

PRIVATE SECTOR DEVELOPMENT IN IRAQ: IOM'S ENTERPRISE DEVELOPMENT FUND (EDF)

August 2023



IOM's Enterprise Development Fund (EDF) is an innovative programme that supports livelihoods at the community level through private sector revitalization and economic development by targeting small and medium-sized enterprises (SMEs) in Iraq.

The EDF provides financial capital to SMEs in primary, secondary, and tertiary economic sectors with a high demand for labour, with the objective of post-conflict economic recovery and inclusive economic development. Concurrently, targeting key sectors and businesses with the greatest potential to create jobs, the EDF encourages rapid and large-scale job creation.

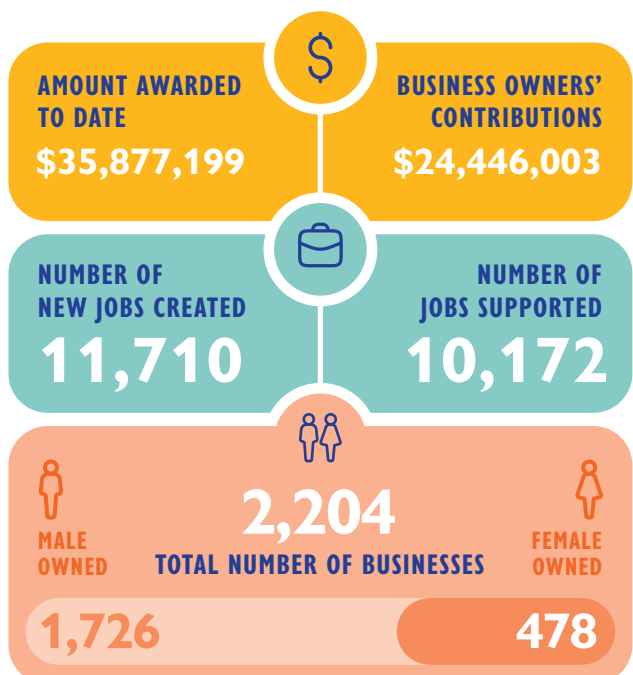
SMEs are limited by a lack of access to finance in Iraq. War, economic crisis, the COVID-19 pandemic have all contributed to destruction and loss of infrastructure and economy, worsened by the fact that finances to rebuild and recover are severely restricted for the affected SMEs. The EDF addresses this critical gap which limits the capacity for businesses to expand and hire new workers. Considering that 60 per cent of jobs in Iraq are concentrated in the private sector and that the public sector is unable to absorb new entrants to the economy, a focus on SMEs remains critical for the development of Iraq.

The EDF helps businesses to expand and grow and create jobs. The EDF is built on evidence from market data and underpinned by robust information management systems. Through adaptations to different sectors or groups of individuals (such as women), the EDF continues to be flexible, adaptable and scalable. Comprehensive due diligence processes that are diversified across different incumbents reduce risk, ensure accountability, and increase efficiency and value-for-money. Operating since 2018, the EDF also counts on vast experience and lessons learned, which also allows for its catered export to other contexts.

EDF helps businesses to expand and grow and create jobs

- Underpinned by Robust Information Management Systems and Market Data
- Evidence-based
- Scalable, Flexible and Adaptable
- Comprehensive Due Diligence Processes Reduce Risk and Ensure Accountability

EDF ACHIEVEMENTS



Sustainable Economic Growth



The EDF funds strategic economic sectors that are labour-intensive and have potential for growth.



The EDF is adapted to different contexts, operating in rural and urban areas of Iraq, and in areas devastated by conflict, impacted by climate change, and affected by protracted displacement or high returns.



The EDF is tailored to the needs of different groups that face challenges accessing capital to start or grow their businesses, such as women, youth and farmers.



The EDF promotes financial inclusion and supports business owners to transition into formal financial services (including bank accounts, savings accounts, and commercial credit opportunities).



The EDF incorporates components of private sector financing, balancing the objectives of economic recovery and development with best financial practices to identify and invest in businesses with the best potential for growth.

