
The consumer survey was designed to triangulate data related to demand, income, and vulnerability. In Al-Musayab, 30 respondents were identified by approaching members of the public in commercial or industrial districts and asking to speak with them. There were no restrictions on the demographic profiles of participants, but IOM sought diversity of groups within the population to the extent possible.

The table below outlines the types and number of surveys conducted for Al-Musayab district.

<table>
<thead>
<tr>
<th>Tools</th>
<th>No. Conducted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Informant Interviews</td>
<td>5</td>
</tr>
<tr>
<td>Youth Focus Group Discussions</td>
<td>3</td>
</tr>
<tr>
<td>Jobseeker Surveys</td>
<td>29</td>
</tr>
<tr>
<td>Private Sector Employer Surveys</td>
<td>32</td>
</tr>
<tr>
<td>Consumer Surveys</td>
<td>30</td>
</tr>
</tbody>
</table>

Table 1. Surveys conducted in Al-Musayab for labour market analysis
3. Findings

3.1. Key Informant Interviews

Respondents reported that manufacturing such as factories for fabric, farming, and general trading used to be the largest employers in the city, but that now, either these industries were totally destroyed (felt by 50% of respondents) or only 5-10% had restarted and recovered (felt by 33% of respondents).

Around 67% of key informants felt that there are no sectors that currently have good growth potential, while the remaining mentioned construction and green houses. Respondents also felt that government is encouraging development only in the agriculture sector and education. Trade and education (presumably private schools) were also mentioned as the only sectors seeing private investment. Key informants were aware, in turn, of several UN organizations and NGOs such as IOM, UNFPA, UN HABITAT, UNICEF, WFP, MSF and ICRC and a local foundation working on developing the local area.

3.2. Youth Needs and Priorities

Three Focus Group Discussions (FGD) were held, in the communities of Hay Al Ataba, Al Hamiyah-Al Mutaqedin, and Al Doob. In all FGDs, youth noted a higher than usual rate of persons in their community who had migrated from other governorates, on average an estimated 68%. All three focus group discussions had participants who noted that youth could play an active role in supporting security in their communities through reporting suspicious persons or events, but only two out of the three FGDs agreed that more employment could affect the likelihood of youth joining military actors.

Hay Al-Ataba

In Hay Al-Ataba, it was mentioned that the construction sector is the largest employer of youth in the community, which was mismatched with both which types of jobs are desirable and the types of training requested. Most local youth, participants felt, want to work for themselves, and they prefer jobs in blacksmithing, carpentry, car maintenance, making bread, motorcycle maintenance, the creation of construction materials, renting construction equipment, and in water purification. However, it was noted that youth lack access to capital.

Al-Hamiyah-Al-Mutaqedin

In Al-Hamiyah-Al-Mutaqedin, participants felt that vocational training and on the job training would be useful, and that there was no currently available skills or trainings that were oversaturated. In fact, most businesses would be welcome additions to the community, especially smiths, carpenters, barbers, PVC and ceramic sellers. Participants also mentioned that youth preferred to work for themselves rather than as an employee, and that there was a lack of financial services available.

Al-Doob

In Al-Doob, similar to in Al-Hamiyah-Al Mutaqedin and Hay Al Ataba, although construction was noted as the largest employer in the community, desirable jobs were vastly different, as were requested skills training subjects. These included trainings on (for males) metalworking, carpentry, hairdressing, phone maintenance, and for females, tailoring and hairdressing.

In all FGDs, some training types were mentioned in relation to a question on which skills are in demand, and other training types were mentioned in relation to a question about what sort of trainings are needed for both. Below, the mentions of each type of training for male and female youth show that blacksmithing and carpentry were most often noted as needed trainings for male youth, while tailoring and hairdressing were most often mentioned for female youth.

<table>
<thead>
<tr>
<th>Al-Doob Male Youth</th>
<th>Al-Doob Female Youth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blacksmithing</td>
<td>25%</td>
</tr>
<tr>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Car maintenance</td>
<td>20%</td>
</tr>
<tr>
<td>Hairdressing</td>
<td>10%</td>
</tr>
<tr>
<td>Ceramic flooring</td>
<td>5%</td>
</tr>
<tr>
<td>PVC</td>
<td>5%</td>
</tr>
<tr>
<td>Tailoring</td>
<td>40%</td>
</tr>
<tr>
<td>Hairdressing</td>
<td>40%</td>
</tr>
<tr>
<td>Baking</td>
<td>20%</td>
</tr>
</tbody>
</table>

Table 2. Requested Training Courses by mentions

1 The participants who disagreed argued that local youth were too cultured to be affected by greater employment opportunities.
3.3. Jobseeker Needs and Priorities

Jobseekers in Al-Musayab felt that, on average, the unemployment rate in Al-Musayab was around 62%, and that both graduates and uneducated persons were most likely to be unemployed, as well as youth, widows and the divorced (mentioned by one person). Graduates, female heads of households, youth, divorced persons, and vulnerable people were, in turn, all mentioned as good candidates to prioritize for livelihood assistance.

Successful businesses, according to jobseekers, included water purification, shopping malls, small businesses for example coffee shops, and those in the construction material trade. The only sectors hiring noted by respondents was the private sector and the construction sector, although there were mixed feelings about the sustainability and accessibility (i.e. to certain ethnic groups) of these jobs. Most jobseekers preferred, in turn, to have their own business rather than work under the employment of someone else.

