



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



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## Author

Müjge Küçükkeleş Müjge is a researcher and policy consultant with 10 years of experience in the design, implementation and monitoring of youth empowerment, peace building and political party programmes in Turkey and Iraqi Kurdistan. Müjge is undertaking her PhD at the University of Kent on the functioning of global governance regimes in non-state and fragile contexts of the Middle East, with a particular focus on Iraqi Kurdistan. She has taught conflict and terrorism courses at the University of Kent and worked as a visiting fellow at the Centre for Peace and Human Security of the American University of Kurdistan, Iraq.

## “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 Iraqi’s - 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.



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Publication design by Joe Power

gpgovernance.net  
hello@gpgovernance.net

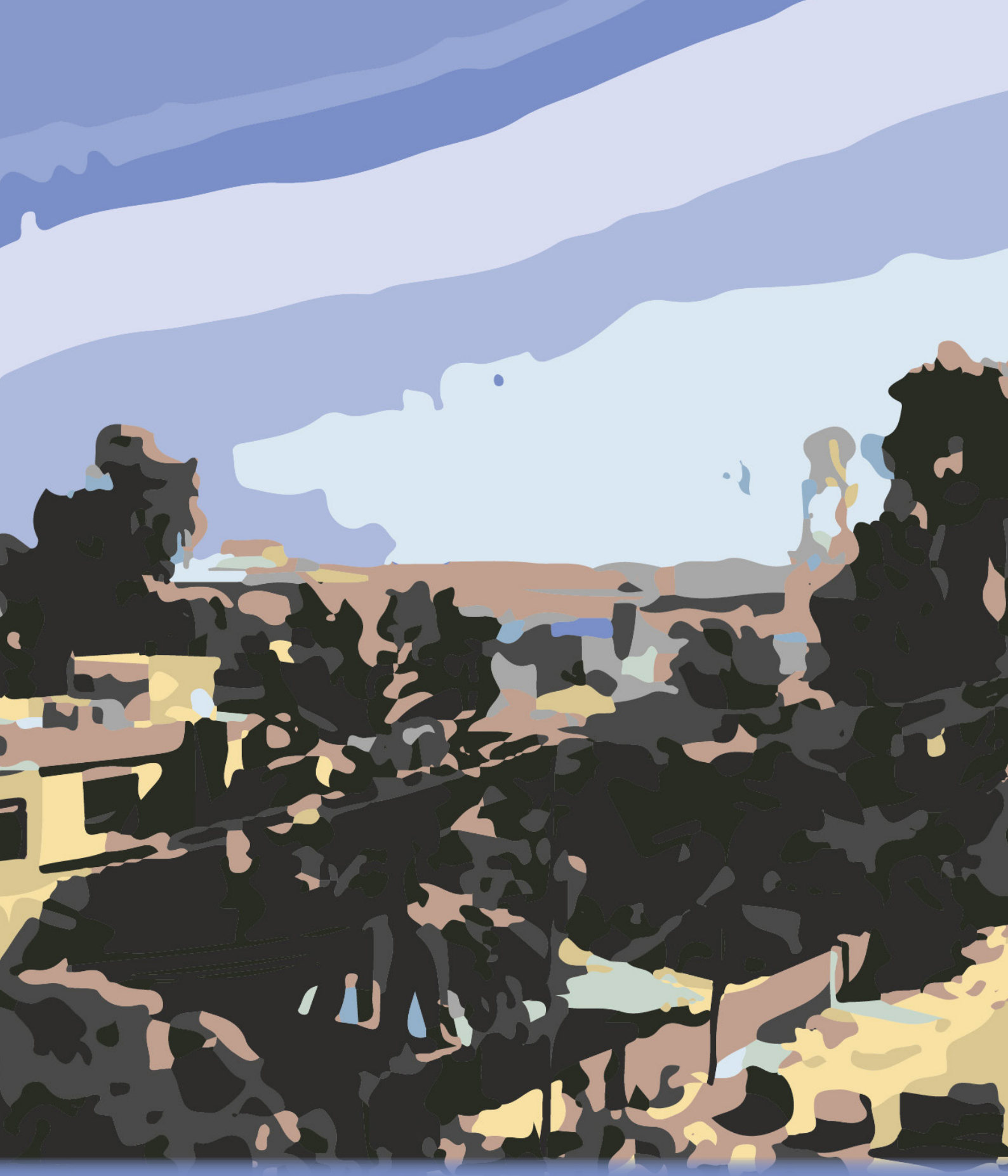
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# Executive Summary



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 handcrafts. 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 an 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

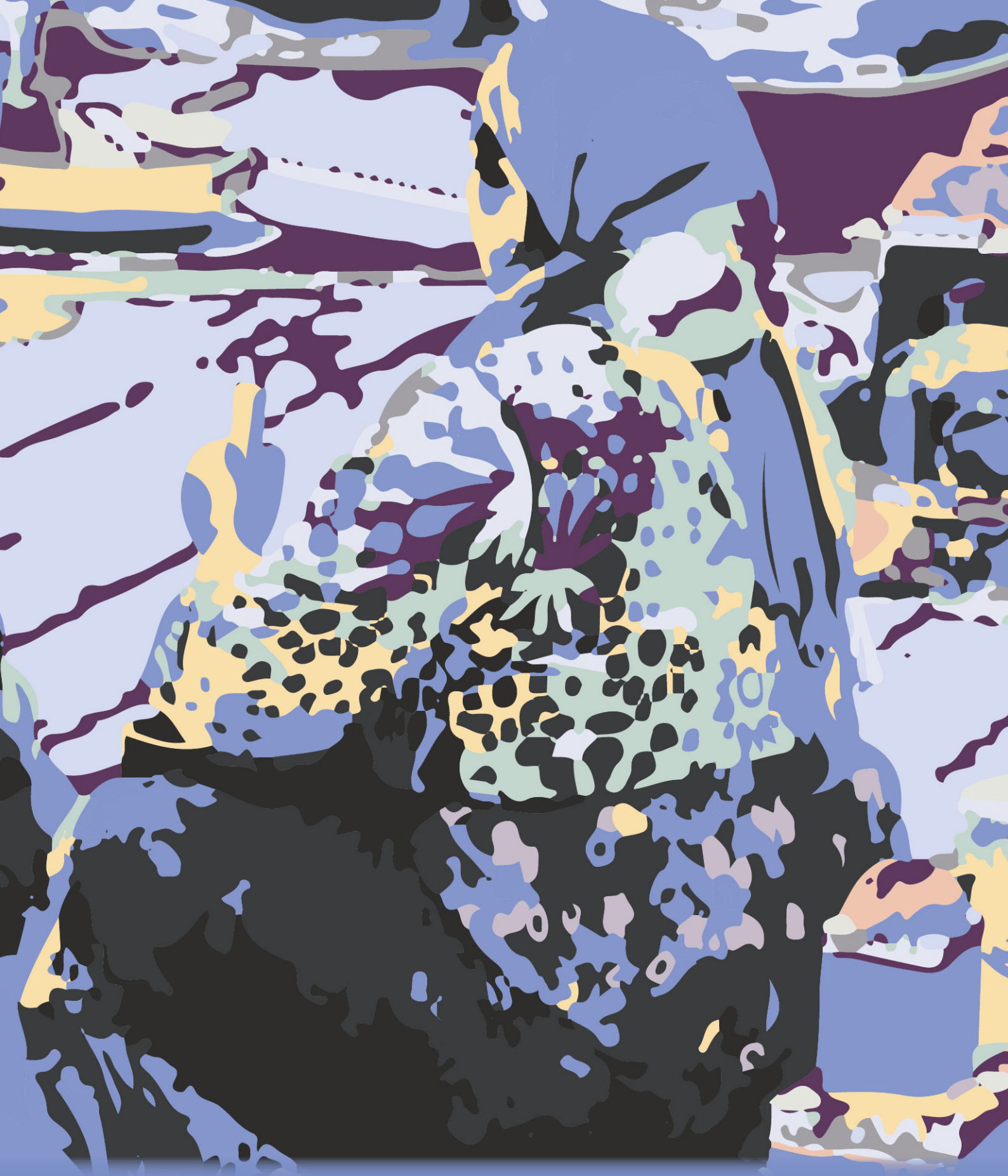
As in other transitional settings, the status of entrepreneurship is contested in Iraq: Is it an economic activity? Is it a humanitarian goal? Is it a vehicle for social activism? These questions are not a personal matter of relating oneself to entrepreneurship, they intersect with already existing generational 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.



## Introduction



“Yes, there is a growing interest among the youth and women in entrepreneurship. This is because there is no other option. There are no public sector jobs anymore. The private sector is also very limited.”<sup>1</sup>

These are the words of a program officer who has been involved in youth programs with a non-governmental organisation in the Kurdistan region. His sentiment about entrepreneurship calls to mind Hobson’s choice, an idiom used to describe an illusion of choice, when there is none at all. The entrepreneurial landscape in Iraq appears more like Hobson’s choice.

Getting a job in Iraq is an immense challenge. According to a recent World Bank report, there are at least 2.5 million unemployed Iraqis who urgently need jobs.<sup>2</sup> Most of these unemployed people are young. The study by Araj and Fakihi also shows that labour force participation among young people dropped from 34 percent in 2000 to around 30 percent in 2017.<sup>3</sup> Considering that the Iraqi economy was already languishing under sanctions in 2000, the comparison with 2017 should look more stark. The drop in labour force participation is most notable among young men, who have been left out of labour market due to massive displacements and conflicts. Under such conditions, women are forced to take up the role of breadwinner, and self-employment becomes the only option to sustain urban and rural livelihoods.

What is more alarming about the job crisis in Iraq is that the country’s adult population is expanding, whilst labour force participation and public employment are held constant. The World Bank report states, the number of Iraqis in need of new jobs will most likely be between five and seven million.<sup>4</sup> This means an “increase of 100 to 180 percent in the demand for new jobs in the next 13 years”.<sup>5</sup> This is not a short-term challenge, the report cautions. Iraq’s unemployment problem will deepen unless it implements serious reforms.

It is against this background of persistent mass unemployment that entrepreneurship in Iraq is burgeoning. Since the humanitarian crisis in 2014, many humanitarian and development organisations in the country have shifted their focus to job creation, micro-crediting and cash transfers. Entrepreneurship cannot be reduced to any single one of these themes, yet it is closely linked to them all. These programs (including entrepreneurship) are part of the broader livelihood programming in Iraq. Here, support for female entrepreneurship is important in terms of protecting the most vulnerable: women and the young. Whereas in rich countries, entrepreneurship is mostly an opportunity for those desiring to increase their personal autonomy and flexibility, the picture in developing countries is different. Entrepreneurship in developing countries is more of a means of accessing the necessities of food, clothing and shelter for those excluded from wage labour.

In Iraq, too, entrepreneurship is mostly necessity driven. The structural factors such as unemployment, conflicts, displacement, and the recent Covid-19 pandemic have pushed many people, especially women into setting up their own businesses. This process is widely supported by international agents and their local partners, including the Iraqi government. Despite the growing interest in women entrepreneurship in Iraq, there has been no systematic analysis on the state of female entrepreneurship in the country. This research aims to take a first step in this direction.

Positioning our analysis within the country’s recent history of political and economic transition, we explore how this transition has affected women entrepreneurs, what kinds of constraints it has imposed on their economic activities and how they manage these constraints. Our aim is not necessarily to speak about women entrepreneurs in Iraq, but to have them speak through us. To this end, we have treated entrepreneurship not solely as an economic activity but explored the social and political patterns around it. We wanted to understand how female entrepreneurship connected to larger phenomena such as the state, nationalism, and citizenship.

As elsewhere, entrepreneurship in Iraq is a contested field. There are those who are its adamant advocates, viewing it as the primary way of achieving economic development and women’s empowerment. There are also others who take a critical position, linking entrepreneurship to the decline of the social state and the resulting transfer of social care onto women. In this research, we listen to Iraqi women, focusing on how they reflect on their own experiences within the specific conditions of Iraq.