Displacement, Return, and Vulnerability at the Centre of EDF

The EDF's geographic coverage reflects displacement and return dynamics of Iraq, namely locations with high density of internal displacement or high return affected by the recent war on the Islamic State of Iraq and the Levant (ISIL). This includes Ninewa, Anbar, Salah al-Din, Kirkuk, Diyala, Baghdad, and the governorates of the Kurdistan Region of Iraq. The EDF also targets other areas of concern and priority such as southern Iraq – characterized by water shortages and salinization – which are also at risk of increased displacement along with marginalized groups such as at-risk youth and female entrepreneurs.

Changing to Fit the Contexts

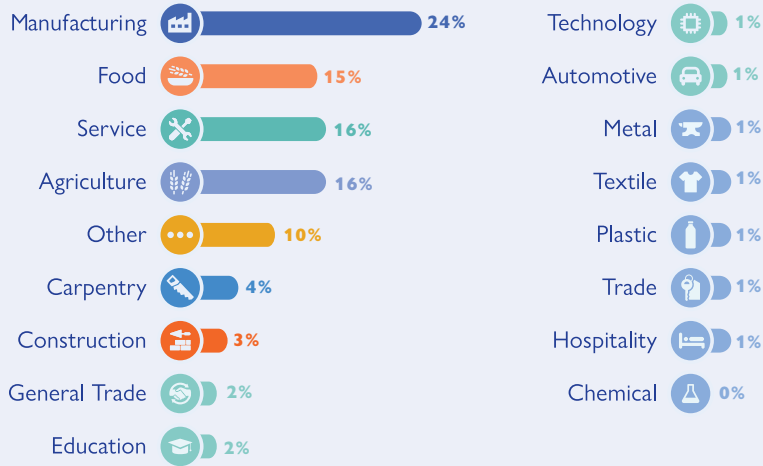
The EDF partners with key stakeholders and establishes linkages with government-financed programmes, financial institutions, non-governmental organisations (NGOs), Community Resource Centres (CRCs), and job centres. The EDF also has economic linkages with IOM's individual livelihoods support interventions through training and referral mechanisms, as they exert a demand stimulus in the local economy as well as provide skilled labourers sought by SMEs in the private sector, especially those selected and participating in the EDF programme.