3.4. Employer Needs and Priorities

In Al-Musayab, employers reported fairly positive outlooks, with only eight businesses reporting low demand and 19 reporting good demand. Specific businesses that mentioned difficulty in finding skilled labourers included an agricultural supplier, fish farms, blacksmiths, carpenters, a PVC manufacturer, two printing presses, and a cattle breeder.

Almost all-96%- of employers surveyed mentioned past experience with and willingness to train apprentices. A fish farm, for example, noted that “It is hard to find skilled workers, but we can bring them here and train them”. Employers in general noted less operating challenges than in other locations in Iraq, and mentioned that their biggest operating challenge was the possibility of insecure situations, mentioned by 23% of respondents. Business types that had good demand, were interested in having apprentices, and had difficulty finding skilled labourers are listed below:

| Agricultural material supplier |
| Carpenter |
| Ice cream shop |
| Glassware shop |
| Decoration store |
| Printing press |

3.5. Consumer Needs and Priorities

The average monthly salary from work for consumers surveyed was 353 USD, with no respondents reporting that they saved money on a regular basis. The most frequently mentioned good that was hard to find included carpentry services, in addition to venues for dining and entertainment. 70% of respondents mentioned travelling out of their town to purchase or access goods that were hard to find locally.

Consumers were not found to spend significantly different amounts of income on rent than in other areas of Iraq surveyed. However, they were found to spend significantly less on food, electricity and gas, and on transportation than in other areas surveyed in Iraq, suggesting that these sectors may be reaching saturation to a point of price drops.

Spending patterns are shown in the table below:6:

<table>
<thead>
<tr>
<th>Period</th>
<th>Expense</th>
<th>% of Participants with expense</th>
<th>Average local expense (USD)</th>
<th>Average national expense (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly</td>
<td>Food</td>
<td>100%</td>
<td>83.6</td>
<td>97.05</td>
</tr>
<tr>
<td></td>
<td>Rent</td>
<td>43.3%</td>
<td>158.5</td>
<td>151.02</td>
</tr>
<tr>
<td></td>
<td>Combustibles</td>
<td>100%</td>
<td>49</td>
<td>58.38</td>
</tr>
<tr>
<td></td>
<td>Transport services</td>
<td>86.7%</td>
<td>36.7</td>
<td>49.43</td>
</tr>
<tr>
<td></td>
<td>Temptation goods</td>
<td>56.7%</td>
<td>65.8</td>
<td>64.32</td>
</tr>
<tr>
<td></td>
<td>Recreation</td>
<td>6.7%</td>
<td>20</td>
<td>75.10</td>
</tr>
<tr>
<td></td>
<td>Water</td>
<td>96.7%</td>
<td>13</td>
<td>20.51</td>
</tr>
<tr>
<td></td>
<td>Phone, cable and internet</td>
<td>90%</td>
<td>19.2</td>
<td>37.90</td>
</tr>
<tr>
<td>Monthly</td>
<td>Education</td>
<td>86.7%</td>
<td>350.8</td>
<td>372.36</td>
</tr>
<tr>
<td></td>
<td>Medical expenses</td>
<td>93.3%</td>
<td>299.6</td>
<td>496.91</td>
</tr>
<tr>
<td></td>
<td>Repairs</td>
<td>40%</td>
<td>131.9</td>
<td>485.92</td>
</tr>
<tr>
<td></td>
<td>Household appliances</td>
<td>40%</td>
<td>147.9</td>
<td>215.83</td>
</tr>
<tr>
<td></td>
<td>Purchase of vehicle such as car, bike, motorbike</td>
<td>13.3%</td>
<td>12.5</td>
<td>1604.91</td>
</tr>
<tr>
<td></td>
<td>Family events</td>
<td>36.7%</td>
<td>906.8</td>
<td>808.82</td>
</tr>
</tbody>
</table>

6 Please note that this data is self-reported and therefore subject to some isolated calculation errors and information bias.

Table 4. Consumer Spending Averages in Musayab
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 Al-Musayab to help address various identified infrastructure and livelihoods issues.

Infrastructure recommendations included activities to repair the main road of the district to facilitate transport of people, goods, and services. Recommendations were also made to rehabilitate the local water filtration system, and expand the network of piping. In addition, there were recommendations to rehabilitate an area school to lessen the load on other overcrowded schools, and also to provide an ambulance for the district.

Livelihoods recommendations included a full variety of interventions including On-the-Job Trainings (OJT) and Vocational Trainings (VT) for skilled labour needs, job placement to link graduates with labor demand, agricultural training on greenhouses and livestock, and finally Business Support Packages (BSPs) for a number of viable local businesses in need of support.

Community engagement recommendations included a carpentry activity that might partner with carpentry On-the-Job Training to provide or replace furniture for area schools, as well as an awareness campaign for water management that would accompany the water infrastructure recommendations made.

4. Conclusions

Al-Musayab is a slightly cash-poor district, with a low propensity to save, yet a decent amount of self-reported demand by local businesses. Multiple mentions construction reveal a perception of construction as a profitable and successful sector, yet jobseekers reported that current jobs in construction tended to be dominated by a certain group of people. In addition, construction was not reported as a desirable job type by youth, whereas carpentry was.

Consumers were even found to travel outside of their communities to access carpentry services, revealing a gap and a need for carpentry training. Certain agricultural businesses also had difficulty finding skilled employees, including fish farms and a cattle breeder.

Printing presses also noted difficulty finding skilled workers. These would be great opportunities for OJT, especially given the relatively high levels of self-reported demand, which suggest that local businesses may be able to sustain the increased employment past the period of training.
IOM-Iraq Mission

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