

REVIVING MOSUL AND BASRA OLD CITIES:

RESTORATION OF IRAQ'S HISTORIC AND
CULTURAL HERITAGE AS A PILLAR FOR
ECONOMIC RECOVERY



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INTRODUCTION

Iraq has recently emerged from one of the most devastating periods of conflict and violence the country has ever faced. The Islamic State of Iraq and the Levant (ISIL) occupied several of the main cities in Iraq, including Mosul, resulting in displacement, destruction and atrocities committed against the population, especially minority groups. Furthermore, cultural infrastructure – historical and religious buildings, archaeological sites and museums – were intentionally targeted by ISIL, and historic towns damaged during the military operations to retake them, resulting in vast loss of cultural assets and harming the nation's very identity. This damage and loss have contributed to increased levels of poverty and unemployment and affected the communities' social cohesion and resilience to recover from the conflict. Since the official end to the conflict in 2017, Iraq has been facing socioeconomic instability, and providing job opportunities to youth and marginalized groups is a critical need. Social unrest, particularly among youth since October 2019 and then with the lockdown due to the coronavirus disease 2019 (COVID-19), has only exacerbated this instability and need for employment.

Through the preservation of the country's unique and invaluable cultural heritage and in response to the increasing need to provide job opportunities, the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the International Organization for Migration (IOM) will focus on:

- 1 Demonstrable action for, with and in communities, based on the rehabilitation of public buildings (monuments), urban settings and houses of historic character (cultural assets);

- 2 Improving access to job opportunities through support to Small and Medium Enterprises (SMEs) with social and cultural value; and

- 3 Revitalizing the culture sector through investment in all tangible and intangible forms of cultural heritage and in the technical skills and knowledge to contribute to stabilization, social cohesion and peacebuilding.

As part of the proposed action for socioeconomic and cultural development in Iraq, IOM will target the handicrafts, traditional and cultural sector, primarily with its innovative financing mechanism, already developed in Iraq, the Enterprise Development Fund (EDF). The EDF aims to restore essential economic infrastructure by providing financial capital to SMEs (2–30 employees) in primary and secondary economic sectors with high demand for labour force, so SMEs can restart expanding operations. By targeting key sectors and providing funding, the EDF encourages rapid restoration and/or creation of job opportunities needed for the recovery of local economies.

To ensure IOM's programming is evidence-based and tailored to the needs of the target areas, the present market assessment aims at exploring the number and main types of businesses producing goods locally through traditional methods and that are at risk of closure or have been affected by political crises; the demand for these types of goods and the reasons for variance in demand between local and imported products; specific supply chain aspects affected by political crises since 2003; and missing elements for an enabling environment for arts- and culture-related businesses.



PROJECT DESCRIPTION

Project objectives (IOM component): Communities have improved access to job opportunities through support to SMEs with sociocultural value or support to urban reconstruction

OUTCOME 1

Communities have improved access to job opportunities through support to SMEs with sociocultural value or support to urban reconstruction

IOM will implement a new round of application and disbursement, framed as the EDF-Culture or EDF-C. EDF-C grants will be provided to enterprises that directly contribute to the restoration of cultural heritage or urban reconstruction, have the capacity to create or support jobs, and are scalable in the long term. Using a market systems development approach, the project will contribute to job creation to foster the restoration of culture-related goods and traditional industries. This innovative approach will not only revitalize local economies and provide employment opportunities, but also revive the rich heritage and traditions of Iraq during its post-conflict recovery.

OUTCOME 1.1

Context-specific model for arts and culture-related business expansion and job creation is further developed, tested and improved

In coordination with UNESCO, IOM will create new EDF scoring criteria specific to this sector to weigh the contribution of businesses to cultural preservation and enhance social values. The new scoring criteria includes careful consideration of the features of these businesses in the private sector, such as the uniqueness of the business in a community, its contribution to a sense of belonging, the educational aspect of the business, if any, the possibility for import substitution, and its contribution to the arts in general. Other modifications to the usual EDF methodology will also include working closely with granted SMEs on their sales and marketing plan to ensure an adequate customer base or build a new one, in addition to value chain linkages where possible. Throughout the process, core tenants

of business viability and job creation will continue to be emphasized. IOM and UNESCO will work closely to ensure compliance with relevant laws and protection of cultural heritage.

