



Permanent Technical Committee  
of the poverty reduction strategy



# Poverty Reduction Strategy in Iraq 2018-2022

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# Introduction: Why a new strategy?

- Since the adoption of the first Poverty Reduction Strategy in 2010, a number of challenges have emerged, affecting the implementation and the desired results
- Need to re-diagnose the problem of poverty as well as factors hampering the implementation of the first Strategy—to draw lessons for a new strategy to accommodate these challenges and lessons
- Strategy to be a roadmap for the official effort to reduce poverty that is based on solid evidence. This evidence contributes to better understanding of poverty in Iraq.
- The draft new Strategy prepared with a national effort—representatives from relevant ministries (federal and KRG), NGOs, academics, Parliamentarians, and with the technical support of the World Bank
  - This speaks to government's commitment
- Inputs and comments from WB and UN agencies helped shape and enrich the content



# Structure of the Strategy document

- **Introduction**
- **Chapter 1: The New Strategy: Old Challenges and New Ones**
- **Chapter 2: Analysis of Poverty in Iraq**
- **Chapter 3: Building the Strategy**
- **Chapter 4: Institutional Mechanism for the Implementation of the Poverty Reduction Strategy**
- **Annexes**



# Why Poverty Reduction Strategy 2018-22

**In preparation of the new Strategy**

**1. Evaluation of the first Strategy**

**2. Rising up to new challenges**

**3. Learn about opportunities to support the new strategy**



## Evaluation of the first strategy

- Implementation of first PRS 2010-14 (PRS-1) only began in 2012 due to a delay in forming the government, the need to build the institutional structure for the Strategy and delays in budget allocations
- During the years 2012-2013, 48 of the 87 Strategy's activities were implemented, involving 226 projects in 14 governorates



# Lessons learned from the first Strategy

## 1. Positive aspects

- ❖ PRS-1 was the first document prepared primarily through government effort
- ❖ Institutional basis for the poverty reduction in Iraq has been established
- ❖ Government commitment and political will (Resolution 409/2009 adopting the Strategy)
- ❖ Setting up a mechanism for good governance, follow-up and evaluation
- ❖ Integration with the Millennium Development Goals
- ❖ Implementing an effective social protection system
- ❖ Initiation of the reform of the ration card system
- ❖ Adoption of the Roadmap for the National Program for the Treatment of Tribes
- ❖ Annual budget allocation to implement PRS activities
- ❖ Designing method and mechanism for implementation follow-up and monitoring



# Lessons learned from the the first Strategy

## 2. Problems and constraints

- ❖ Delays in budget approvals, PRS allocations not used optimally
- ❖ Insufficient allocations for PRS activities
- ❖ Weak implementation capacity
- ❖ Absence of procedures to discipline lagging performers
- ❖ Poverty mapping delayed until 2015
- ❖ Insufficient consideration of the specificity to the needs of the poor
- ❖ Deterioration of the security situation
- ❖ Failure to provide allocations to complete projects already under implementation



# New Strategy: Old Challenges and New Ones

- ✓ **Ensure security and stability**
- ✓ **Ensure good governance**
- ✓ **Ensure fair distribution and diversification of incomes under market economy**
- ✓ **Mitigate the negative impact of reform on the population**





# New challenges

- ❖ Fiscal crisis (decline in government resources)
- ❖ Low GDP
- ❖ Priority to fight and eliminate terrorism
- ❖ High poverty rates
- ❖ The “new poor”, including internally displaced persons
- ❖ Destruction of infrastructure in the areas subjected to terrorism
- ❖ New social problems (violence, drug abuse in poor communities, etc.)
- ❖ Large expansion of informal housing and new poverty centers