Our report is based on in-depth interviews with 25 women entrepreneurs across Iraq. We also conducted some preliminary, informal talks with five women entrepreneurs. Our interviews were conducted in a semi-structured way, meaning that we started from a standard

***“Our aim is not necessarily to speak about women entrepreneurs in Iraq, but to have them speak through us.”***

list of questions, but added questions according to the specific situation of each woman. Interviews were held in Arabic and English. Interviews in Arabic were first transcribed and then translated into English. While quotations from interviews in Arabic are translations, those that were taken from interviews held in English are verbatim.

Due to pandemic-related travel restrictions, the interviews were conducted online (via Skype and Zoom). While using virtual platforms may be considered a limitation, it also presented us with an immense opportunity, allowing us to reach out to Iraq's most disadvantaged contexts. Our sample of course, is not statistically representative of Iraqi women entrepreneurs, nor is that possible in such a study. Our aim was to find a diverse group of women in terms of geographic distribution, socio-economic conditions and educational background, and have in-depth conversations with them. Our respondents were all within the age group of 17 to 43, most were young, three were students. Nine held jobs in governmental and non-governmental (including private) sectors in parallel to their business activities. Only four were hired employees, the rest were self-employed. Only one had registered her business fully at the time of the interviews. We also talked to business consultants, NGO workers, and analysts in order to get a better sense of Iraq's economic landscape and its entrepreneurial potential. Moreover, given the pre-eminence of humanitarian programs in Iraq's development landscape, we talked to international development and humanitarian agents as well as their local partners.

The report first surveys the state of entrepreneurship in the developing world and the Middle East in particular. In the second section, we examine the current state of female entrepreneurship in Iraq within the limits of publicly available data. This section also provides a broad overview of existing international policy initiatives and programmes in the country. In the third section, we discuss the findings of interviews conducted with Iraqi women entrepreneurs. Here, our analysis is divided into four sub-sections: a) overall landscape of female entrepreneurship in the light of recent cycles of conflict and economic crises as well as the Covid-19 pandemic; b) the institutional landscape that affects female economic activities such as registration, banking and access to finance; c) the social challenges that women entrepreneurs face; d) the political dimension of female entrepreneurship and its emergence as a site of nostalgia about old Iraq, nationalist imaginations, humanitarianism and social activism. To conclude, we briefly summarise the main findings, and present our recommendations in the light of respondents' views and the existing national and international policies in this regard.



# **1. Female Entrepreneurship in the Developing World: Policies, Trends and Challenges**

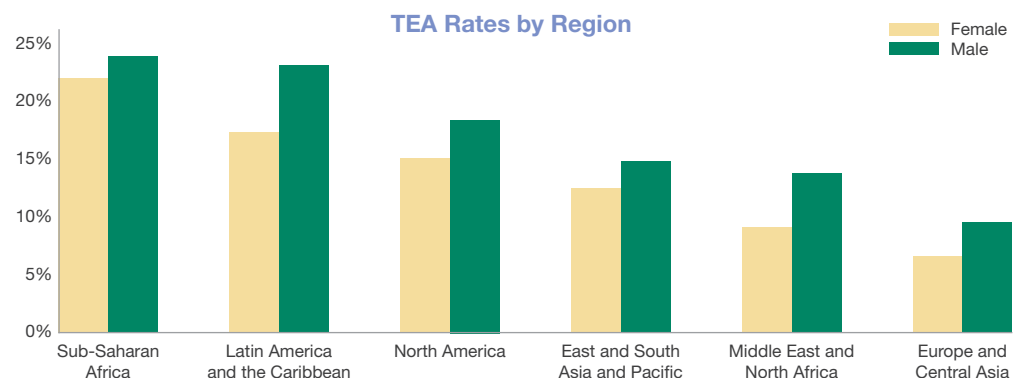


# Female Entrepreneurship in the Developing World

Entrepreneurship has become one of the central components of economic development policy, a trend that is reflected in a wide-reaching academic and policy literature.<sup>6</sup> Developing countries, with the support of international organisations, have adopted policies to promote entrepreneurship among their populations. Reflecting the neoliberal prescription that links entrepreneurship to job creation and economic growth, these programmes have focused on entrepreneurship as an answer to poverty, and especially to unemployment.<sup>7</sup> But the benefits of entrepreneurship, the thinking goes, are not limited to short-term macroeconomic gains. Governments have focused on youth entrepreneurship, for example, as a means to create responsible and self-reliant citizens.<sup>8</sup> Entrepreneurship in this sense has come to be an instrument in bringing about a normative shift in which existing public conceptions of redistribution and entitlements, which are often associated with the culture of dependence, are replaced by market-oriented norms of resilience and risk-taking. These policies aim to create a subject who does not expect welfare provisions from the government, but takes an active role in building the human capital the market demands.<sup>9</sup> Making this shift is even more important among women, who often constitute a large part of social spending, and as a result are further exposed to negative effects of the government's withdrawal from welfare provision.

Recently, female entrepreneurship in the developing world has received particular attention in both national and international development strategies. This is also evident in the increasing number of academic studies devoted to it.<sup>10</sup> These studies have analysed different factors which enable and challenge female entrepreneurs in diverse contexts. Some have focused on the institutional context, while others have emphasised the role of the social and normative environment in terms of their effects on women's decisions to start and continue their businesses.<sup>11</sup> While it is hard to empirically separate one from the other, since institutional mechanisms are part and products of prevailing social norms, these studies have shown that existing gender structures pose an important limitation on female entrepreneurship.<sup>12</sup> Global Entrepreneurship Monitor (GEM), a London-based research project, reports on Women in Entrepreneurship have continuously shown that as countries move up on the development ladder, the gender gap among entrepreneurs decreases.

In recent years, female entrepreneurship has been on the rise in the developing world. This increase is a product of growing poverty and chronic unemployment in developing economies. According to the GEM 2018-2019 report, the Total Entrepreneurial Activity (TEA)<sup>13</sup> rate for women globally stands at 10.2 percent. This rate is 8.4 percent in high income countries, while it is 15.5 percent in low-income countries. As well as their higher TEA rates, low-income countries also feature the smallest gender gap in TEA. The difference between the female TEA rates of high-income and low-income countries indicates that female entrepreneurship levels decline as the level of economic development improves. In places where massive unemployment is the norm, entrepreneurship becomes one of the ways to generate income. A regional breakdown of the figures also supports this claim. The highest TEA rates for women are in sub-Saharan Africa (21.8 percent) and Latin America (17.3 percent). This suggests that women's participation in income generation is driven by necessity, "even in contexts where conservative gender ideals place the breadwinning burden on men and relegate women to the household."<sup>14</sup>

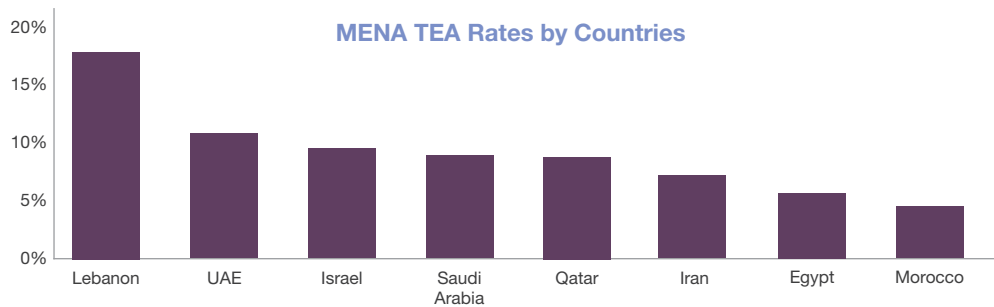


Source: GEM 2018-2019, p. 75

Among developing economies, the Middle East and North Africa (MENA) region stands out for having the lowest levels of entrepreneurial development. The region's conservative values are often viewed as one of the most important reasons for this,<sup>15</sup> yet a recent expansion of female entrepreneurship in some of the Gulf countries, which are no less conservative than other parts of the region in matters concerning women, raises questions about this argu-



ment. The MENA region has a female TEA rate of 9 percent.<sup>16</sup> While this is a point below the global and almost seven points below the developing country averages, the MENA region has experienced a five-point increase from its 2013 level, which was at 4 percent.



Source: Taken from GEM 2018-2019, p. 74-75

An increasing number of women in the MENA region also express an interest in entrepreneurship. According to the same GEM report, the MENA region displays the highest increase in the rate of women intending to start a business. Compared to Latin America and sub-Saharan Africa regions, where intention rate for women stands at 30 percent, the MENA region registers a 36.6 percent interest rate, a record high.<sup>17</sup> While this can be considered a positive development, it may also partially reflect the loss of belief among job seekers that the institutions around them will have the ability or willingness to provide them with jobs. Egypt is particularly worth noting in this regard, as its female intention rate of 57.7 percent is significantly above the region's standards.<sup>18</sup>

Female entrepreneurship in the MENA region is an emerging phenomenon,<sup>19</sup> and the GEM data provides some overall trends in individual countries. Since it does not cover all of the region's countries, its ability to provide region-wide representative data is limited, however. The participating MENA countries in the GEM project are relatively stable ones, which means that it is a highly curated picture of the region. It does not extend into countries plagued by armed conflict, where female entrepreneurship is increasingly seen as a lifeline for many families. Iraq is one such case. Cycles of war, violence and social conflict in the country have produced immense population movements, pushing millions out of their homes. Being deprived of governmental and familial support systems, women have been among the most vulnerable groups in this cycle. While there is a burgeoning interest in the country's overall entrepreneurial landscape, the effects of these conflicts on women's economic engagement in Iraq remains under-researched. In the next section, we offer a brief overview of the state of female entrepreneurship in Iraq's fragile economy, and examine the nature of some of the international engagements in this regard.

***“In countries plagued by armed conflict, female entrepreneurship is increasingly seen as a lifeline for many families. Iraq is one such case.”***



## **2. The State of Female Entrepreneurship in Post Conflict Iraq:**

### **Governmental Policies and International Programmes**

# The State of Female Entrepreneurship in Post Conflict Iraq

Iraq's economic outlook is grim.<sup>20</sup> GDP contracted by 10.4 percent in 2020, when the COVID-19 pandemic brought whole sectors of the world economy to a grinding halt.<sup>21</sup> Even before the pandemic, however, in 2016, the national unemployment rate was 16 percent; and among those aged between 15-24 years old, it stood at 36 percent.<sup>22</sup> According to unofficial estimates, in some cities such as war-torn Mosul, the unemployment rate was as high as 56 percent and even higher among youth.<sup>23</sup> The cycles of conflict, which peaked in the fight against the Islamic State of Iraq and the Levant (ISIS), and the consequent population movement across the country resulted in immense displacement, pushing millions into dire poverty. UN figures show that 4.1 million people remain in need of humanitarian assistance.<sup>24</sup> Things have only become worse with the recent crash in oil prices and the national lockdowns caused by the Covid-19 pandemic. During the pandemic, the poverty rate grew from 20 percent to 31 percent.<sup>25</sup>

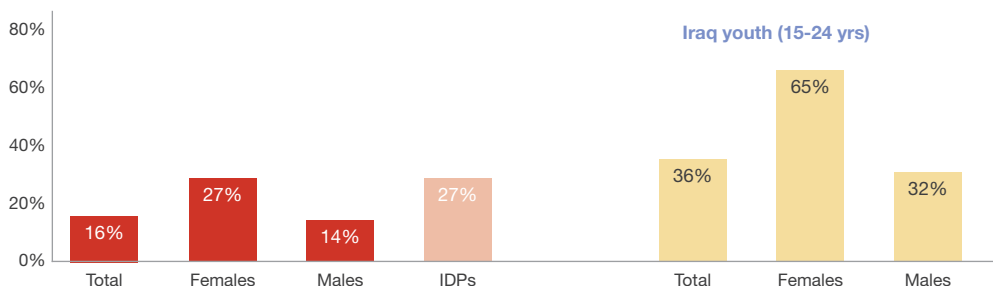
Unemployed Iraqis, 2016



(Source: Taken from World Bank's "Jobs in Iraq: A Primer on Job Creation in the Short-Term, 2018, p.6)