Market assessments will be conducted in the districts identified for intervention – these will be jointly selected with UNESCO. Based on the market assessments' outcome, IOM will continue and expand its existing cooperation with the government and local authorities. Relevant institutions will be involved in the development of a model based on the EDF-C that serves the needs of arts, culture and traditional enterprises. It is anticipated that this approach will develop best practices and modalities that can be incorporated into the government's economic, fiscal and agriculture policy framework and ongoing development cooperation. Based on the outcomes of the market assessment, calls for Expression of Interest (EOI) will be released, targeting the recommended cultural industries in each of the districts of implementation.

OUTCOME 1.2

SMEs contributing to arts, culture and heritage, or urban reconstruction, are supported through EDF funds to rehabilitate and expand

With this output, IOM will select appropriate businesses and provide them with grants. The methodology for selecting EDF-C grantees will continue to incorporate a structured process for the review, deliberation, award, implementation and monitoring of the small grants, covering a wide range of businesses (including traditional textile, food, handicrafts, construction material production, and carpentry). Key criteria for the selection of EDF businesses will continue to include climate impact as well as employment opportunities for the most vulnerable part of the population (women, youth and people with disabilities). In the selection process, IOM will also consider the business' contribution to strengthening local value chains or restoring services that can displace imported products and strengthen demand for local production.

The EDF-C methodology will include: the application, selection and award, implementation and monitoring stages. Through a call for EOI restricted to sectors previously identified as scalable, SMEs are encouraged to submit an EOI through outreach campaigns that include information on social media, Q&A sessions and video tutorials in the selected districts. Workshops are usually conducted by IOM field staff, who clarify the selection criteria and application package requirements, offer advice and consultations to SME owners who would like to apply, and guide or assist owners (for example, if they are illiterate) in filling and submitting the application package.

The livelihoods teams subsequently review the received applications to ensure these meet the minimum eligibility criteria, which include pre-conflict or pre-crisis business operativity or alignment of the sector to the sectors listed as eligible in the call for proposals. Preference is given to SMEs that demonstrate positive social and economic impact, sustainability, innovation and the participation of vulnerable groups, including displaced persons and returnees. The EOI provides the opportunity for SMEs to indicate their nationality, number of employees, plans on how they intend to use the grant, social impact and experience over the last four years. Businesses are also asked to indicate their contribution to the project.

All these aspects inform the scoring mechanism, which determines the most qualified businesses. Based on the preestablished criteria, businesses receive a score (calculated through an algorithm) and are ranked. The long-listed businesses are then checked on-site to ensure the veracity of the information provided. Subsequently, based on the outcome of the visits, a shortlist of applicants is created and they are invited to submit a full proposal inclusive of a detailed business plan.

During the selection stage, an investment committee composed of senior IOM staff reviews the full applications, which now include a detailed business plan. Two key criteria are central to the selection phase, namely the potential for full-time job creation and the sustainability of the business, in addition to the business score generated by the grant algorithm. The business plans also undergo a rigorous due diligence process, in which IOM senior staff review the job creation potential and feasibility of each plan. Based on the information received in the application, the site visit findings and the documentation verification, the committee selects SMEs that align most closely with the expression of interest. In addition, SMEs that are more likely to create sustainable jobs and contribute to developing key economic sectors are

also prioritized in grant matching.

IOM subsequently notifies the winning SMEs, and an agreement outlining the responsibilities, milestone-linked disbursement schedules and performance indicators, is drafted. IOM and the SME will meet to discuss the type of business development support they will receive through the grant, based on the information gathered through the questionnaires, site visits, interviews and the preferences of the applicant. All businesses who receive the grant are required to take an EDF business orientation session that includes marketing advice, environmental and safety considerations, and as a session on labour standards provided in cooperation with the Chamber of Commerce or the Ministry of Labour and Social Affairs.

The grant is released in installments based on a set of mutually agreed milestones, which often include infrastructure rehabilitation, purchase of machinery or the increase in the number of jobs supported within the business. Upon receipt of the business plan, the first instalment is released to the grantees. By working closely with the selected SMEs, IOM verifies progress towards all the subsequent agreed milestones and disburses the funds accordingly. IOM provides continuous oversight and performance verification of the SMEs; each verification visit also assesses whether the milestones were achieved. Due diligence processes are integrated throughout the lifecycle of the EDF, whereby IOM aims to identify and mitigate against conflict of interest, fraud and other misuse of funds.

