



EMPOWERING IRAQ'S GREEN ECONOMY: FINANCING FOR SUSTAINABLE DEVELOPMENT



The forum was jointly organized by: IOM and University of Sulaimani

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The International Organization for Migration (IOM) implements livelihood programmes in displacement-affected communities across Iraq. Through the Enterprise Development Fund, IOM helps to bridge gaps in access to finance for small and medium enterprises, promoting a sustainable recovery from the lasting effects of conflict and supporting climate adaptation and mitigation efforts. This report is part of the Policy Briefs series, which seeks to disseminate knowledge on pressing issues relevant for local economic recovery in Iraq.

OVERVIEW

Iraq stands at a pivotal moment in its journey toward sustainable and inclusive economic growth. Developing a national green economy has huge potential to attract investment and create sustainable jobs, while contributing to address Iraq's environmental challenges and climate displacement.

To draw attention to these untapped opportunities, the International Organization for Migration (IOM) and the University of Sulaimani co-organized a forum titled "Empowering Iraq's Green Economy" on 16th June 2025. The forum aimed to promote institutional engagement and financial investment, address gaps in renewable energy policy and standards, and strengthen cross-sector collaboration.

As part of IOM's ongoing support for private sector development and climate adaptation, the event brought together representatives from the private and public sectors and from academia to foster collaborative solutions.

The event convened over 250 participants, with panel discussions ranging from financial mechanisms to support private sector businesses with solar energy to discussions on standards and regulations. In addition, twelve businesses financed by the Enterprise Development Fund-Green exhibited their eco-friendly products and services during the event, showcasing Iraq's growing capacity in renewable energy, sustainable agriculture, recycling, and green construction.



Photo 1: © IOM 2026

KEY INSIGHTS FROM THE FORUM

STRENGTHENING COLLABORATION FOR A GREEN ECONOMY

Speakers, panellists and attendees included government representatives, private sector entities, UN agencies, banks and financial institutions, international & local non-governmental organizations, academics, students and SME business owners.

In his introduction, the Governor of Sulaymaniyah, Dr. Haval Abu Bakr, highlighted the importance of environmental sustainability for economic development and social cohesion, noting Iraq's high vulnerability to climate change. He encouraged the active participation of individuals, institutions, companies, universities, and the private sector in advancing green initiatives and called for urgent measures to address drought and desertification, promote renewable energy expansion, improve water management, and achieve broader climate change impacts.

Academics from the University of Sulaimani, including Mr. Rebwar Omer and Prof. Dr. Serwan Khurshid Rafiq, highlighted the need to transform research and policies into practical green solutions. They warned of the threat posed by the environmental crisis and climate injustices to both economic and social stability. They called for enhanced cooperation between international and local actors and expressed hope that the forum would generate new ideas and improve access to government-backed financing for small enterprises.

1. FINANCIAL MECHANISMS AND INSTITUTIONAL SUPPORT FOR GREENING THE PRIVATE SECTOR

The first panel explored the evolving role of financial institutions and government bodies in supporting green businesses and renewable energy initiatives through the insights of Dr. Raghid Asad Kadhum from the Ministry of Environment, Mr. Hussein Attwan Mhawes from the Central Bank of Iraq, and Prof Dr. Saad Abdulqahar Alshekh from the International Centre for Finance and Trade.

Financing challenges represent a major barrier to the development of a greener private sector. Additional challenges include limited public awareness of environmental issues, unattractive administrative fee structures, strict technical standards, and low national electricity tariffs, factors which can discourage citizen uptake and bank participation in green energy initiatives of the central bank of Iraq.