Women suffer the most from the conditions of economic deprivation. World Bank figures show that Iraq's female labour force participation was already the lowest in the MENA region before the pandemic, standing at 11.2 percent in 2016.<sup>26</sup> The same figures registered the unemployment rate for women of all ages at 37 percent and young women (15-24 years old) at 65 percent in the same year. Considering that one has to be actively searching for work to be counted in unemployment statistics, this means that young women are almost twice as likely to be looking for work as other women. Nowhere else in the Middle East is there such a high number of young women eager to enter the labour force, but finding themselves unable to do so. The situation in the autonomous Kurdistan region is no better. The UN Migration Agency's 2018 survey indicated that women made up 12.2 percent of the region's workforce. Of the women employed in the KRI, 75 percent work in the public sector, and are severely affected by the government's salary cuts.<sup>27</sup>

Iraq unemployment rates (%), 2016



Source: Both taken from World Bank's "Jobs in Iraq: A Primer on Job Creation in the Short-Term, 2018, p.6)

It is against this background that an interest in promoting entrepreneurship, among Iraq's disadvantaged groups, and particularly women, is emerging. The government's national development plan for 2018-2022<sup>28</sup> made it a priority to support entrepreneurship. More recently, the office of the Prime Minister commissioned an *Emergency Cell for Financial Reform* to identify immediate reforms for the country's macroeconomic recovery plan post-pandemic. The resulting White Paper also emphasized the significance of supporting small and medium size enterprises (SMEs) and entrepreneurship in reducing youth unemployment. The paper makes it a strategic priority for the government to cut red tape and simplify the process of setting up a business.

The reform programme has yielded its first fruit by launching a new online business registration system, which should significantly simplify and ease the process of setting up a business in the country.<sup>29</sup> The new single-window system initially went online in Baghdad, with the intention of rolling it out across the country over time. This could have substantial benefits for women. Self-employed women often take care of a household, and do not have the time and freedom to engage in complex paperwork that registration process in Iraq requires. Iraq's bureaucracy is also often a male-dominated environment where women can be subject to poor treatment and harassment. A quick and easy online registration process

***“Women suffer the most from the conditions of economic deprivation... It is against this background that an interest in promoting entrepreneurship, among Iraq's women, is emerging.”***

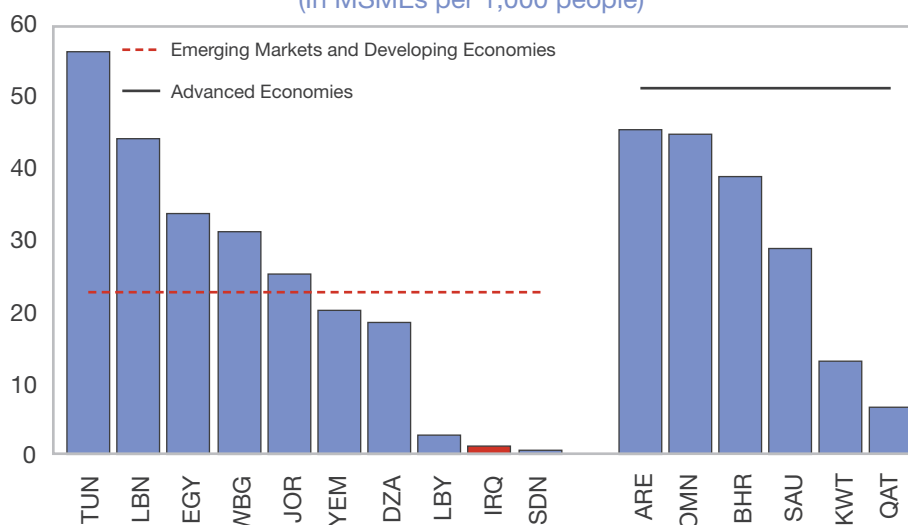
# The State of Female Entrepreneurship in Post Conflict Iraq

***“Since the beginning of the pandemic, there is a noticeable increase in home-based businesses owned by women. Most of these are either cooking services of various kinds, or handicraft-based production”***

could overcome these problems for some women with access to the internet, allowing them to register their businesses. The Kurdistan Regional Government is also working on reforming and simplifying the business registration process.

The outcome of these ambitious plans on entrepreneurship are yet to be seen. To be clear, Iraq’s entrepreneurship ecosystem is underdeveloped. There is no publicly available data in relation to the total size of entrepreneurial activities. While GEM began to cover MENA countries in its global reports starting in 2009, Iraq has not yet been featured. A remote proxy to data on entrepreneurship might be the extant data on SMEs. According to the White Paper, the private sector in Iraq accounts for 60 percent of total employment.<sup>30</sup> With the exception of a few large private companies, which heavily depend on state contracts, the majority of the private sector is made up of small businesses. Most of these SMEs operate in sectors such as trade, retail, construction, transportation, textiles, food, engineering, chemicals and hospitality, with their density, that is, the number of SMEs per 1,000 people, being the lowest in the MENA region.<sup>31</sup>

**Micro-, Small-, and Medium-Size Enterprise (MSME) Density**  
(In MSMEs per 1,000 people)



Source: Iraq-White Paper, 2020, p. 14

Despite this bleak situation, however, there is growing interest in entrepreneurship, particularly among young Iraqis. Frustrated by persistent corruption, institutional disfunction as well as growing poverty and unemployment, more and more people are taking up the challenge of creating the conditions of self-employment.<sup>32</sup> Young women are particularly active in this respect.<sup>33</sup> The pandemic has further pushed some women to establish home-based businesses.<sup>34</sup> Various NGOs working in the field of economic development confirm that since the beginning of the pandemic, there is a noticeable increase in home-based businesses owned by women. Most of these are either cooking services (often with delivery) of various kinds, or handicraft-based production, such as crocheting, knitting etc.

A myriad of international organisations and their local partners support women’s economic empowerment in Iraq through various programs. These include multi-purpose cash assistance, including small grants for businesses, vocational training schemes, job placement and job creation initiatives. While most of these programs do not comprise female entrepreneurship as a separate component, they nonetheless create an enabling environment for female entrepreneurs to access the resources and support they need. International organisations in Iraq also seek to reform the legislative environment that has an impact on women’s economic activity. The World Bank’s Mashreq Gender Facility (MGF), which operates in Iraq, Lebanon and Jordan, for instance, works with the Women’s Empowerment Directorate, as well as the Ministry of Planning, Ministry of Finance and other relevant government entities such as the Central Bank.<sup>35</sup> MGF undertook a comprehensive review of legislation that is designed to further the inclusion of women in the labour force. In partnership with the Ministry of Planning, it examined the existing policies and procedures to determine what percentage of public contracts went to woman-owned businesses. The bank has also worked with the Iraqi Commercial Bank to improve women’s access to finance.

Another agency that works in this area is Oxfam. In its SIDA (Swedish International Devel-



opment Cooperation Agency)-funded program, Oxfam supported women in the agricultural sector in Nineveh through vocational training and job placement schemes. The organisation with the support of the European Union and the UNDP also supports Missan's economy through urban regeneration and the revival of the tourism sector.<sup>36</sup> There are also a number of women's rights organizations and coalitions in Iraq such as Al-Amad, Baghdad Women's Association and the 1325 Alliance. These organizations have led successful campaigns, programs and initiatives to advance gender equality, including economic empowerment. Iraq also has a growing number of incubation centres, such as Five One Labs, Capita, Takween Accelerator, the Station, The Recoded and the Orange Corners Baghdad. These organize capacity-building workshops and training programs on a number of business-related subjects, including marketing strategy, customer support, finance and accounting. They also often provide entrepreneurs with the physical space to develop their ideas and introduce them to people who can open up opportunities for them. Many of these organisations have programs specifically designed for women and work to encourage more women into setting up their businesses.

So far, these efforts remain targeted at urban, middle class youth, and are mostly taking place in the non-governmental field, with only minor contributions from government. Even when governmental institutions are involved, their capacity to coordinate these programs is extremely limited. The next section analyses how women entrepreneurs view the state of entrepreneurship in Iraq and navigate diverse local and international actors involved in the country's entrepreneurial space. It also illustrates the forms of thinking and acting that have emerged in and around female entrepreneurship.



### 3. Discussion of the Main Findings

## A. The Landscape of Female Entrepreneurship

### i. Contextual background: conflict, economic crisis and unemployment

Our research indicates that, confronted with an environment of deprivation, Iraqi women mostly start their business as a means of survival. Most cite the need to take care of their families as the primary reason for starting their businesses. Conflict with ISIS and the population movement in recent years left many households without a male who is the primary breadwinner. Women have had to fill the void. One respondent whose husband died in 2014 said that she started a business when conditions forced her to.<sup>37</sup> After the death of her husband, she became dependent on her extended family, including the family of her husband, to take care of her children. When this wasn't enough, she watched YouTube videos on how to make cakes, experimented in her kitchen, and begin selling them. This new breadwinner role is marred with difficulties for women. She explained that she did not have the resources such as baking tools, networks and sources of finance to build up her business. She is receiving two to three orders per week, mostly from her relatives who want to support her. This raises a question for public policy: when is an enterprise a business, and when it is a charity?

Her experience is not an exception. Another woman is a business owner who is displaced from Kirkuk.<sup>38</sup> Unable to find a job in her new place of residence and having to leave all her contacts behind, she signed up for some workshops on running a small business offered by NGOs to the displaced, and started a business in arts and handicrafts to earn a living. This is a far cry from entrepreneurs in wealthy countries who quit their jobs to start their own – often more creative – businesses. Given the opportunity for secure, gainful employment, most people in her position would have taken it. Her displacement created additional burdens on her business. Unlike her counterparts in developed settings, she does not have elaborate plans for the future. When asked, she said she had very little hope of growing her business in the next five years.

The lack of job prospects is another driving force in Iraq that prompts many towards entrepreneurship. Several female entrepreneurs interviewed for this research reflect this trend. Many are students and young graduates who set up their business while they were still studying. When asked why they started their businesses, most pointed to the lack of job opportunities upon graduation in the country. Government jobs are no longer the ticket to a stable life they once were. Iraq has one of the biggest public sectors in the Middle East. Between 2004 and 2015, the size of the public sector grew threefold. While in 2003, Iraq had 1.2 million public sector employees, by 2015 it had 3 million.<sup>39</sup> This has created immense pressure on the budget. Salaries and related pensions make up over 45 percent of total government spending.<sup>40</sup>

The situation in the Kurdistan region is no different, with the public sector making up 53 percent of the region's total workforce<sup>41</sup>, which amounts to 24 percent of Iraq's entire public sector.<sup>42</sup> The fight against ISIS, the drop in oil prices and the Covid-19 pandemic have worsened the situation, eventually resulting in the well-publicised delays in the payment of public sector salaries. While the Kurdistan region has frozen public sector jobs since 2014, in Iraq, this has been a more difficult step to take. The Iraqi government sought to curtail the public sector through temporary hiring freezes in 2016, but this did not last long. Instead, it took alternative measures, such as forcing older civil servants to retire. Recently, the government announced its plan to cut the public sector, but the plan faces strong opposition from political parties, as well as the wider population. While the size of the Iraqi public sector is financially unsustainable, the private sector remains too weak to absorb the more than 800,000 Iraqis who enter the workforce annually.<sup>43</sup>

Under these conditions, many frustrated young graduates start their own businesses. The words of a respondent from the Kurdistan region reflect the general mood among the young interviewees: "If I had graduated from university in the early 2010s, I would have never imagined myself setting up my business. I would have tried to find a job in the government. That's not an option anymore. Conditions give new directions to your plans."<sup>44</sup> Another recent graduate from Erbil raised a similar point:

Although I like what I'm doing and being independent, I would have chosen public employment if the situation was different. In business, there are so many challenges that I have to deal with. The biggest one is the lack of security. By security, I mean not being able to see what will happen to my business tomorrow. Public employment gives you stability, it offers benefits. Now, our government does not hire people. There is a very small private sector. So, basically, they are telling us to

***"confronted with an environment of deprivation, Iraqi women mostly start their business as a means of survival"***

***"Conflict with ISIS and the population movement in recent years left many households without a male who is the primary breadwinner. Women have had to fill the void."***

***“Many respondents associate entrepreneurship with creativity, social good and independence and as an escape from what they see as the country’s dysfunctional institutions, nepotism and partisanship.”***

go create your job. There is something wrong with this approach. Entrepreneurship must be by choice, not by force.<sup>45</sup>

Thus the frustration is not with the idea of entrepreneurship, but with the absence of choice. An entrepreneur in Sulaymaniyah was studying for her bachelors while she started trading in accessories on the internet.<sup>46</sup> This was highly unusual in Kurdistan up until very recently, and families would have discouraged it. What changed, as in this family, was that the primary breadwinner was suffering salary cuts. This particular entrepreneur had to study and support her family at the same time. The Kurdistan region has been particularly affected by the problem of salary cuts, since its dispute with the central government on oil sales has meant that it is periodically refused its share of the national budget. Many civil servants have not received their salaries for months, and when they have, it has usually been with significant cuts.<sup>47</sup> This creates important changes in the family structure, dispersing financial responsibility from fathers, who are usually primary breadwinners, to other members of the family, including women and young adults. In a region where families take care of their children until they get married, this is a significant cultural shift.