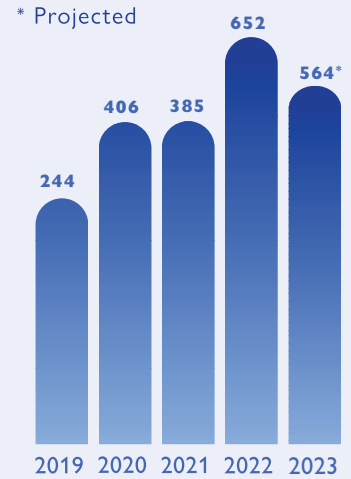
KEY ACHIEVEMENTS

AS OF AUGUST 2023

APPROVED BUSINESSES BY SECTOR

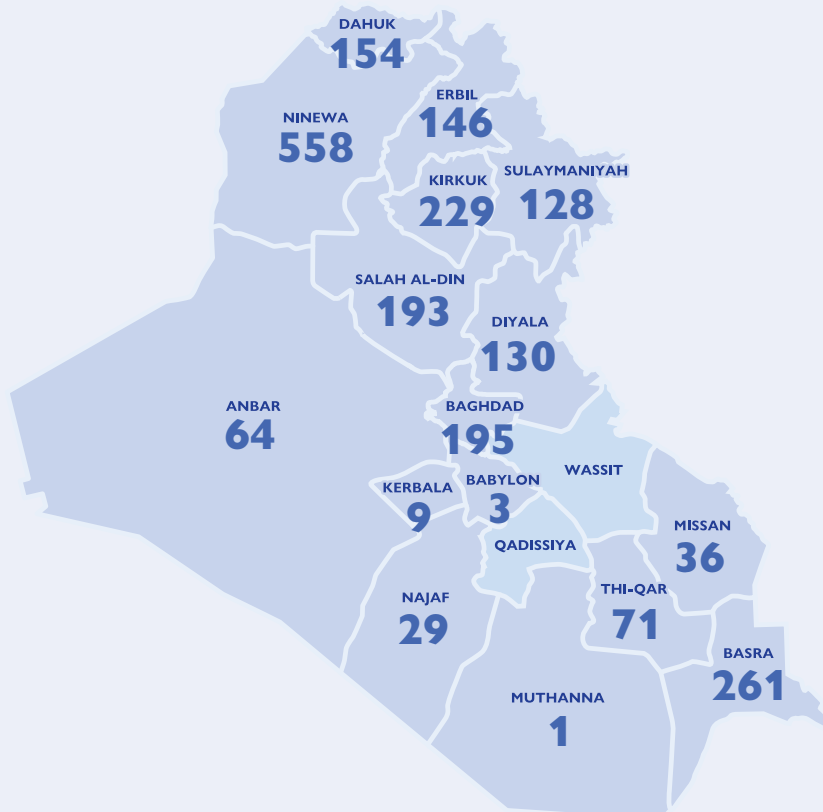


APPROVED BUSINESSES



PROGRAMME COVERAGE

Number of businesses given grants per governorate



AFTER THE GRANT

Businesses that are functional
97%



Businesses that hired more workers
81%



Businesses that reported increased profit
58%



From post-grant survey taken within 1 year after completion

MADE IN IRAQ

STORIES



edf Enterprise Development Fund

KHABIR MUSHROOM

Setting out to grow mushrooms is a complicated, high-risk agricultural endeavor, not for the faint of heart. But in an unassuming white-walled, windowless building nestled within the rolling Dohuk landscape, Hizr Noori Hussein, 36, has done just that. Since establishing Khabir Mushroom in Shinava village, Hizr has come to understand their temperamental ways.

“
The mushroom farm is ideal for my family because the other labor jobs exhausted us.
Shahab Mnezil

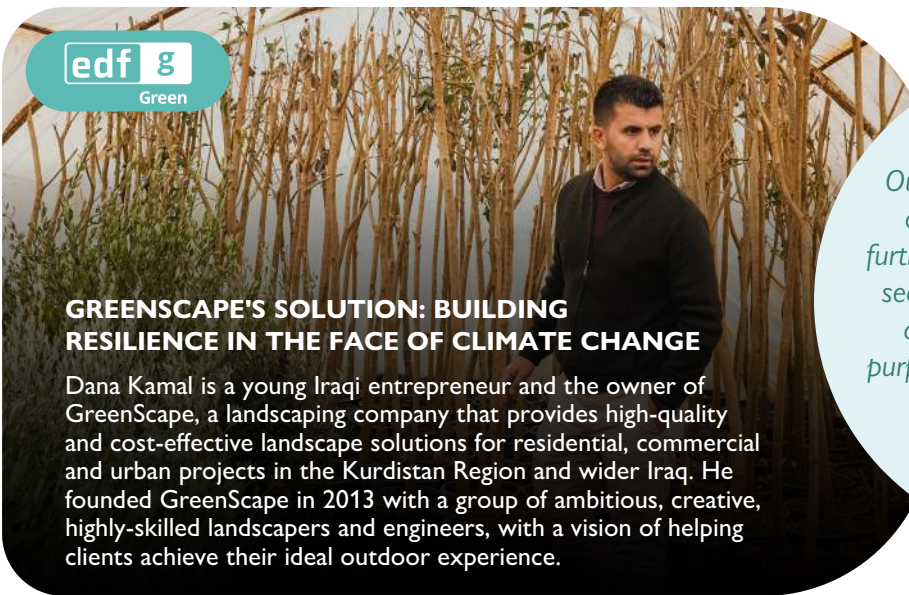
“
We saw a need for the market to produce the dates in a different way.
Maythem Saad



edf a Agriculture

BERHYAH

In 2018, when Maythem Saad decided to create Berhyah, his mission was multifaceted. He wanted to remind people of Iraq's place in the global date-trade, while bolstering the returned manufacturing of the more than 600 types of dates grown in the country. He also sought to create an in-store atmosphere that matched the experiences he'd had in fine-dining cultures abroad.



edf g Green

GREENSCAPE'S SOLUTION: BUILDING RESILIENCE IN THE FACE OF CLIMATE CHANGE

Dana Kamal is a young Iraqi entrepreneur and the owner of GreenScape, a landscaping company that provides high-quality and cost-effective landscape solutions for residential, commercial and urban projects in the Kurdistan Region and wider Iraq. He founded GreenScape in 2013 with a group of ambitious, creative, highly-skilled landscapers and engineers, with a vision of helping clients achieve their ideal outdoor experience.