New policy efforts, like the Central Bank of Iraq's 1 trillion IQD renewable energy initiative, are beginning to address some of these challenges. The programme started in 2022, initially faced challenges that discouraged citizen uptake and bank participation, including limited public awareness of environmental issues, unattractive administrative fee structures, strict technical standards, and low national electricity tariffs. In 2024 the Central Bank of Iraq restructured the programme and approved more than 53 companies accredited by the Ministry of Electricity for supplying and installing renewable energy systems to ensure quality and proper maintenance, set a ceiling of 3% on interest rates, and established a maximum loan repayment period of seven years. It also introduced more flexible loan guarantee mechanisms, allowing borrowers to obtain loans through government employee guarantees, real estate collateral, guarantees provided by the Iraq Credit Guarantee Company, or any other forms of guarantees acceptable to banks based on their credit policies. Citizens can now access loans of up to 30 million IQD for residential solar systems, while loans of up to 1 billion IQD are available for commercial and large-scale infrastructure projects. The initiative also covers projects across other economic sectors seeking to acquire solar energy systems, as well as waste-recycling projects and brick factory projects. The Central Bank's initiative is available in all Iraqi governorates.



Photo 2: © IOM 2026

Partnerships between private and public sector, such as the National Initiative to Improve Energy Efficiency and Reduce Emissions, can also advance the development of a green economy in Iraq. Under this initiative, solar energy systems are being installed in 850 government buildings, 550 funded by the Government of Iraq and 300 through international support. Led by the Ministries of Environment and Electricity, the programme brings together six ministries, leverages international support from the private sector, and creates opportunities for local businesses to supply, install, and maintain the panels.

Other initiatives are supporting adaptation among those most affected by climate change. Iraq's first grant from the Green Climate Fund, valued at USD 37 million, targets communities most vulnerable to climate change by promoting climate-resilient agricultural practices and by supporting the development of policies for water and energy management and renewable energy systems, such as solar-powered irrigation. Participants emphasized that green finance can play an important role in addressing other pressing challenges faced by the Iraqi economy, such as youth unemployment. For example, Baghdad's Green Innovation Competition and the Green Skills Centre train youth in green economy sectors and encourage youth entrepreneurship.

The panel discussion concluded with a call for stronger coordination among stakeholders, increased public awareness of financing opportunities, and more responsive service delivery. Stakeholders emphasised the importance of ongoing engagement through forums, workshops, and cross-sector collaboration among government entities, the private sector, civil society, and international partners to promote Iraq's green economy.

2. SMES AND SOLAR INTEGRATION: STANDARDS, REGULATIONS, AND RESPONSIBILITIES FOR PRODUCERS AND USERS

The second panel addressed the importance of establishing national standards for renewable energy technologies to ensure quality control and consumer safety. This panel discussed the urgent need to regulate the growing solar energy market in Iraq. It highlighted the importance of developing national standards and regulations to ensure quality, prevent market flooding by substandard imports, and create long-term infrastructure for renewable energy integration.

Prof Dr. Thamer Abdul Ameer, representing the Union of Arab Scientific Research Councils, called for the modernization of outdated industrial legislation and enhanced cooperation between universities and government agencies. Integration of solar energy into Iraq's national grid was also

identified as a significant challenge, constrained by ageing infrastructure and limited technical capacity. Dr. Thamer noted that Iraq's legacy of solar innovation from the 1980s can be revitalized through evidence-based policymaking and stronger research linkages.

Overall, speakers highlighted that enhanced collaboration between academia, government, and the private sector will be essential to build a resilient and sustainable green economy in Iraq



Photo 3: © IOM 2026

3. LESSONS FROM A GREEN FINANCE INITIATIVE FOR SMES: ENTERPRISE DEVELOPMENT FUND-GREEN

Mr. Bakhawan Tawfeeq from IOM presented a number of success stories and challenges overcome by EDF-Green, an IOM initiative that contributes to the environmental sustainability of SMEs in Iraq. This programme was designed in the context of growing concerns around environmental and climate displacement. As of March 2025, IOM's Displacement Tracking Matrix (DTM) recorded more than 172,000 people displaced by environmental and climate factors across 12 governorates, growing from 20,000 individuals in 2022.

Operational since 2018, the Enterprise Development Fund (EDF) has disbursed more than USD 50 million in grants to SMEs across Iraq, leading to the creation of over 14,000 new jobs nationwide as of December 2025. Approximately 15 per cent of funded projects directly contribute to environmental sustainability, including by advancing climate

resilience, improving air quality, promoting renewable energy use, more sustainable agricultural practices, and waste reduction efforts. The Fund also contributes to women's representation in industry and in the labour market, with 24 per cent of projects awarded to female entrepreneurs.