## **ii. Women’s struggle for autonomy: entrepreneurship on the rise**

The yearning for autonomy, both economic and political, led many young women to set up their own businesses. This new generation of entrepreneurs are active in diverse and creative sectors such as technology, software, textile, arts, cosmetics, design, fashion, chemistry, green energy and recycling. This is a different genre than older women who operate in less more traditional sectors such as food, sewing, etc. They are university students and graduates. They speak English, and are eager to network, gain practical experience and bring in novel ways of doing business. One such entrepreneur from Sulaymaniyah said that entrepreneurship represents creativity to her. She explained:

“There is a difference between a store owner and an entrepreneur. A store owner buys things and sells them the exact same way, but we colour it, make something new out of it, recreate it. I think this is what entrepreneurship means to me”<sup>48</sup>

Another one described her business in food sector in similar ways. Explaining that even if she was involved in the food sector, her business is different from any restaurants as she introduced a new concept of breakfast. In a setting where breakfasts are overwhelmingly traditional even among high income groups, she began advertising European cuisines and shipping ready-made breakfasts into home.<sup>49</sup> In these accounts, entrepreneurship becomes almost synonymous with difference and novelty, quite a different meaning for those who view it as a way of making sure that they can feed their families.

Whereas entrepreneurship in Iraq emerged mostly out of necessity, it can be a positive experience for women. This is reflected in the degree of hype around entrepreneurship, especially among young Iraqis. A myriad of organisations support entrepreneurship in Iraq through workshops and funding opportunities. In 2017, Iraq’s first start-up incubator, Five One Labs, was founded in Sulaymaniyah with the aim of promoting entrepreneurship in the country. A year later in 2018, The Station, a non-governmental, non-profit co-working space, was established in Baghdad. The Entrepreneurship and Innovation Center (AEIC) was set up as part of the American University of Iraq in Sulaymaniyah in 2019, and Re-Coded, a non-profit organisation providing digital skills training was launched in Erbil in the same year. In 2020, The Station opened its second branch in Mosul, where large areas had been devastated as the Iraqi forces fought to liberate it from ISIS from 2016 to 2017. These organisations seek to contribute to the development of the private sector by promoting an entrepreneurial ecosystem in Iraq. Reflecting the progressive ideals of the liberals in the developed world, they often target women and have female quotas in their programmes.

These developments create excitement for entrepreneurship among university-educated, urban women. Many respondents associate entrepreneurship with creativity, social good and independence and as an escape from what they see as the country’s dysfunctional institutions, nepotism and partisanship. Public sector employment, after all, does often involve supporting bureaucratic cliques or political parties in exchange for promotions and advancement. Young, educated people who have been shielded from this world are reluctant to enter it, and the glossy language of global entrepreneurship offers them refuge. One respondent from Baghdad makes clear this sentiment, “I’m trying to stay away from anything that is related to government and politics...I focus on my work”<sup>50</sup>. A similar trend is found in the Kurdistan region. As one respondent stated eloquently, “entrepreneurship not only provides income, it also provides freedom from political processes.”<sup>51</sup> While this freedom may exist in select circumstances, especially in the technology sector, it is highly precarious, and as



discussed in further detail below, often short lived.

### iii. The COVID-19 Pandemic as a push factor

The Covid-19 pandemic brought significant changes to the business perceptions of Iraqi women. While it has hit some businesses very badly, leading to closures, everyone who took part in the research agreed that it acted as a catalyst for change in their understanding of how business could be done. Businesses shifted to online platforms where they could, revamping their entire business models to adjust to this reality. One respondent from the Kurdistan region summed this up by dividing the general understanding of business into pre- and post-covid period:

While entrepreneurship was gaining ground in the region before Covid, the idea of a proper business was dominated by an old understanding, which is that you need to rent a store, buy furniture, and rely on old techniques to attract customers. When Covid hit, this began to change. People got used to online sales within a short period of time. This is a dramatic change for a country like Iraq. Online orders became very common during lockdowns. Online shopping became popular.<sup>52</sup>

Another respondent describes the transformation from her own experience. She recounted:

Before Covid-19, I set up a business in 2017 in Sulaymaniyah. I immediately rented an office, decorated it with fancy furniture and registered it. I thought this was the way to go to look professional. With Covid, I had to close my office. My business was badly affected. Then I realised that I could have done my business online. There was no need for an office, rent and all that. If I were to do it now, I would not have rented a place. You can do it all online now. There is a great demand for online shopping.<sup>53</sup>

Most businesses established during the Covid-19 pandemic in Iraq are home-based and operate online. Women-led businesses in sectors such as baked goods, food, jewellery, crafts and artisan ware, and home products are proliferating.<sup>54</sup> For many, Covid-19 offered new opportunities. As one business owner in Duhok said, “if it was not for Covid, we would not have been able to introduce our breakfast service in Duhok. When we came up with the idea, my parents said why would people buy breakfast here. But people were at home, and they were more open to trying new things. It worked for us.”<sup>55</sup> Food and baked services benefitted particularly from lockdowns. As another respondent in Diyala said, “people kept on eating desserts.”<sup>56</sup> For these sectors, lockdowns decoupled food production from the service sector. Businesses no longer had to maintain cafes and restaurants in order to sell artisan food. This allowed women who find it difficult to work in, or run personnel-heavy services, to focus on producing food from their kitchens and selling it online or through word of mouth.

Most of these online businesses do not set up their own websites, and use social media accounts, primarily Facebook and Instagram, to sell their products. Several respondents said that they wanted to create their own websites, but that their customer base heavily preferred social media platforms for their online shopping. There are also a number of locally created e-commerce platforms. These give local producers the opportunity to sell their goods online, or to procure high-quality products such as mobile phones or luxury handbags from abroad. There is something of a gold rush in the sector, and people are keen to take courses on online marketing and related fields. A business consultant talking about the Kurdistan region said “everyone wants to be Amazon these days. But who’s going to wash my car?”<sup>57</sup> Delivery services, which are often separate from online retailers, have also received a boost from the pandemic. Many respondents said that delivery services in Iraq are becoming more professional, especially in carrying goods across trading hubs, such as Basra, Baghdad and the Kurdistan region.

Covid-19 has also increased the demand for local products. This was a welcome development for the entrepreneurs interviewed for the project, but there are important regional differences in the way local production is making inroads. In the Kurdistan region, consuming local products is becoming increasingly popular among the population, with growing awareness around local campaigns to shift the customer demands to locally produced goods. In the rest of Iraq, however, it is less straightforward. Iraqi products have long been crowded out by Turkish, Iranian and Chinese imports.<sup>58</sup> This creates immense pressure on local producers. Respondents outside the Kurdistan region said that they also saw a boost early on in the pandemic, but that it faded quickly afterwards. One business owner from Baghdad explained that during the early stages of the pandemic, her business was able to grow its

***“Entrepreneurship must be by choice, not by force”***

***“This new generation of entrepreneurs are active in diverse and creative sectors such as technology, software, textile, arts, cosmetics, design, fashion, chemistry, green energy and recycling.”***

*“Many mobilize their families to be involved in running the business, with crowded households providing free labour, as well as first customers.”*

share of the market due to the logistical difficulties of her competitors, who sold imports.<sup>59</sup> During this time, she reported that there was wider optimism that conditions would change in favour of local manufacturers. This, however, did not last. As the markets adjusted to the pandemic, Iraq's system opened back up to foreign influence, and this once again exposed her business to foreign competition, which she argues, isn't necessarily competitively priced, but better connected. A more detailed discussion of the role of nationalism will take place below

#### iv. Stunted growth: woman-run businesses remain small

Despite the strides female entrepreneurs have made, the economic value of female-run businesses remains low. Many business owners simultaneously hold other jobs. Entrepreneurship is rarely their main economic activity, but rather an additional revenue channel. This is evident in the profile of our respondents, many of whom run their businesses in addition to their full-time jobs. Excluding those who started their businesses as students or out of necessity (because they were either unemployed or had no source of income), only three quit their jobs to start their companies. The rest have either continued their full-time jobs along with their business undertakings, especially during the first years of their venture. What is more is that governmental jobs are still popular among many respondents. When asked whether they would accept a governmental job if they were offered one, many showed interest. The majority of those who showed interest said that they would prefer to do both. This shows that it is not easy for many women to give up the job security perceived to be offered by public sector jobs in Iraq. One woman summed up this feeling when she associated the public sector with security and pension benefits and entrepreneurship with independence.<sup>60</sup> This independence, borne out of job security, can provide real freedom when for these women.

The fragility of the entrepreneurial space is also seen in the ways these businesses operate. Many mobilize their families to be involved in running the business, with crowded households providing free labour, as well as first customers. Bakery kitchens are run from home, workshops are set up in gardens, storehouses are built as an extension to the main house. Only four businesses out of 25 interviewed had an office or a store. Only five had formal employees. With the exception of one relatively well-developed business in Sulaymaniyah, these employed only three or four people. A few businesses said that they have hired people on a project basis when demand was high. The businesses simply do not generate enough profit to grow and hire more people. One business owner in dire straits explained that she only took three-four orders a week, which was barely enough to help sustain her family, let alone hire anyone.<sup>61</sup> Another talked of her tight schedule between her full-time job in an NGO and her own business.<sup>62</sup> She said she was dependent on her sisters, who run the kitchen while she manages the social media and management. Once she makes enough profit to expand, she wants to open up a restaurant and make hires then.

Many said that the economic conditions of the country meant that orders were far too irregular for them to consider expanding. One business owner in Erbil said that she had not received any orders for three months.<sup>63</sup> Another woman from Sulaymaniyah who sells accessories said, “business is not stable here. Salary cuts affect us a lot. In the first months of the lockdown, we had more orders, then our orders decreased dramatically. People are getting poor, they do not have money to spend on jewellery.”<sup>64</sup> Indeed, the effect of salary cuts and delays affect many more people than those who are directly receiving the salary. In a country where many livelihoods depend on public employment, one could easily say that businesses are also dependent on the government's ability to pay salaries.

Many business owners said that if their sales go well, they save up for times of hardship. Few can think of going beyond that. “It is easy to start, hard to expand,” said one business owner.<sup>65</sup> Many businesswomen also save up to one day be able to pay government registration fees. Below, we explain why the registration process is a big challenge for women.