“
Our deeper aim is to redesign cities with more nature, to further penetrate the agricultural sector with improved irrigation and to save water. For this purpose, eco-friendly systems are essential to realizing our sustainability plans.
Dana Kamal

MADE IN IRAQ

STORIES

“

After the loss we suffered, I'm getting back on my feet step by step.

Salih Thaeer

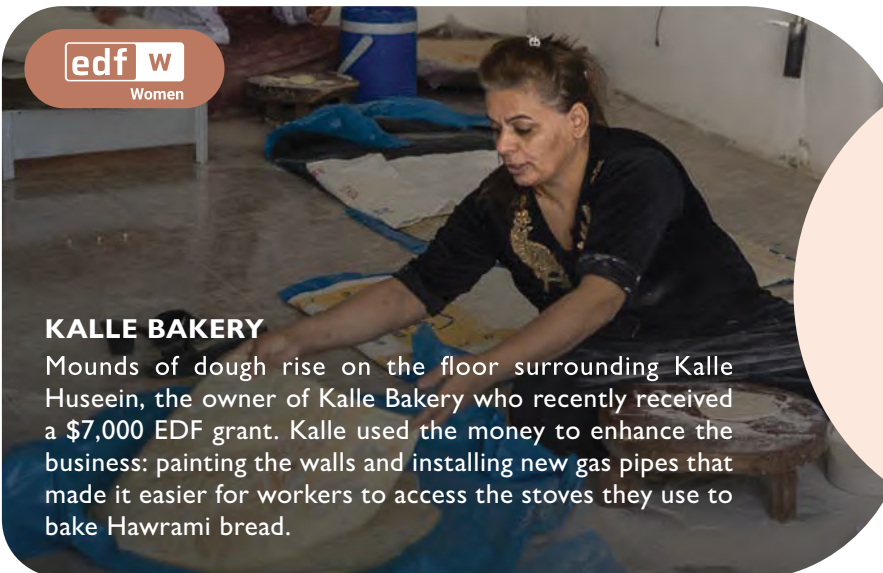


edf Enterprise Development Fund

THE BAGHDAD COMPANY

In its 38 years, The Baghdad Company has overcome setbacks time and time again. The owner, Estabraq Gabar Muhdi, started the company alongside his older brother who was called to military service soon after launching the business, and eventually killed in action.

edf w Women



KALLE BAKERY

Mounds of dough rise on the floor surrounding Kalle Huseein, the owner of Kalle Bakery who recently received a \$7,000 EDF grant. Kalle used the money to enhance the business: painting the walls and installing new gas pipes that made it easier for workers to access the stoves they use to bake Hawrami bread.

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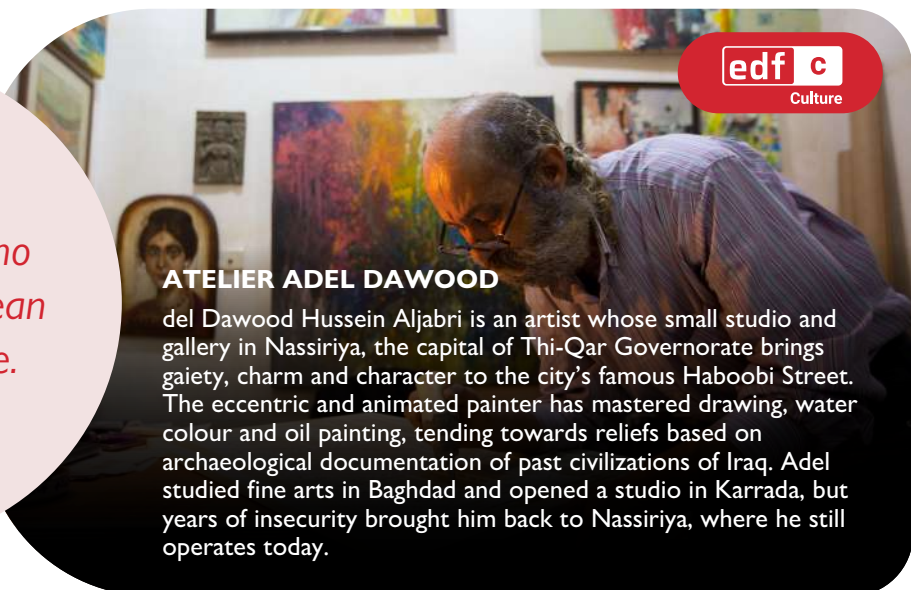
We didn't have a penny to spend, but we were happy.