The EDF-Green window, in particular, supports SMEs that deliver environmentally friendly products or adopt sustainable business practices. To date, 120 projects have received USD 2.5 million in EDF-Green funding, matched by USD 1.7 million in owner co-investment. Projects span recycling (40%), sustainable agriculture (22%), and renewable energy (20%),

IOM encouraged universities and students to get involved through the EDF Innovation stream. Through partnerships with universities, government bodies, and donors including Germany, Finland, and the Republic of Korea, EDF-Green demonstrates how targeted financing can drive green job creation and strengthen Iraq's climate resilience.



Photo 4: © IOM 2026

POLICY RECOMMENDATIONS

Participants discussed practical measures to support Iraq's transition towards an inclusive and sustainable green economy, with an emphasis on promoting institutional and financial support, addressing gaps in renewable energy policy and standards, strengthening multi-sector collaboration, and generating public awareness about the Green Economy.

PROMOTING INSTITUTIONAL AND FINANCIAL SUPPORT

- Introduce and scale up innovative financing mechanisms such as blended finance, green bonds, Islamic finance and similar sharia-compliant initiatives such as green sukuk, low-interest loans, and results-based financing.
- Expand financial support, through grants and subsidised loans, to promote the adoption of solar energy in residential, public, and industrial sectors, and to support the development of eco-industries, including recycling, sustainable construction, and low-emission manufacturing.
- Simplify loan procedures and promote more flexible loan models and microfinance to improve access to capital for small and medium-sized enterprises (SMEs), youth, and female entrepreneurs.

- Expand insurance products tailored for solar energy and electric vehicle infrastructure.
- Facilitate access to crowdfunding platforms for community-based green projects.

ADDRESSING GAPS IN RENEWABLE ENERGY POLICY AND STANDARDS

- Introduce regulatory incentives and remove market barriers to encourage private sector participation in green industries and low-carbon technologies, including by enhancing transparency about available forms of support, streamlining regulatory frameworks, and simplifying business registration processes.
- Promote a coordinated approach in the implementation of Iraq's green economic transformation, building on existing national policy frameworks and strategic roadmaps such as the National Strategy for the Protection and Improvement of the Environment in Iraq, the National Development Plan, and Climate Investment Plan, by strengthening coordination mechanisms among ministries, governorates, academic institutions, and the private sector, developing phased implementation schedules, and conducting cost-benefit analyses to inform prioritization.

- Ensure that the disbursement of green financing is tied to verified environmental performance metrics to enhance accountability and impact.
- Ensure fair and inclusive access to national and international green financing mechanisms across all of Iraq, addressing existing geographical inequalities and regional barriers.

STRENGTHENING MULTI-SECTOR COLLABORATION

- Create institutional arrangements to strengthen coordination among government agencies, academia, private sector bodies, financial institutions, and development partners.
- Ensure coordination between different providers of financial and technical support to promote streamlined application processes and outreach.
- Collaborate with universities and the private sector to establish training programs that meet the skill requirements of the emerging green job market.
- Encourage universities and research institutions to conduct applied research that addresses Iraq's environmental challenges. Align higher education curricula with the demands of the green economy job market and incentivise graduate-level research that delivers community-based solutions.

GENERATING PUBLIC AWARENESS ABOUT THE GREEN ECONOMY

- Build the technical and managerial capacities of relevant public sector and financial institutions to manage and oversee green investments. This includes supporting training centres that focus on renewable energy.
- Design and deliver awareness and education content in both Kurdish and Arabic languages. Leverage digital and social media platforms to maximise outreach across diverse communities.
- Develop a national digital platform to map green energy service providers, financing opportunities, and technology adoption levels across the country. Include dashboards for tracking emissions reductions and energy consumption.
- Initiate nationwide campaigns focused on environmental protection and climate resilience.
- Develop targeted training programs for job seekers with focus on youth and women in areas such as solar panel installation, climate-smart agriculture, and sustainable waste management, to address their under-representation in the Green Economy.



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