## B. Institutional Challenges

### i. Registration

Apart from one chemical producer in Sulaymaniyah, the businesses surveyed here were not registered, or were “semi-registered,” which means that they had bought the rights to their company names and obtained some certification, but important parts of their activities were not yet licenced, and there was little prospect of those licenses being received soon due to the existence multiple factors, leading to extensive informality. First, the registration process is shaped by Iraq's Kafkaesque bureaucracy, which traps its citizens in vicious cycles of

paperwork that they can neither understand nor escape. As in many cases of bureaucratic procedures, registering a business is a complex affair. Rules are unclear, involve massive amounts of paperwork and – worst of all – endless visits to several public offices. One respondent tried to go through the registration process for her business, but finally gave up, saying “you forget what you were there for in the first place, going from one office to another.”<sup>66</sup>

The need to be physically present at these government offices is especially problematic for displaced women. One business owner who was displaced from her native Kirkuk explained that she unable to register her business in the governorate she now lives.<sup>67</sup> Dealing with governmental departments is difficult and could take years for women like her. This is gradually changing. Iraq recently updated its registration system and made it possible for business owners to register online. The pilot project has been launched in Baghdad and is to be rolled out to other provinces. However, hardly any respondents knew about this recent development, which may indicate that the process will take some time to be fully implemented.

Another reason for the inability of entrepreneurs to register their businesses is that the process is subject to very high registration fees. The frustration with such hurdles was widespread among the respondents. One business owner in Kurdistan expressed her frustration, saying, “as small businesses, we are subject to the same amount of fees as big oil companies. If I had the same financial resources as oil companies, I would not have started my business career by selling jewellery.”<sup>68</sup> There are no significant government provisions for start-ups and small businesses to navigate this maze of paperwork and exorbitant fees.

Another limiting factor are taxes put on small businesses. As one entrepreneur from Erbil said, the problem was not just the complexity and cost of the registration. In an environment where informality is high, and the switch into the formal world is dubious, making that switch and being hit with a high tax burden can be daunting. “Are we ready for what comes next? Are we prepared to pay taxes?” said the respondent.<sup>69</sup> With no tax exemption in place, many entrepreneurs avoid registration to avoid paying taxes, especially during the initial years of their business.

Moreover, several start up owners do not meet the spatial and physical conditions for operating a registered business in their respective fields. A kitchen, baking sweets for the neighbourhood, or a small lab tucked into an attic, producing cosmetics, is extremely unlikely to be approved by a government inspector. There are also problems restricted to certain types of businesses. There is, for example, no way to register an online business in Iraq. Respondents who owned such firms said that when they tried to register, officials told them that they did not need to. Informality is often not a choice but a necessity for business owners, but for this group, it happens to be the only way of doing business.

Some choose not to register in an attempt to stay off the government’s radar. This was slightly less the case for the Kurdistan region, and more for the Arabic-speaking majority of Iraq. Registration, respondents said, meant that one had to deal with potentially predatory branches of local government, which could arbitrarily tax them or force them to put their own people on payroll.

While not registering provides some protection from politics, bureaucracy, fees and taxes, it does create significant challenges as well. One is copyright. Many respondents were afraid that their names would be stolen. One strategy to counter this is to reach a level of notoriety as a brand, meaning having a substantial social media following, or even doing interviews on TV, thus making copycats less credible. Another challenge that comes with being unregistered concerns access to finance. Iraqi banks and government institutions do not offer attractive credit conditions to small business owners, and even registered businesses will often take out informal loans. International institutions, however, give out grants and funds, especially to women entrepreneurs. These institutions sometimes offer small amounts to unregistered businesses, but as the size of the grants increases, it comes with more requirements, including registration. That is why incubation centres and NGOs often encourage their recipients to register their businesses. One such recipient said that she used funds as stepping stones: a small fund she received from an external organisation in Sulaymaniyah went completely into registering her business, which in turn, will put her in a position to be able to apply for bigger funds.<sup>70</sup>

*“Informality is often not a choice but a necessity for business owners”*

## ii. Banking & e-payment

One challenge for online business operations is Iraq’s cash-based economy. According to the World Bank, only 23 percent of Iraqi adults (aged 15 and over) held an account with a

***“Without a well-functioning banking system, it is far more difficult for small businesses to trade across national lines.”***

financial institution in 2017. This is the lowest among the countries surveyed in the Middle East. The share of Iraqis with bank accounts has been increasing in recent years, since the government began to pay salaries and welfare benefits electronically.<sup>71</sup> This means that at least seven million Iraqis now have biometric debit cards that can be used at ATMs and in shops. New electronic payment systems and mobile money are also developing quickly.

Despite these improvements, however, banks remain unpopular among Iraqis, which constrains the expansion capacity of online businesses. Orders are mostly paid in cash at delivery. This can be a significant problem for businesses because it means that they have to make an upfront investment, and even build up stock, in order to be able to make sales. A business selling clothing has to buy textiles, while a home bakery will have to buy ingredients. If electronic payment systems were in place, it would mean that businesses would be able to obtain online payment, then produce the product.

Without a well-functioning banking system, it is also far more difficult for small businesses to trade across national lines. Several entrepreneurs said that because they were not able to register their businesses, and hence open business accounts, they were not able to make international money transfers at economical rates. This meant that they had to use their personal accounts, which adds to cost, and perhaps more importantly, it meant that they couldn't sell in large online platforms like Amazon's stores in other countries.

### iii. Access to Finance

As in many other post-conflict settings, access to finance is a significant limiting factor in Iraq's entrepreneurial space. Governmental loans for small businesses are very limited or “non-existent,” as one entrepreneur put it. The failure of the government to support small businesses through loans and financial incentives creates a lot of frustration among female entrepreneurs, whose access to finance, as one from Erbil said, is more limited than their male peers.<sup>72</sup> In a setting where the majority of loans are informal, especially family-based, women have to convince their potential financiers not only that their business is viable, but that they, as a woman, can, or should be allowed to, run it. This normative dimension inherent in the access to loans is one of the biggest obstacles to woman-run businesses.

For this reason, respondents expressed a very strong desire for the government to intervene on this point. The complete absence of such intervention, and the bleak outlook for change, was a major demoralizing factor among the women surveyed. All started their business with their own money or if lucky, financial support from their families. Entrepreneurship is one area, a respondent from Kurdistan said, where the government disappears from one's life.<sup>73</sup> Many respondents became interested in taking out bank loans, but decided against it. One problem with private banks in Iraq is that they are not trusted by public at large, and as mentioned in the previous section, a significant portion of society do not hold a bank account.

Moreover, even if one has a bank account, loans offered by private banks come with extensive liabilities that many respondents believed that no start-up owner could meet. A woman from Baghdad said, “loans are not there, even if they are available, they have very high interest rates...Whatever I earn as revenue would only suffice to pay back the loan and the interest.”<sup>74</sup> The fear of not being able to pay back was widespread among respondents. One described her efforts to find a loan saying, “I did all the searching regarding loans, but I decided not to get any. My business is already small, my orders go up and down every month. There are months I don't get any orders. How am I supposed to pay back?”<sup>75</sup> Another summed up the overall feeling when she said, “I'd rather be in debt than get a loan,”<sup>76</sup> by which she meant that she would rather be in informal rather than formal debt.

In the absence of government and private funding, international NGOs provide the only means of finance in Iraq. Several international development organisations are involved in the provision of micro-credit and cash assistance. Many of these programmes have a gender quota to ensure female participation. In recent years, female entrepreneurship is becoming an area of focus in itself for these organizations. For instance, under the Deutsche Gesellschaft für Internationale Zusammenarbeit's (GIZ) Youth Project, seven innovation hubs in five provinces in Iraq (The Station, KAPITA, and IOT Maker in Baghdad, Science Camp in Basra, Mosul Space in Mosul, Re-Coded in Erbil, and Five One Labs in Sulaymaniyah) came together to provide young people with the necessary skills to meet the existing market needs. 140 training sessions were provided, with a total outreach of 6,500 beneficiaries, 30 percent of whom were women.<sup>77</sup>

Again, with the support of international donors, The Station initiated the Raa'idat competition to encourage women to develop and grow their enterprises.<sup>78</sup> FiveoneLab also recently



initiated the Female Founders Fellowship to provide women with support to grow their businesses through a number of activities such as funding, training, peer support, consulting and advisory services.<sup>79</sup> In 2020, Iraq's first accelerator initiative Takween was founded with the aim of promoting national entrepreneurship through the provision of credits, mentorship and access to investors.<sup>80</sup> Takween is funded by the European Union and the Crisis and Support Centre of the French Ministry for Europe and Foreign Affairs. It supports women entrepreneurs via its Spark4Her program, which is designed to boost women entrepreneurs in the start-up ecosystem. Similarly, the Rwanga Foundation in Erbil operates a crowdfunding programme with the support of the European Union to support small businesses and start-ups in the Kurdistan Region through the provision of micro finance, and they too, have a quota for women.<sup>81</sup>

These programs have benefitted many women entrepreneurs financially. This is evident in the profile of the respondents interviewed for the research at hand. Out of 25 interviews, 9 stated that they received funds from organisations such as FiveoneLabs, Takween and International Migration Office (IOM). The interest in and awareness of international funds is increasing among Iraqis. The IOM, for instance, has started a grant programme to support micro enterprise and the development of the private sector. In 2018, when the fund was piloted, out of 30 grant applicants, none were women. In 2021, out of 57 grants issued, 54 were female. This steep rise in the number of female applicants could be a result of greater awareness and a communication success, it does however show the increasing interest among women in start-ups and their desperate need for funds.<sup>82</sup>

While these are welcome developments in a country that is transitioning from cycles of conflict, they still fall short of meeting the needs of Iraqi women. The burgeoning ecosystem of start-up financing in Iraq is (I)NGO-led. Most of these funds are provided by international organisations as part of their economic recovery and development aid. That is why they are small grants, and focusing on the much-lauded “launch” phase of start-ups. This creates other problems:

I appreciate the funds they offer. But they are so little with not much follow-up support. This is because most are provided by NGOs. If an investor was involved in the provision of the fund, she or he would carefully inspect where the money is spent. This would pressure start-up owners to take their business seriously. However, with NGOs, there is no such process.<sup>83</sup>

As discussed in further detail below, there is a question here as to the boundary between the world of humanitarian aid and finance, of moral responsibility and economic interaction. While the NGOs see themselves as being engaged in a progressive endeavour, the recipients of the grant might yearn for a more business-like interaction. It is not that NGOs and incubation centres are not prioritising networking opportunities between investors and entrepreneurs. Such events do take place regularly. But the women who took part in the survey wanted such events to be much closer to market actors. They wanted to learn from people who had actually run their own businesses and knew what it was like to be exposed to market forces.

## C. Social Challenges

### i. Being a female entrepreneur in Iraq: Personal autonomy in a socially challenging environment

As in many other settings, entrepreneurship is an empowering experience for women in Iraq. When reflecting on their personal experiences as female entrepreneurs, respondents all pointed out that they now felt more independent, confident and responsible. One woman described her transition by saying, “I look differently at myself now...I feel that nothing is difficult, and I can do everything.”<sup>84</sup> Respondents emphasized the financial aspect of entrepreneurial independence. One woman said, “you can do everything when you have your own pocket. When you wait for someone to give you money, you'll have to sit and listen to him.”<sup>85</sup> Many agreed that women should be able to work in all sectors. One woman expressed her frustration with the restriction of women to certain kinds of professions such as teaching, nursing, farming and housekeeping.<sup>86</sup> She said that women, regardless of their educational accomplishments, can achieve success in whatever sector they are in. Her experience with women working on her production site, she said, showed her the strength and resilience of Iraqi women.

