



# Women's Economic Empowerment in Iraq: Voices of Female Entrepreneurs

Executive Summary



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Recent years have seen growth in the number of women-owned micro enterprises in Iraq in sectors such as retail, home based food catering, cosmetics, accessories, clothing and handicrafts. The cycles of political, security and economic crises have deprived many of livelihoods, pushing more and more women to generate income to help cover the needs of their families. The Covid-19 pandemic dealt the latest blow to the already fragile economy of the country, making jobs scarce. This is even more the case for women, who often have lower levels of formal education and face cultural, social and institutional discrimination on the job market. Against the conditions of growing poverty and unemployment, an increasing number of Iraqi women turn to small-scale home-based businesses to earn income.

While the trend towards female entrepreneurship is taking place more out of necessity than choice, it presents an important opportunity. If supported by the government and the international community, female entrepreneurship could make a significant contribution to Iraq's economic and social development. Iraqi women have shown immense resilience in coping with poverty, violence, and displacement.

### Regulatory and Institutional Environment

The most significant challenge to female entrepreneurship in Iraq is the country's regulatory and institutional environment, which operates to discourage rather than encourage entrepreneurial development. Registration processes are complex, costly and outdated, leaving many businesses, and especially women-owned enterprises, in a state of informality. Registering a business means having to pay taxes, and in the absence of tax relief for small businesses, most opt not to register. It is not only formal taxes that female entrepreneurs have to worry about. Extensive corruption across the country and party-militia networks in local settings means that growing businesses are at risk of being targeted. Some of the women we talked to chose not to grow their businesses or register in order to avoid having to pay off such networks. The banking system also requires far-reaching reform. Many women find it difficult to set up business accounts, and almost impossible to get loans, which require excessive guarantees and incur high interest rates. Most businesses rely heavily on cash payments. Despite the development of mobile money systems and *hawala* networks in recent years, Iraq's micro and small enterprises need more effective electronic transfer (e-transfer) mechanisms. Without even a rudimentary banking infrastructure, it is difficult for small women-owned businesses to tap into markets beyond Iraq.

### Social Barriers

Iraq's conservative social environment impedes women's participation in economic life. As elsewhere in the world, conservative norms promote domestic roles for women, extol motherhood and thereby make it very difficult for them to engage in economic activity. In Iraq, however, the normative environment has become rigid enough to present very serious physical and material risks to women's security and wellbeing. Women who enter the job market or business often trade stories of serious harassment. Recent years also saw an increase in the number of assassinations of women figures in public life. All these created an environment of fear among those women who are and want to be visible in social, economic, and political spheres, thus restricting their mobility. Beyond physical danger, women are seen as less able and generally inferior, making it harder to negotiate as a businesswoman. Society at large is also not very receptive to the idea of entrepreneurship as a full-time economic activity.

### The Role of International Actors

International actors play a critical role in Iraq's entrepreneurial space. A variety of foreign actors such as embassies, inter-governmental organisations, financial institutions, development agents and NGOs are involved in the promotion of female entrepreneurship. These organisations provide a range of support services, such as skills training, networking opportunities, micro-funding, grants, mentorship, and crowdsourcing. These are all important services to women starting their own businesses. While the need for such programs is only growing, there is also a room for improvement. One often-mentioned constraint is that the courses are mostly in English, and cater to highly educated segments of the population. Another is that disparate groups are often lumped together, regardless of their sectors, experience levels or regions. Cooperation among international agents is also vital for the effectiveness of these programs. So far, this cooperation is limited. Most of the programs directly or indirectly affecting female entrepreneurship is taking place within the humanitarian space. While this is understandable given the dire humanitarian needs of the country, it also creates confusion within international organisations with respect to what entrepreneurship is. Some international organisations tend to view entrepreneurship as a higher form of economic activity, the way it might be seen in the start-up spaces in Western countries, and therefore do not view them as part of humanitarian programs, which are geared towards subsistence. In Iraq, however subsistence and entrepreneurship

overlap.