Kalle Huseein

“

But those few who appreciate art mean everything to me.

Adel Dawood



edf c Culture

ATELIER ADEL DAWOOD

del Dawood Hussein Aljabri is an artist whose small studio and gallery in Nassiriya, the capital of Thi-Qar Governorate brings gaiety, charm and character to the city's famous Haboobi Street. The eccentric and animated painter has mastered drawing, water colour and oil painting, tending towards reliefs based on archaeological documentation of past civilizations of Iraq. Adel studied fine arts in Baghdad and opened a studio in Karrada, but years of insecurity brought him back to Nassiriya, where he still operates today.

To read all of the full stories, please visit:



THE EDF ADAPTATIONS

Agriculture (EDF-a)



Agricultural producers in Iraq remains mainly in small family-run farms in rural areas, who often lack the capital to expand their production and linkages to the sector's value chains and struggle to compete with bigger farms and imports. As a response, EDF-agriculture targets specific sectors in specific regions based on Value Chain Analyses to improve access and linkages to existing value chains for SMEs in all stages of agri-business, from production to final retailers. Support from EDF-agriculture is distributed across the different stages of production and commercialization for the entire agriculture sector to benefit and contribute to overall economic recovery and development as well as job creation and diversification.

Women (EDF-w)



EDF-w funds women-owned and women-staffed businesses to increase women's participation in the private sector and labor markets at large. This ensures that women are supported to meaningfully engage in mainstream economic recovery and development in Iraq by providing on-the-job training opportunities, job referrals, and creating jobs for women specifically. It also increases women's access to financial capital that would not be available to them otherwise. Furthermore, supporting women in the labour force goes beyond economic empowerment; it works towards increasing participation of women in decision-making and leadership roles.

Culture (EDF-c)



In collaboration with UNESCO, IOM supports enterprises that directly contribute to the restoration of culture with the capacity to create or support jobs that are scalable in the long-term. EDF-culture aims to contribute to job creation while at the same time supporting the restoration of traditional and creative industries by supporting both smaller, artisanal projects as well as construction businesses supporting the restoration of built heritage. This approach will not only revitalize local economies and provide employment opportunities, but it will also revive and help preserve the rich heritage and traditions of Iraq.

Innovation (EDF-i)



EDF-innovation acts as an accelerator by providing funding to talented entrepreneurs to expand their early-stage start-ups. This includes software application development, web development and other tech-focused enterprises. IOM is partnering with Asiaccell, a leading provider of mobile telecommunications and data services in Iraq, to provide training and mentorship and to integrate mobile money into new and existing business operations. IOM is also partnering with Five One Labs and KAPITA, start-up incubators that help different types of entrepreneurs in Iraq to launch and grow their businesses. The incubators provide technical expertise and inputs at different stages of EDF-innovation grant cycles, including training, mentorship by world class entrepreneurs from the USA, Europe and the Middle East, a community of creative changemakers with whom entrepreneurs can share their experiences, and additional investment opportunities.

Tameer (EDF-t)



EDF-tameer is catalytic to creating conditions that allow displaced persons to return home, and includes many former business owners who currently reside in displacement camps. EDF-tameer focuses on promising businesses that were successful in the past but suffered at the hands of the war on ISIL. Due to the damage or complete loss of productive assets many of the businesses targeted by EDF-tameer would have not been able to restart without external support. Currently implemented in both urban and rural contexts of Iraq, EDF-tameer removed the EDF matching contribution requirements in order to cater to the vulnerabilities of former business owners who lack the capital to re-start their business.

EDF-Green (EDF-g)