While it is vital for women to financially “stand on their feet,” as many respondents put it, the positive aspects of entrepreneurship go beyond the economic independence it offers. The

*“The burgeoning ecosystem of start-up financing in Iraq is (I)NGO-led... there is a question here as to the boundary between the world of humanitarian aid and finance, of moral responsibility and economic interaction.”*

## Discussion of Main Findings

women surveyed highlighted the importance of their business experiences in changing their perceptions of their role in society. One woman explained her transformation:

I was like any girl who dreams of meeting her prince charming and getting married, live a love story and have children. These were my thoughts. But when I became independent in my life and work, I shifted my thoughts towards the importance of self-development... I love myself more and I am more self-confident.<sup>87</sup>

Many others also experienced this emotional shift, which motivates them to expand that experience across society. One woman said:

I started working on raising awareness. I tell women not to wait for a marriage opportunity and not to depend on their families. Don't depend on charity... I encourage even married women not to wait for their husbands to give them money to buy something. If you have your own source of income, you will not need your husband's money.<sup>88</sup>

These efforts, she said, yielded a significant change in the local perception of women's role in society. Sometimes, large-scale violence could surprisingly change social attitudes towards women. For all the destruction it caused, the war against ISIS and the massive population movement it generated acted as a catalyst for social change. Iraq's diverse cultures were thrown together, sometimes upending their male-dominated value systems. One displaced woman said:

If I were in my previous governorate, it [opening a business] would have been normal, people would not consider it a success story. But here, it is strange that a girl can start her own business. Especially in the local area where I opened my store, I was warned about the reactions I would get. I had concerns about whether people would accept it, how they would look at me.<sup>89</sup>

Despite her initial concerns, her business was welcomed by the community. She continued:

Things have changed since 2016. I was volunteering in organisations before 2016, and there were almost no women apart from me and two others. Now there are more women who volunteer. Cultural values have changed.

Despite changes for the better, respondents said that there are significant social challenges that hinder their further development. Iraqi society, many said, is not receptive to the idea of women who work for a living. For women who want to make the break, the challenges start in the family. Any woman interested in setting up her business first needs to convince her family. Except for one woman in Kurdistan, all respondents said that they obtained the support of their families, and that this was fundamental in the establishment of their business. For women, starting a business without family support would be extremely difficult, as our sole outlier attests to. It would not be a stretch to estimate that for every woman who receives the support her family, there are many more who have asked, and were denied such support, and were consequently unable to launch their businesses.

Society remains highly judgemental of women in work, business or public life. The idea that woman should stay at home and take care of their husbands and children is firmly the norm. The women surveyed cited this normative environment as an obstacle in their daily activities. Some said that their projects were delayed, others said that their mobility was restricted. Some cited an uncooperative ex-husband or a conservative mother, while others were irritated that they had to dress conservatively in business interactions.

These social challenges do not end as women pass the initial hurdles of launching their businesses. They only take different forms. Respondents acknowledged that their social environment has expanded because of their business activities, yet this expansion is mostly virtual. This is especially the case for the women who conduct most of their business online, engaged in sectors such as handicrafts, food delivery and artisan products. While interacting with thousands of followers via their social media accounts, their work still entails a limited psychological mobility. For those whose work requires more movement and direct interactions with a range of stakeholders such as customers, merchants, vendors as well as investors, mobility comes with its own risks.

One such risk concerns psychological safety. Many respondents, especially in Arabic-speaking parts of Iraq, said that the security situation was still not suitable for women to travel safely. Recent attacks on women activists in Iraq are also a cause of concern to women. Iraqi

women rights activists in recent years have been targeted by unknown gunmen. Some were killed, others were wounded, but survived. Several women have also reported that they received death threats over their participation in protests.<sup>90</sup> This is why some Arabic-speaking respondents were particularly concerned that their public engagements would make them a target of such attacks. They said that they were cautious, trying not to stand out. They asked male family members to accompany them when they went to meetings. While this may be distasteful to wider feminist sensibilities, it is the backbone of female mobility, providing the necessary physical protection to women.

Supportive male family members also provide financial protection from manipulative vendors who seek to take advantage of women. One entrepreneur from Erbil explained why she took her husband with her when she goes to business meetings:

They think that you are a cute woman, you can easily be manipulated. If something is \$10, they think that they can sell it to you for \$25. I always take my husband or brother with me when I go to meet people for business. This is really annoying, but it is the case.<sup>91</sup>

Women entrepreneurs are also easy targets of sexual abuse. Many respondents said that they had to act carefully when talking to men in their business role. One said that she never showed people that she was in business to make money, as this invokes the idea of a “woman in need,” who might be vulnerable to grant sexual favours to get ahead.<sup>92</sup> Whenever she goes into business meetings, another woman said, men believe that “they can ask for something in return.” In some cases, political attacks take a gendered form.<sup>93</sup> One woman in the Kurdistan region explained that when women become successful, people often assume that this is the result of political backing, which in turn, they believe was obtained in exchange for sexual favours.<sup>94</sup> While partisan political attacks are common in the Kurdistan region, they inevitably assume a sexual tone when women are involved.

## D. The Political Dimension

### i. The state, corruption and desire for economic nationalism

For many respondents, the lack of financial support from government, while cited as a major challenge, is not the source of their problems. It is rather a symptom of the underlying disease, which in their view, is corruption. “The overall system is wrong”, said a newly graduated entrepreneur in Sulaymaniyah.<sup>95</sup> The political elites of the Kurdistan region, she thought, were “busy with filling their pockets” while leaving the population to fend for themselves. Another woman from Diyala voiced a similar sentiment, saying that government would not spend money towards the betterment of Iraqi society.<sup>96</sup> These feelings are reflective of a wider frustration with corruption in Iraq, which led to huge protests in October 2019, amounting to the country’s biggest anti-government protests in recent history. While the epicentre of the protest was in Baghdad, thousands of people took to the streets across Iraq’s cities to express their anger at endemic corruption that deprived them of basic services and employment opportunities.<sup>97</sup>

Corruption in Iraq is widespread, and closely tied up with the country’s political system. In this system, political power is not located in the formal institutions of the state, but rather is shared among the numerous ethnic and religious groups that operate mostly in the form of political parties.<sup>98</sup> Often backed up by their militia forces, these parties compete over the state’s economic resources.<sup>99</sup> In this competition for revenues, it is crucial for political parties to position their loyalists within the bureaucracy to ensure that lucrative government contracts end up in their hands. This system of what Dodge and Mansour (2021) call “politically sanctioned corruption” is the major factor that feeds public estrangement from the government and the political processes.<sup>100</sup> Small start-ups such as the ones surveyed here may appear immaterial in the larger world of party bosses and public tenders, but systemic corruption trickles down into local settings. Party affiliations, references and patronage connections were deeply important to the business women surveyed here, especially in the Arabic-speaking majority of Iraq.

The accounts of the respondents are filled with references to everyday corruption they faced in Iraq. While online business owners are less exposed to corruption due to their lack of interactions with government officers, women whose businesses involve the manufacturing or importing of goods (through customs) stated that they significantly suffer from it. Women have told us that they have had to pay bribes to collect goods from customs, they were “taxed,” or were afraid of being taxed by political parties who heard of their success, or of

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***“The accounts of the respondents are filled with references to everyday corruption they faced in Iraq.”***

***“The story behind endemic corruption in Iraq is the weakness of the Iraqi state.”***

being forced to employ individuals or put them on payroll. Although we did not confirm the veracity of these claims through independent investigation, the women’s statements on this point sounded alike and built up a unified picture overall. They are also in line with independent investigations on Iraq.<sup>101</sup>

The story of a female manufacturer will serve to illustrate the unique effect of corruption on women. Laila (not her real name) started her business from scratch and built a successful, albeit small-scale, operation in manufacturing goods. She did not receive loans or grants from the government. To expand her business, she wanted to use an abandoned factory, an opportunity that the government offered to the private sector after the 2019 October protests. Laila claimed that her production capacity as well as the quality of her products met the standards laid out by the government to make such a public-private partnership possible. She eventually received full approval from the ministries involved, but the abandoned factory’s manager blocked her application. She explained what happened next:

When we went to these labs and factories to submit the official papers which had already been approved, the head of the factory did not approve it. Because these heads prefer the Turkish, Iranian or Saudi investors who give them a lot of money, which I cannot afford. They receive thousands of dollars for buying or renting the factory. Where is the support for Iraqis? In 2020, my father and I visited a factory in Baghdad which is very big. During the Saddam era, this factory was manufacturing inks that are used to print money. So you can imagine the huge capacity it has. It also has very big production lines... Saddam built this factory with the petroleum money in cooperation with maybe five countries including Japanese and German companies. The factory was then sold to a Turkish investor who turned it into a compound. This makes me sad every time I pass by it.<sup>102</sup>

Laila’s story is not exceptional. One highly experienced entrepreneur explained how she specifically decided not to grow her business because of the political environment around her.<sup>103</sup> Running a small sewing workshop from her garden, she said that despite having the means to open a store in the main street, she did not want to do so to avoid the attention of local political actors. She explained that these actors often forced businesses to give out a percentage of their revenues to their militias. If she opened a shop on the main street, she would be able to get more customers, but her risk of running into these groups would increase. Her informality and small size gave her autonomy and political anonymity, which was ultimately more important to her than growth. Another entrepreneur dealing with similar issues referred to the need to be “simple,” a kind of political minimalism that would keep her under the radar, but still allow her to have a social impact on the community.<sup>104</sup>

The story behind endemic corruption in Iraq is the weakness of the Iraqi state. As many Iraqis, respondents often differentiated between the state as an ideal and the state as it exists. One woman<sup>105</sup> from the Kurdistan region touched on this feeling in relation to the Kurdistan Regional Government (KRG) when she said “this is not our state, it is overtaken by corrupt parties and their foreign masters.” A woman from Arabic-speaking Iraq expressed a similar sentiment when she said:

Since 2003, the government is still fragile, not strong. It does not have the authority to control the laws in Iraq because the large number of parties and militias are controlling us...The state is supposed to be strong...Now this is not the case. If someone wrongs me and I need to file a lawsuit, I will unfortunately not resort to the law. By that I mean that I will have to go to the clans, because they have more authority than the state. So I will have to go to the clans to claim my rights.

The state in these accounts appears as an object that needs the care and protection of the wider populace. One respondent explained how a well-functioning factory in her area was sabotaged by pro-Iranian groups because it posed a threat to Iranian importers.<sup>106</sup> Stories like these were common among the women surveyed and indicate a collective desire for a strong state that can defend the collective interest of its citizens.

While frustrated with the weakness of the Iraqi state, the women surveyed (especially outside of the Kurdistan region) often expressed nostalgia for the old Iraq before 2003. Saddam’s name came up in discussions not necessarily as a positive figure, but as a way of describing a time of humming factories. Old Iraq in this collective imaginary is a place where national production remains strong, employment is steady and the future is still better than the past. In this nostalgic imagination of Iraq, the image of factories especially represents a strong Iraqi state. This is why respondents were particularly outspoken about reopening the surviving factories of old Iraq. Many demanded that they be reused through public-pri-

vate partnerships, and the state provide the necessary facilities and equipment for women entrepreneurs. When asked what needed to be done to improve the conditions of local businesses, one woman said, “legislate to protect producers in Iraq, strengthen them, reduce imported goods, support local products, open the factories.”<sup>107</sup>

Entrepreneurship here is an odd space in which the seemingly contradictory desires for a market-based economy and a strong protectionist state (economic nationalism) fuse. In this way, the discussion in Iraq may not be entirely different from that in the Western world, where these similar themes have taken centre stage, ranging from the 2016 election of Donald Trump to stimulus packages during the COVID-19 pandemic. Being entrepreneurs, the Iraqis surveyed had mostly become carriers of the neoliberal ethos of self-reliance and individual efficiency, but underlying this was a desire for social security, to be part of a collective progressive project. These women did not see a contradiction between these two projects. Entrepreneurship here is an escape from the messy system of today, and reinstating a rose-tinted vision of Iraq’s productive industrial past, regardless of whether that ever actually existed.