# Success factors

- ❖ Poverty maps to facilitate targeting (at the district level)
- ❖ Government commitment
- ❖ Work on enhancing public financial management
- ❖ Decentralization of public services
- ❖ Iraq's Vision 2030 and commitment to the SDGs
- ❖ The five-year Development Plan 2018-2022
- ❖ Reform of the social protection system
- ❖ Work to integrate of Ration Card System and the social protection system
- ❖ Support from international community
- ❖ Growth in civil society activities
- ❖ Roadmap for the National Program for Rehabilitation of Slums
- ❖ Social Fund for Development
- ❖ Growing microfinance and microcredit systems
- ❖ Increasing attention to the poor in legislation



# PRS and economic policies

- Good economic policies are a precondition for sustainable poverty reduction
- Because we need integrated package of consistent policies to overcome poor growth and private sector conditions and achieve sustainable growth
- Macro- and micro-policies should balance positive effects of the adjustment they deliver with negative effects of this adjustment on the poor and vulnerable. If these policies are not conducive to poverty reduction, they at least should not be detrimental.



# Poverty Analysis in Iraq



# Poverty between 2007 and 2012

Poverty rates between 2012 and 2007

Poverty rate (%)		Poverty line '000 IQD/person/month		
<u>2012</u>	<u>2007</u>	<u>2012</u>	<u>2007</u>	
18.9	22.4	105.5	76.9	Iraq
13.5	16.1			Urban
30.7	39.3			Rural

Source: Calculated from IHSES 2007 and 2012



# Poverty between 2012 and 2014

## Poverty rates between in 2012 and 2014

Poverty rate 2014	Poverty rate 2012	Region
22.5	18.9	Iraq
12.5	3.5	Kurdistan Region
12.8	12.0	Baghdad
41.2	-	(1) Areas affected by ISIS occupation
17.7	14.9	(3) Rest of the northern governorates
18.6	15.8	(3) Middle Eastern/Central Governorates
31.5	33.6	(4) Southern Governorates

(1) Anbar, Nineveh, Saladin

(2) Diyala, Kirkuk

(3) Babylon, Wasit, Najaf, Karbala

(4) Basrah, Dhi Qar, Qadisiyah, Muthanna and Maysan



# Characteristics of poverty

Diagnosis of priorities and selection of activities were based on:

## 1. Available statistical evidence and indicators

- Events in Iraq in 2014 negatively affected the ability to conduct statistical surveys and collect data., however, in determining the priorities we used the indicators of many survey conducted by CSO

## 2. Facts and observations on the ground

Forced displacement left families who stayed in occupied provinces without resources, work or assets. Their access to services, employment or social protection was further limited because many of them lost their documents. Many ended up in poverty



# Characteristics of poverty

In its programs and activities the Strategy emphasizes four main elements:

- A) Addressing the crisis of the displaced and returnees
- B) Providing employment opportunities for **youth**, especially women
- C) Improve targeting and coverage of social protection.
- E) Investing in human capital (education and skills, focus on reducing the gender gap)





# Characteristics of poverty

## Reasons for poverty

Large families (size of **10+**)  
Large number of children **8**

Inequality of income distribution:  
bottom quintile: **7%** of income  
richest quintile: **39%**

- **50%** of the Iraqi population are under the age of 19
- Illiteracy rates are higher than **30%** for the 15-19 age group

High dependency rates:  
every working age person supports **6** people

Inefficient transfer programs:  
**43%** of beneficiaries are not poor

High unemployment rates of poor youth **34.6%**

For more than 2,000 villages distance to primary school **2 km** or more

Low economic activity of poor women: **11%**

Weak relationship between growth and well-being:  
GDP up by **7%**, but per-capita expenditure only by **1.75%**

The ration card accounts for **64%** of the total calories for the poorest 40% of the population

Public transfers constitute **30%** of the total income of the poorest 10% of the population

Chronic poverty affects more than **40%** of the displaced population

**Half** of the poor live in the rural areas (even though rural population is only 30% of the total population)

- High overcrowding rates (**34%**)
- More than 10% of the population lives in slums
  - 8% of housing are slums



# Summary of the analysis

Conclusion from the analysis confirms continued importance of PRS-1 priorities:

- **Higher and Sustainable Income for the Poor from Work**
- **Improved Health Status of the Poor**
- **Improved Education for the Poor**
- **Suitable Housing and Environment Responsive to Challenges**
- **Effective Social Protection for the Poor**