## The Impact of the Political Landscape

On the small scale, entrepreneurship can be an escape from Iraq's more unique problems, but this escape is neither stable nor does it scale up. Women often report that starting a business solved problems in their life, such as being able to provide for their children at a critical time, or paying their way through their studies. Women who wanted to scale up their business by pursuing higher production targets, registering and finding facilities, however, found that this exposes them to corrupt actors. Entrepreneurship is therefore a space of refuge for women who want to stay away from a corrupt system, but also a reminder that such escape is only fleeting. Getting a contract, gaining access to funds and facilities, increasing production capacity, hiring personnel, opening a store and collecting imported items at customs are dependent on political connections. It is perhaps because of this that entrepreneurship among women interviewed here produces longings for a different kind of state. Factories are both symbols and physical manifestations of this ideal (often modernist) state, one which provides economic protectionism and rule-based market economy all at the same time. Entrepreneurship is therefore not only a field generating values, ideas and norms about what the Iraqi state should become, it also mobilises women to work towards that ideal through social activism.

## Generational and spatial differences

As in other transitional settings, the status of entrepreneurship is contested in Iraq: Is it an economic activity? Is it a humanitarian goal? Is it a vehicle for social activism? These questions are not a personal matter of relating oneself to entrepreneurship, they intersect with already existing generational and urban-periphery cleavages. There is a significant difference among young, urban women on the one hand, and middle-aged, more traditional women entrepreneurs on the other. For the younger generations, entrepreneurship is more about creativity, self-expression, social activism and the public good. These urban, mostly university educated women find in entrepreneurship a springboard to the global landscape. For middle-aged women in more traditional settings, the imperative to social action is also there, but entrepreneurship is embedded deeper in local activity.

## Recommendations

This research has led us to draw out various recommendations across four key areas which are summarised below, the full list of recommendations can be found at the end of the report:

### • Improve skills and training

- Localise training based on the needs of local economy as well as the existing and potential businesses
- Build a network of local female trainers who can reach out to women in their local languages.
- Work with universities and local organisations as well as incubation centres to offer specific skills programs for women entrepreneurs.
- **Provide better economic opportunities**
  - Establish public-private partnerships to identify and make valuable use of existing business infrastructures, including abandoned factories, facilities and buildings. Provide special quotas for women-owned enterprises to use these facilities and increase their production capacity.
  - Establish SME-oriented enterprise zones across the country to provide tax breaks, regulatory exemptions and other public assistance to encourage private sector development.
  - Encourage more transparency and anti-corruption programs.
- **Remove executive and legislative barriers**
  - Legislate for a new regulatory system for micro and small businesses, simplifying the registration rules, offering tax exemptions and reliefs up to three to five years, establishing the procedures for registering online businesses, and reducing (or abolishing) the cost of registration fees.
  - Develop a strong legislative and regulatory environment for intellectual property protection.
  - Simplify banking procedures for small businesses, making it easier for them to open business accounts, carry out international money transfers and apply for loans.
- **Create an enabling environment for women entrepreneurs**
  - Program a "Year of Entrepreneurship." Hold events throughout the year across the country to promote entrepreneurship and starting business. This would,
    - » offer existing businesses and potential entrepreneurs the opportunity to find out about the assistance available to them to grow and sustain a business,
    - » showcase business success stories throughout the provincial, regional and national levels,
    - » raise awareness about the importance of female entrepreneurship and its positive contribution to economy.

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### “Voices from Iraq”

In October 2020, GPG published a piece of research on the ‘Economic Drivers of Youth Political Discontent in Iraq’, which explored perceptions and attitudes of young people in Iraq and Kurdistan in their own words, building a picture of the way in which young people’s hopes and expectations for their future have been shaped by Iraq’s recent past, and in particular, their views of their economic prospects in comparison to their parents’ generation and their peers in other regions of the country, as well as in neighbouring countries. This new research on ‘Women’s Economic Empowerment in Iraq: Voices of Female Entrepreneurs’ is the next part of a trilogy series focusing on the voices of some of the most important, yet under-represented people in Iraq. It builds on the recommendations and findings undertaken in the Economic Drivers research, but through a more focused lens on the challenges and opportunities facing female entrepreneurs, whom - like many Iraqis - are looking for a stable income to make ends meet.

### About the Project

‘Improving Policy, Service Delivery, Gender Equality and Responsiveness to Iraqi Citizens’ is a multi-year Sida funded project, which aims to support the Iraqi Council of Representatives (CoR), the Speakership, Parliamentary Committees, Regional CoR Offices, citizens and CSOs by adopting inclusive and evidence-based policy mechanisms, examining how legislation and policies operate in practice, and making constructive proposals for improvements.

‘Women’s Economic Empowerment in Iraq: Voices of Female Entrepreneurs’ is available in full on the [GPG website](#).



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