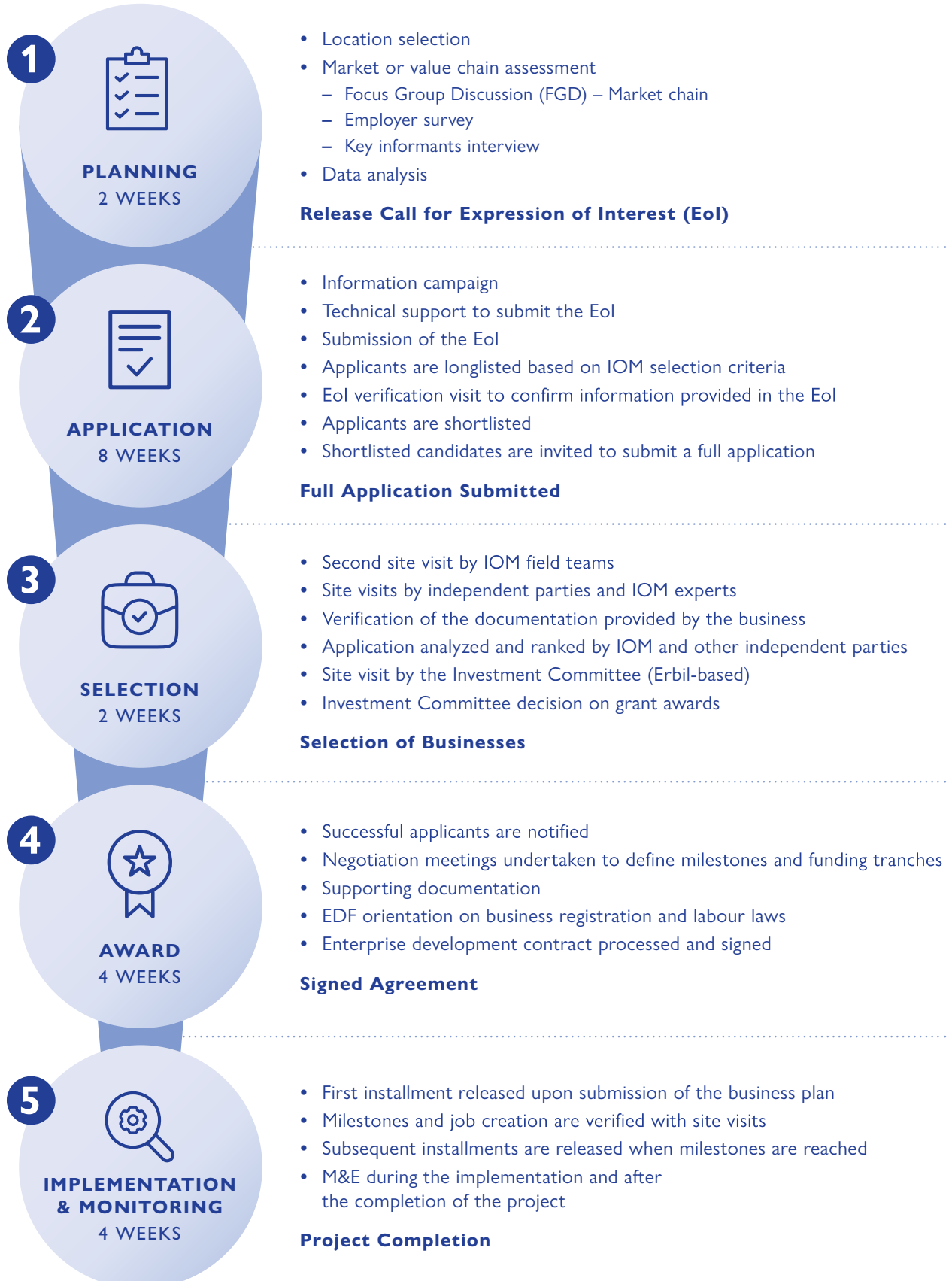


EDF-Green (EDF-g), one of the most recent adaptations of the EDF, directly contributes to climate change mitigation and adaptation by supporting SMEs producing green products or greening their processes and practises. Currently, a pilot has been rolled out as a learning exercise before launching EDF-g at a larger scale, where SMEs producing green products (for example, renewable energy providers, businesses recycling different types of materials, etc.) were targeted. A second stage will include businesses that could (further) green their practises and processes in the domains of recycling and waste reduction, energy and water conservation, pollution prevention, green procurement, and green distribution, which will also include a major revision of the current EDF processes, especially in their ability to effectively capture the different facets of business greening.

Sustainable Economic Growth

The EDF uses a multi-stage selection process in which businesses are scored based on a custom-built scoring algorithm, followed by a rigorous due-diligence process. The below diagram summarises the various stages of SME

selection prior to SMEs receiving EDF grants. The selection process has been catered for the different adaptations of EDF, taking into account their contexts and specificities in targeting sectoral businesses.





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