*with a need to add*

- **Emergency Response Activities (related to displacement and return)**



# Building the Strategy



# Vision of the Poverty Reduction Strategy

- Income is no longer sufficient measure for poverty—poverty is multidimensional.
- Integrated program needed to ensure improved living standards, reduction of risk, protection against shocks and empowerment. Aim is to:

**Empower the poor to become productive individuals, economically and socially integrated into the society**



# PRS and SDGs

- **Goals and outcomes of the Strategy are anchored in SDGs 2030**
  - **Long term goal: reduce poverty by 50% by 2030**

**Goal 1—End poverty in all its forms everywhere**

**Goal 2—End hunger, achieve food security and improved nutrition and promote sustainable agriculture**

**Goal 4—Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

**Goal 8—Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

**Goal 10—Reduce inequality within and among countries**

**Goal 11—Make cities and human settlements inclusive, safe, resilient and sustainable**



# Strategy implementation partners

## **Strategy stresses participation: in preparation and implementation:**

- **Coordination with the ministries' plans**
- **Coordinate with local governments' plans**
- **Partnership with NGOs and the civil society**
- **Partnership with the private sector**
- **Partnership with international organizations**
- **Engaging media and social networks**
- **Integrating the Strategy with Iraq's Vision 2030 and the NDP**



# Matrix of Strategy's Activities

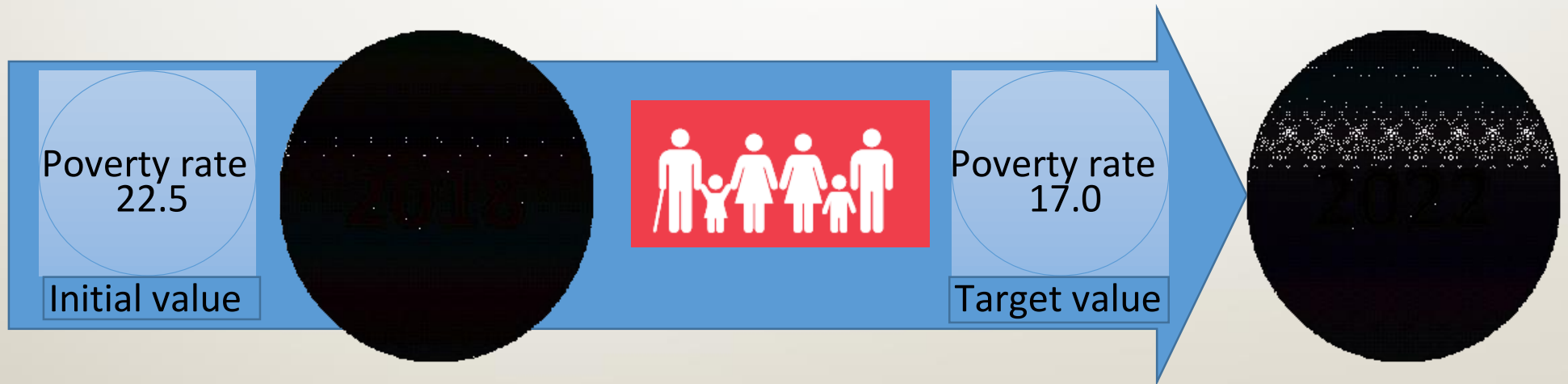
- Type of activity
- The purpose/importance of activity
- Implementation agencies and partners
- Financing sources (domestic and international)
- Estimated costs for each activity
- Monitoring indicators, with base year and target values
- Targeting criteria