## ii. Replacing the state? The role of international actors

In the absence of governmental presence, international agencies dominate the entrepreneurial space in Iraq. As explained above, they provide most of the funds that are available to start-ups. These funds are usually distributed through local NGOs and incubation centres. In some other cases, international organisations organise competitions for start-ups, offering grants as rewards. Besides funding, international organisations are also active in skills-training. A wide range of business-related training is offered in management. These courses seek to equip new entrepreneurs with management skills. These institutions find it hard to attract women participants to their programs. For instance, a start-up competition run by the Response Innovation Lab (RiL) in Erbil in 2020 received over 60 applications for a ‘Go-Green’ initiative, but not a single female applicant. Some of the teams did have female members, but none of them participated or attended the shortlisted events. A representative from RiL said “the lesson we learnt is that we can’t take female participation for granted, we need to actively ensure that women and girls are engaged from the outset, even if this means tweaking some aspects of the program to support their involvement.”<sup>108</sup> A World Bank MGF initiative, which seeks to support female start-ups, recently hired third-party vendors to help actively recruit women for the initiative. A development specialist with the bank shared a similar experience to that of RiL.<sup>109</sup> Working with vendors, the MGF was able to tap into networks of accelerators and start-ups, which in turn connected them with female entrepreneurs and other interested candidates.

Our interviews indicate that women are interested in these training opportunities. Almost all of them stated their interest in such courses, with several of them having already participated in them. As well as supporting local incubation centres and organisations through skills programs and micro-credits, international agencies also act as hubs for connecting entrepreneurs. They organise events to help young start-up owners cultivate relations with one another. Through workshops and social media platforms, they share the stories of successful female entrepreneurs to encourage more women into entrepreneurship. In March 2021, Oxfam organised a roundtable discussion for International Women’s Day on the theme of female entrepreneurship in Iraq. The aim of the event was twofold: to discuss the challenges and barriers facing female economic participation, as well as to recognise and celebrate the successes.<sup>110</sup>

These efforts help in the emergence of a community of female entrepreneurs who support each other. One respondent from Kurdistan said that when she started her business in 2017, there were only a handful of businesses owned by women. Now, she said, it is no longer unusual to see women who own and run their businesses. They form “a small community of people dedicated to supporting each other.”<sup>111</sup> Another woman from Sulaymaniyah said that international actors helped women from different governorates get in touch about their businesses.<sup>112</sup>

Before the Covid-19 pandemic, NGOs and incubation centres would occasionally organise trips to different parts of Iraq to increase interaction. Such events froze in the face of Covid-19 and shifted towards virtual platforms. One effect of this has been the proliferation of events, workshops, and roundtables that reach out to young people. This helped organisers overcome logistical barriers, enabling an emergence of a virtual space connecting Iraqis. It was much easier to organise events centred around women in this setting, and it became more common to hear stories of models, or “firsts” in the sphere of women in business. As one entrepreneur from Kurdistan pointed out, participating in such e-events al-

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lowed her to be able to connect to more entrepreneurs in Baghdad. “I have many fellow entrepreneurs in Baghdad. Whenever something happens, I call them, ask questions, get their help. We have a very good cooperation...I think both governments have a lot to learn from our experience” she said.<sup>113</sup> A similar point was raised by another entrepreneur, who is also keen on developing regular relations among entrepreneurs between the Kurdistan region and the rest of Iraq. She asserted that such relations would help build cultural relations, which, in the long run, could translate into a better political environment between Kurds and Arabs. In these virtual forums, Iraq felt more like a national space.<sup>114</sup>

There are some caveats here. First, these contacts among female entrepreneurs are ad-hoc, informal and irregular. There is no formal platform or association that integrates such contacts into its structure. Second, these online events and talks are frequented by a new generation of educated, urban, English-speaking entrepreneurs described above. Many have professional backgrounds in international organisations and have lived abroad. Being attuned to the language of international project management and self-promotion, they easily tap into international networks, and are able to benefit from several programs at once. They understand that in order to have value in the eyes of international organisations, they need to present themselves as the local outgrowth of an international agenda, such as women's rights, development or youth empowerment. This is a delicate balance, and produces a denationalised group of individuals in urban centres. Meanwhile, most female business owners in Iraq exist almost exclusively in their local setting. The concerns of these groups overlap in many ways, but also diverge significantly. While a cosmopolitan businesswoman may struggle with regulations to export artisan items to London, another may be negotiating with a tribal elder about letting girls work in her workshop. International organisations want to target the latter group, but their natural affinity to the former can at times dominate. As one woman in Baghdad ironically asked, “where are the international organisations and what do they do? ... I never heard of them.”<sup>115</sup>

One reason for the relative disconnect of international actors to the majority of female entrepreneurs is the language barrier. As many respondents said, most of the incubation courses and training is offered in English. This makes incubation courses almost an elite affair. As one entrepreneur put it, “there are many friends who want to set up their businesses, who have great ideas. But they cannot benefit from these courses because they do not know English.”<sup>116</sup> The language barrier came up in many conversations as something that hinders broader participation in these programs. An entrepreneur from Sulaymaniyah recommended that NGOs provide more courses in Kurdish and Arabic. English, she argued, does not determine success in business in Iraq, and access to such courses should not depend on one's ability to speak it.<sup>117</sup>

For those who have benefited from externally-funded training and finance, the duration of support is cited as another issue. While most of the respondents praised international organisations for their contributions, they said they would like long-run support including mentorship, supervision and advisory services. One respondent who took a course from an incubation centre bemoaned the lack of follow-up support. “We took the course, and it was over,” she said, “there was nobody following what we did afterwards.”<sup>118</sup> Another complained about limited communication after the completion of the program.<sup>119</sup> Some respondents, however, claimed that they continued to receive support after the completion of their programs, suggesting that some international programs have made progress on this issue. Despite their different experiences, however, many respondents agree on the need for a continuous engagement from international organisations. Their suggestions include provision of business consultancy, more funding and training opportunities, networking facilities as well as a shift of focus from starting start-ups to keeping them.

Some of the women surveyed voiced what may seem harsh criticism of international institutions, and this may be read as disapproval of their involvement. This would be an incomplete assessment. In most cases, criticism of international institutions is an indicator that international institutions active in women's empowerment have partially assumed the role of the state. Iraqi women entrepreneurs do not direct demands towards their governments because they no longer expect it to be responsive to their needs. When asked about her expectations from the government, a female entrepreneur from Baghdad quipped “zero.”<sup>120</sup> When asked about their expectations from international organisations, however, most women made several practical requests.

One request that came up often was that women, to varying degrees, expected international organisations to act as an intermediary force between government and themselves. A highly successful entrepreneur said that it took her years to be able to meet with ministerial officials to lobby on behalf of her business, and pondered about what women without her qualifica-

tions could do. “Where can these girls go? Where can they seek governmental help? Where is the entry point to the government?” she said.<sup>121</sup> Another entrepreneur believes that the answer is for international organisations to represent female entrepreneurs like her.<sup>122</sup> She describes an instance in which a group of entrepreneurs like her came together to speak to ministry officials for the first time. “We were too young and excited, we thought, oh, they would listen to us” she said, and laments that their requests remained unanswered. Government policy, she said, “is not something that you can change.” International organisations, in her opinion, could be more involved in lobbying, creating venues where female entrepreneurs could talk about public policy and articulate their demands from government. She was particularly keen on seeing more international involvement in drafting legislation to ameliorate start-up conditions. A similar point was raised by another entrepreneur in Maysan, who complained about the difficulty entrepreneurs had in getting in touch with the ministries. She proposed that international organisations should do more to “facilitate the communication between entrepreneurs and the government.”<sup>123</sup> In an environment marked by the state’s weakness and its inaccessibility to citizens, international organisations become the entry points to government.

It seems that what would distinguish local lobbying from lobbying through international organisations, would be the leverage these organisations could exercise on government institutions. It would be one thing for local producers to manage to get a meeting with a government official, another for international organisations to exercise pressure over time. There have recently been efforts in this direction. International organisations have been building and supporting women’s networks and associations directed at female entrepreneurship. For instance, Oxfam has supported the advocacy capacity of women through the establishment of a Women’s Enterprise Forum in Nineveh.<sup>124</sup> Likewise, its UNDP-funded project established a women’s enterprise forum in Missan to encourage more active participation from women.<sup>125</sup> A recent World Bank report covering Iraq, Lebanon and Jordan also emphasised the importance of such associations in creating a sense of solidarity among women.<sup>126</sup> Our survey suggests that there is more demand for such efforts.

### iii. Nationalist entrepreneurship: an entrepreneurial citizen, an entrepreneurial nation

Internationally funded entrepreneurship programs have an impact far beyond the material. As well as equipping their participants with tangible skills, the programs and courses on entrepreneurship also disseminate new norms across society. These norms stress the importance of independence, individual responsibility and resilience in adverse political conditions. They seek to create active citizens who take charge of their lives rather than expecting solutions from their governments. While these ideas are present in the entrepreneurship ethos across the world, in Iraq, they are in alliance with emerging forms of nationalism in the country. As Global Partners Governance’s (GPG) previous research on youth political discontent in Iraq discussed in detail, a new form of nationalism is emerging, both in the Kurdistan region and the rest of Iraq, against the state line, sectarianism, and political parties.<sup>127</sup> Representatives of this nationalism embody a civil character, defining themselves through the idea of citizenship in opposition to the official narratives of the political parties, as well as sectarian and ethnic groups.

Entrepreneurship in this changing landscape emerges as a zone where these new forms of nationalism meet with the discourse of liberal individual empowerment. Whereas the former upholds communal belonging above all else, the latter strives for the maximisation of personal independence. In the Iraqi context, however, the two go hand in hand. Individual empowerment is seen as being key to national empowerment. As Martin Müller explains in the context of Russia, individuals see their personal advancement as part of the greater story of national advancement.<sup>128</sup> While in Russia, nationalism is framed in an entrepreneurial sense with the active involvement of the Russian state, in the case of Iraq, entrepreneurial society develops in opposition to the state, political parties and militias. In both cases, self-betterment amounts to national service, or is framed by the individual as such, especially among university educated young people. As one entrepreneur said, only through production can we make Iraq a competitive nation again.<sup>129</sup> For that to happen, respondents stated that an entrepreneur needs to work relentlessly, support fellow women, and stay away from partisan networks.

While these feelings resonate across Iraq, there are regional differences in terms of their immediate effects. In the Kurdistan region, recent years have seen a proliferation of campaigns to raise awareness about the importance of local production. Many respondents from the region pointed towards a trend in supporting local production. Bazaars are opening for local producers to introduce their products. There are also citizen-led campaigns that help local producers. One such campaign was a boycott of Turkish products in the face of Turkey’s

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military operations in the Kurdish regions of Syria.<sup>130</sup> This shifting political ground can shape consumer behaviour, thus yielding business opportunities. One entrepreneur<sup>131</sup> from Duhok said that she was moved to start her own business in this sector after local farmers poured their agricultural products on to the streets in protest at the plummeting prices for their goods.<sup>132</sup> She began making food packages that were marketed as being locally produced, high-quality agricultural products, and targeted consumers who were angry about foreign goods flooding the market, especially from Turkey.

Such stories are not unusual. A cosmetic manufacturer in Sulaymaniyah raised a similar point.<sup>133</sup> Local production, for her, is essential for Kurdistan to “stand on its feet.” She appreciated the growing national awareness in the region about consuming local products and receives many patriotic messages from followers and consumers commending her on this point. It is yet to be seen how much of this demand for local production will last. As things stand, entrepreneurs are both fuelling and fuelled by nationalist sentiments in the region. As for the rest of Iraq, while entrepreneurship finds a strange refuge in nationalism, it is mostly expressed in terms of a longing for the old Iraq.