# Poverty Reduction Strategy's Target

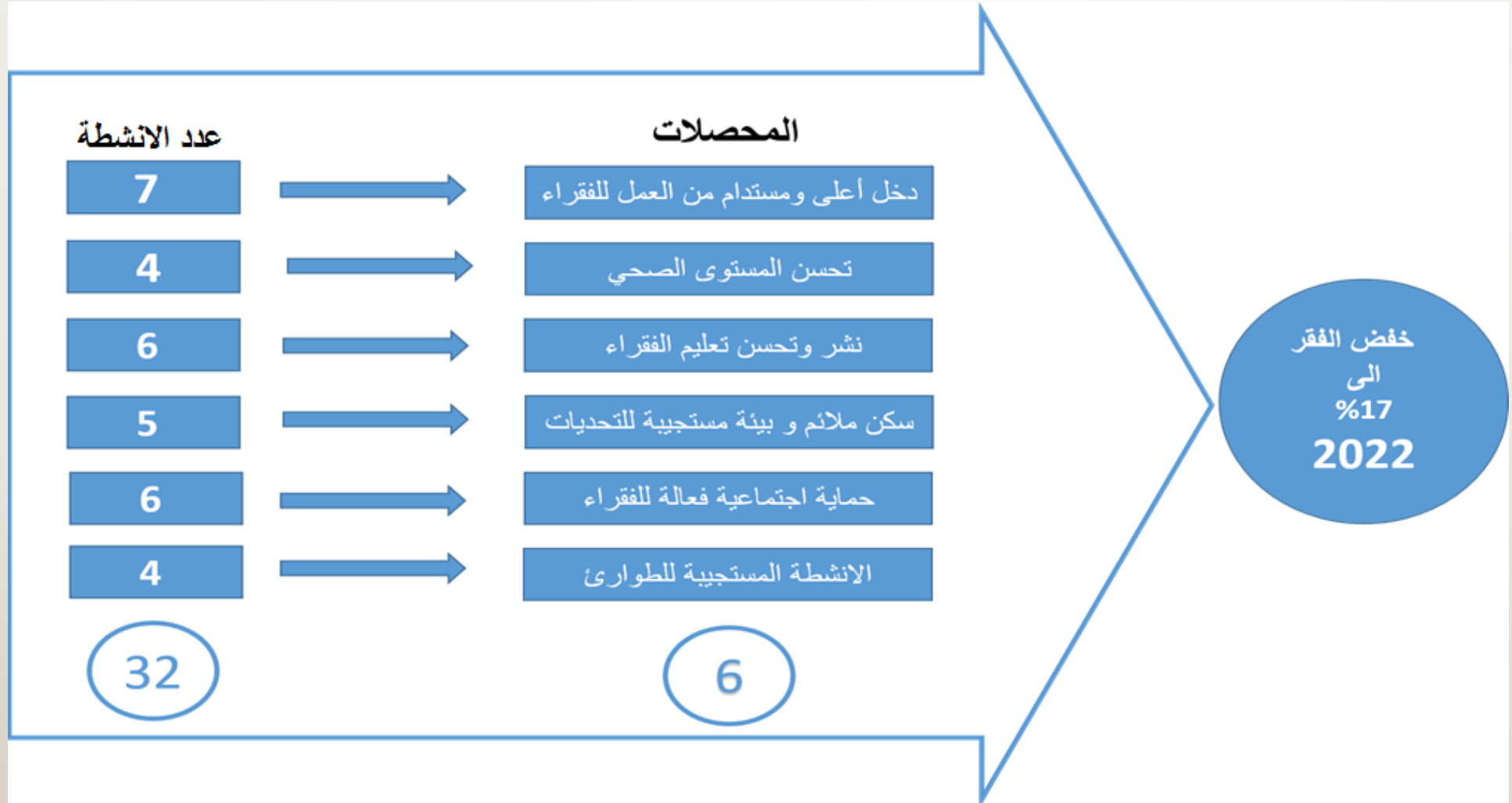
By contributing to higher incomes, better health, education, living conditions and protection, and this way through empowering the poor

**The Strategy aims at reducing poverty by 25% by 2022**





# Channels for achieving the goal





## Pillar 1: Higher and Sustainable Income for the Poor from Work

- ❖ **Creating income generating jobs (employment, microcredit)**
- ❖ **Establishment of agricultural cooperatives for extension services and training in modern techniques (improvement of productivity)**
- ❖ **Business incubators for poor women**
- ❖ **Project with integrated activities in selected communities**
- ❖ **Youth employment projects in the agricultural sector (use Law 24/2013)**

**Income  
from work**



## Pillar 2: Improved Health Status of the Poor

- Provide primary health centers, improve quality of health services
- Improve nutrition, especially for children
- Providing safe drinking water in poor areas
- Train midwives in poor areas
- Raising awareness in poor areas of family planning, dangers of young marriage, drugs, etc.