#### iv. Female entrepreneurship as a vehicle for social activism

Entrepreneurship in the developing world is rarely an economic activity alone. It is usually intertwined with social activism. This is even more the case among women entrepreneurs, who, at their various levels and intensities, engage in the promotion of women rights and gender equality. The notion of entrepreneurship beyond its economic value goes against the narrow understanding of “the individual, self-serving entrepreneur who engages in business only for personal economic gains”, a paradigm that still prevails in rich economies.<sup>134</sup> In authoritarian contexts, however, as Alkhaled (2021) argues in the case of Saudi Arabia, female entrepreneurship is less about economic benefits, and more about empowerment and social improvement.<sup>135</sup> Our interviews suggest that this is also valid for Iraq, especially for the more urban, university-educated group we surveyed. While many, including this group, start their own businesses out of economic necessity, the political or social dimension of the work runs in parallel to the economic motivations of the business. The women surveyed here were not interested in first growing their business and then turning around to help less fortunate women. It seems as if they saw their economic struggle as a collective condition, and therefore part of their social and political existence. This is why they were keen on using entrepreneurship as a vehicle for social change.

Many women said that part of their motivation in starting a business was to help other women. One entrepreneur from Baghdad said that she decided to start a business after seeing the conditions of divorced women.<sup>136</sup> During her own divorce, she had to attend court, where she met several women going through the same process, who were financially dependent on their ex-husbands. Most of these women, she recalled, were uneducated, and could not follow the proceedings effectively, and were thus often subjected to humiliation by court personnel: She continued:

Every time I came home, I was so saddened with their frustrating stories. One day, I thought about partnering with these girls I met at the court. They only had a basic education, which was not enough to get them jobs. I felt I needed to help these girls...So, divorce and going to courts, getting to know these women is what pushed me to start.

Having built a successful business, she now goes out of her way to employ women in need, who have been widowed, displaced or divorced. Another woman living in a particularly volatile city started providing driving lessons targeted exclusively at women.<sup>137</sup> In a city where women face harassment or worse from taxi drivers, she believed that mobility would emancipate women to be more visible in public life. As demand came in from other cities and governorates, she began to offer online services as well. Another woman from Baghdad started a volunteering project that collected food waste from a well-known upper-class restaurant and distributed it to those in need.<sup>138</sup> In time, it became a business and expanded.

Entrepreneurship gives these women public standing, which they utilise to provide tangible assistance to other women, raise awareness and change social perceptions about women's place in society. One woman in Diyala trained hundreds of women in sewing and knitting in across the governorate.<sup>139</sup> She has also organised donations for families and women in need, raised awareness for women's role in society, led campaigns to provide clothing to orphans, collected money for those who needed sewing machines, produced free masks during the pandemic for activists, front line workers and others.

Some of the women we talked to deliver public speeches, talk at events, encourage young female students to set up their businesses, offer free online courses in their respective fields, meet with government representatives to convey the needs of their fellow women, hire displaced, illiterate, divorced women as well as survivors of sexual violence. As one entrepreneur said, entrepreneurship is a passion so long as it involves helping others.<sup>140</sup> Some do not even identify themselves as entrepreneurs. One refused to call herself an entrepreneur and identified as a social activist.<sup>141</sup> A woman from Sulaymaniyah didn't like the identifier either, saying that she was someone "raising awareness about our history and culture through artistic work"<sup>142</sup> Another woman explained that "entrepreneurship," to her, conveyed an economic meaning she was not comfortable with at the beginning. After a while, she warmed up to the it, saying that "it is something through which I can benefit society."<sup>143</sup>

These concerns have mounted in parallel to the country's growing humanitarian crisis in the mid-2010s. They have led many well educated and highly motivated Iraqis to assume a moral responsibility for the country's social welfare. One such entrepreneur in Bagdad chose to hire displaced women in her production site. Although she was not able to pay them regularly in the beginning, she recounted, they spent long hours together to produce large quantities of products. Recalling the collective energy of women at work, she observed how that solidarity helped these displaced workers laugh at the hardships they once went through. That solidarity, she claimed, continued even after these women returned to their home governorates. She said, "even if they are away now, we still work together. They do the planting, I do the production. It is really nice when we share."<sup>144</sup>

In a Western setting, the feminist movement is sometimes associated with a highly vocal, media-intensive identity politics. While the solidarity these women talk about does involve a similar struggle, they do not take the form of agonistic resistance of patriarchy. Nor are they blatantly political. Rather, as Alkhaled (2021) explains in the case of Saudi Arabia, these are everyday forms of resistance that seek to improve the collective conditions of women. For instance, one entrepreneur in a relatively tribal area in Iraq explained how she was able to change the wider perception of women by building trust within the community.<sup>145</sup> She made a conscious decision to stay away from political structures and paint herself in humanitarian colours, which she claims, boosted her social status. She believes that this has changed local attitudes towards women over time.

The emergence of entrepreneurship as a platform for accomplishing social good is surely a response to the Iraqi state's inability to provide relief and welfare to its citizens. It is also, in part, related to the dominance of NGOs and international actors in the country's entrepreneurship space, which encourages citizens to deliver care through entrepreneurial activities. This is evident in the fact that that nearly all socially oriented female entrepreneurs who took part in the research were in some form of cooperation or other kind of relationships with international agencies. They had either volunteered with them, or participated in their programs. The focus of these programs, as one start-up consultant described, is humanitarian and post-conflict economic recovery. This is understandable, given the dire humanitarian needs of Iraqis. However, the consultant argued that the NGO-led start up ecosystem makes entrepreneurship appear as a venue for social activism rather than an economic activity.<sup>146</sup> This is why, he argued, there is so much hype around female entrepreneurship as a social development goal.

One effect of this, a female entrepreneur in Sulaymaniyah said, is that the economic value of entrepreneurship is glossed over for its social impact. She said she sometimes felt that female entrepreneurship has become a PR tick for NGOs and their international funders.<sup>147</sup> These feelings do not reflect the views of most respondents, many of whom see entrepreneurship beyond its economic value. Such accounts, however, tell us that the meaning of entrepreneurship in Iraq is in flux. It is unclear where the sphere of economics stops and where the sphere of progressive activism begins, whether and how much they overlap.

*"only through production can we make Iraq a competitive nation again"*





## Conclusion and Recommendations



This report has found that entrepreneurship is often less a choice than necessity for women in Iraq. The political crises of the last decades have seen many communities uprooted from their homes, patterns of employment upended and family structures disrupted. The COVID-19 pandemic has contributed to this climate of instability. In this setting, many women have had to start small businesses to meet the immediate needs of themselves and their families. Despite this trend, factors including the institutional environment, complex registration processes, a limited banking sector, a dearth of funds and grants, conservative social values and the weakness of the state pose challenges to the development of female entrepreneurship. The main challenge many of them face is to move beyond mere survival into growth. Entrepreneurship in Iraq is burgeoning, but mostly in a supplementary capacity to already existing structures of work.

Government and international organisations have a vital role to play in easing the economic disruption, as well as facilitating society into new models of self-employment. The government has made it a top priority in its recent reform plan, international development organisations and their local partners have been funding programs in support of women entrepreneurs, doing anything from skills training to micro-finance. These programs often emphasize the initial phase of starting a business and can rely on creating economic and social bubbles away from the wider realities of Iraq. Much more can be done to provide integrated support for Iraqi women. Below we present some key areas for action.

## Recommendations

Drawing on qualitative interviews with women from across Iraq, this research aggregated data from multiple locations. Given that there are significant socio-economic differences within and between provinces, more research must be conducted at sub-national levels to explore localised dynamics of female entrepreneurship. Based on the findings of this research, our recommendations fall into four main areas.

### i. Improving skills and training

- Continue to provide free skills training on digital media, marketing, management, finance, accounting, and business development. Considering that most women-run businesses in Iraq are online, there is a high demand for digital skills and training.
- When providing business training, target specific business groups including start-ups, existing businesses, retail, service sector, women entrepreneurs, rural entrepreneurs, students and social entrepreneurs.
- Go local:
  - » Localise training based on the needs of local economy as well as the existing and potential businesses.
  - » Increase training programs for women in rural areas.
  - » Coordinate with local stakeholders to identify women entrepreneurs and businesses in local areas.
  - » 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.
  - » Support local foundations and universities to develop basic sources for entrepreneurs in local languages.

### ii. Providing better economic opportunities

- Use existing donors and supporters in Iraq to create and expand micro financing projects for new businesses, including start up assistance such as legal advice, space and equipment.
  - » Develop early phase funds to support young entrepreneurs in the early stages of development.
  - » Support women-owned companies by providing low interest loans, guarantees and equity investments.
- Incentivise private companies to offer female entrepreneurs a range of support such as providing physical space and equipment, mentorship, and investment.
- Encourage more transparency and anti-corruption programs.
- 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,

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regulatory exemptions and other public assistance to encourage private sector development.

## iii. Removing legislative and regulatory 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.
- More rapidly expand and better advertise online registration system across the country to speed up administrative procedures.
- Develop a strong legislative and regulatory environment for intellectual property protection.
- Work on banking sector reform to offer low/zero interest loans for women owned businesses.
- Simplify banking procedures for small businesses, making it easier for them to open business accounts, carry out international money transfers and apply for loans.
- Support crowdfunding to facilitate access to finance.
- Simplify regulatory processes for exporting goods.

## iv. Creating an enabling environment for entrepreneurs

- Support government to devise a national entrepreneurship development program, which would establish a collaborative initiative between governmental authorities, ministries, parliamentary committees, local and regional governments, private sector companies, business associations, local NGOs, international development agents, universities as well as other key stakeholders.
- 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.
- Develop and support local and national platforms for businesswomen to engage with politicians and policymakers at various levels on issues of interest to them and raise the profile of women entrepreneurs across the country.
- Support entrepreneurial municipality programs to foster female entrepreneurship and increase cooperation at local levels.
- Create a digital platform to build links among entrepreneurs as well as between incubation centres, investors, international funding organisations and universities.
- Make the diaspora a source of funding, expertise and networking for female entrepreneurs. This could involve programs such as crowdfunding, investment, knowledge building, mentorship, advising, and building international connections.
- Support public universities in integrating entrepreneurship into their curricula and teach entrepreneurship courses across the social and psychical sciences.

In October 2020, GPG published a piece of research on the '*Economic Drivers of Youth Discontent*', 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 piece of research on '*Women's Economic Empowerment in Iraq: Voices of Female Entrepreneurs*' is, in many ways, a successor to the previous piece, through a different lense, it reaches several similar conclusions, and provides greater detail on some of its specific recommendations. Both pieces clearly demonstrate the opportunity and challenge inherent in current and post-conflict Iraq, an environment in which a young population is rising up to take its place in society, and demanding a new way of doing things – a politics no longer plagued by corruption and vested interests, an economy offering opportunities for work in both the public and private sector, and a society which is less restrictive and more open. One significant change between these two pieces of work has been the intervention of the Covid-19 pandemic, it is of value to see how some of the changes hoped for by respondents in the first piece, have been catalysed by the entirely upended environment of the pandemic.

What the longer-term effects of this rapid pace of development may be, is yet to be seen. Various key findings run in parallel across the two pieces: in the Economic Drivers research, a political vacuum and lack of trust in political actors and institutions leads young people to protest, in regards to Female Entrepreneurship, it creates an unnavigable bureaucracy which hampers progress; social media and digital platforms provide a key platform for young people to come together, discuss, and organise to express political discontent and to take constructive steps towards alternatives, meanwhile it also provides a crucial channel through which economic empowerment via entrepreneurialism is being realised; and questions related to sectarianism and nationalism across both pieces lead young people and female entrepreneurs to feel they can collaborate across traditional religious, social, and geographic divides for their own political, social, and economic emancipation. The Economic Drivers research paints a picture of the greater economic and social obstacles which continue to face young women as they seek to progress personally and professionally, the Female Entrepreneurship paper whilst substantiating these claims, shows how entrepreneurship is also leading to some extent to shifting attitudes towards young women's role within families and societies. This again encapsulates the concept of opportunity and challenge which presents itself clearly to Iraq's new generation.

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