Health



## Pillar 3: Improved Education for the Poor

- Facilitate access to school
- Programs for eradicating illiteracy
- Ensure primary education for poor children
- Respect specificity of girls education in rural areas
- Improve the quality of education (teachers, curricula)
- Curricula that develop knowledge and impart skills



Education



## Pillar 4: Suitable Housing and Environment Responsive to Challenges

- **Construction of low-cost housing**
- **Adopting Roadmap for Rehabilitation of Slums**
  - **Implement pilot in three governorates**
- **Projects to use solar energy in poor areas**
- **Promote ecotourism in and around protected areas**



Housing  
and  
Environment

### Principles, activities, and reform directions

- System to distinguish between permanent and temporary needs
- Benefits to be conditional on the education of boys and girls and their inclusion in health care
- Social protection not to discourage work
- Coverage for non-workers and the informal sector
- Linking SP databases to other ministries and agencies to better evaluate applicants
- Expand coverage to those affected by disasters and emergencies
- Reform the ration card system, link it to a the general social protection system and database
- Partnership with civil society in educating citizens, targeting the poor, monitoring and evaluation
- Include beneficiaries of the social protection system into micro-credit programs



## **Pillar 6: Emergency Response Activities (displacement and return)**

- **In the context of political and economic instability, this pillar provides the Strategy with flexibility needed to adjust, accommodate and respond to changing situations and emergencies**
  - **Labor-intensive income-generating programs**
  - **Providing primary health services**
  - **Ensure students' access to basic education**
  - **Provide low-cost housing and grants for repair and rehabilitation**



# The institutional mechanism for implementing the strategy





# Strategy implementation mechanism

1. Adopt the PRS and commit to implement it
2. Mechanism of implementation and funding from the general budget
3. Mechanism of implementation and funding of international grants
4. Links between the Strategy and other stakeholders and strategic activities
  - NDP 2018-22, Government Programs, Donors, Reconstruction Fund, Social Fund for Development



# Targeting the interventions

- Population, poverty rates, and multidimensional poverty indicators such as health, education, housing  
*and, in addition*
- In the displacement governorates:
  - the number of returnees and the extent of the damage
- In governorates hosting IDPs:
  - the number of displaced persons



## Identify priorities of activities and projects

- The strategic includes a matrix of all its activities, including a column specifying targeting criteria.
- A database will be set up at the(Nahia) level from available surveys in terms of poverty indicators and available indicator for activity, to determine the most suffering area
- models will be used to prioritize activities and areas by indicator value and weight in each area



# Monitoring, follow-up, evaluation

- 1. Monitor/track overall progress in poverty reduction:** towards the national goals and international measures (such as SDGs)
- 2. Monitor the implementation of the strategy:** to keep track of the inputs, activities, outputs and outcomes across different sectors
- 3. Track expenses:** (in addition to budget reporting in MoF), PRS Executive Secretariat will use **IDMS**, newly created at MoP to track execution of all projects



# Social Fund for Development

- Purpose: Supporting achieving sustainable and inclusive development in communities, enable them to improve their living conditions and access to basic services—through:
  - ❖ Building human capital
  - ❖ Fostering citizen's trust in the State
  - ❖ Building an effective decentralized service delivery system
  - ❖ **Group work and social accountability**
  - ❖ Bottom-up identification of needs and planning
  - ❖ Empowering communities and the civil society
  - ❖ A vehicle to attract private development partners, international grants and loans



**Thank you for your kind attention**