OUTCOME 1.3

Specific value chains related to cultural industry or urban reconstruction are restored

IOM will develop and use a market referral system to encourage and promote locally sourced material. Market-led recovery strategies tend to “pick the winners,” thus leaving smaller businesses that have a cultural and social value to lose out on funding opportunities.¹ Instead, a market system development approach emphasizes facilitation, partnerships and the importance of working with all actors. Identifying problems in the market's environment and providing solutions for market actors, rather than addressing a problem that individual firms or people have, aims to promote more sustainable system change. Thus, in coordination with activities supported by the European Union cross-programme referrals may happen between projects. These will largely be two types of referrals:

¹ Food and Business Knowledge Platform, Jan 2020. Learning Workshop on Market Systems Development. Available from: https://knowledge4food.net/wp-content/uploads/2020/04/fs-cop200121-msd-fragile-contexts_ppt-fbkp.pdf.

① Businesses that do not qualify for traditional EDF funding or EDF funding targeted at the agricultural sector (EDF-A) can be automatically referred to EDF-C for a second opportunity to be appraised on their socio-cultural metrics.

② Businesses funded under EDF-C who could supply (or purchase from) EDF grantees funded under traditional EDF funding, or EDF-A, will have introductions facilitated.

This approach will create backwards and forwards value chain linkages. IOM will also maintain and strengthen the partnerships established under the current EDF programming. This will ensure the participation of local authorities and communities, and the alignment of activities with the interests of local communities and government plans. Engaging with relevant authorities at the governorate level will ensure that the plans developed are in line with provincial policies and priorities, as will garner the support of the authorities.



CHARACTERISTICS, CHALLENGES, AND POLICIES FOR SUPPORTING TRADITIONAL CRAFTSMANSHIP

According to UNESCO, traditional craftsmanship – one of the five domains of intangible cultural heritage – is perhaps the most tangible manifestation of intangible cultural heritage.² There are numerous expressions of traditional craftsmanship and these might include tools; clothing and jewelry; costumes and props for festivals and performing arts; storage containers, objects used for storage, transport and shelter; decorative art and ritual objects; musical instruments and household utensils, and toys, both for amusement and education. Many of these objects are only intended to be used for a short time, such as those created for festival rites, while others may become heirloom that are passed from generation to generation. The skills involved in creating craft objects are as varied as the items themselves and range from delicate, detailed work such as producing paper votives to robust, rugged tasks like creating a sturdy basket or thick blanket.

While a variety of definitions exist on what constitutes artisanal products, overall there is an agreement that these are produced by artisans, either completely by hand, or with the help of hand tools or even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product.³ Artisanal products are produced without restriction in terms of quantity and using raw materials from sustainable resources. The special nature of artisanal products derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, religiously and socially symbolic and significant.⁴

Beyond their aesthetic and cultural dimensions, handicrafts present several interesting socioeconomic characteristics:

1) the handicrafts sector is a home-based industry, which requires minimum expenditure and infrastructure to establish and creates jobs at a minimal cost; 2) the sector uses existing skills and locally available raw materials; 3) inputs required can be easily provided and product adaptation is less expensive than investing in energy, machinery or technology; 4) income generation through producing handicrafts (which is often an important activity in rural societies) does not disturb the cultural and social balance of either the home or the community; 5) many agricultural and pastoral communities depend on their traditional craft skills as an essential source of income in times of drought, lean harvests, floods or famine; even in times of plenty their traditional skills in craft-making are the basis for additional income generating activities that are a natural means to social and financial independence.⁵

Handicraft production in developing countries now depends in large part on the demand generated by the tourism industry and by the business activities of intermediaries.⁶ The average tourist spends 20–80 United States dollars (USD) on handicraft purchases in low-income countries.⁷ Tourism-related handicraft sales in Ethiopia were estimated to be as high as USD 12.7 million per year. In addition, 55 per cent of these expenditures, USD 6.9 million, were considered to be pro-poor income, that is, income that goes to poor craftsmen, traders or raw material suppliers,⁸ which makes the traditional crafts sector also an important contributor to poverty reduction.⁹

2 UNESCO. Traditional Craftsmanship. Available from: <https://ich.unesco.org/en/traditional-craftsmanship-00057>.

3 Definition of artisanal products adopted by the UNESCO/ITC Symposium, Crafts and the International Market: Trade and Customs Codification - Manila, October 6-8, 1997.

4 Definition of artisanal products adopted by the UNESCO/ITC Symposium, Crafts and the International Market: Trade and Customs Codification - Manila, October 6-8, 1997.

5 Noella Richard. 2007. Handicrafts and Employment Generation for the Poorest Youth and Women, Policy Paper, UNESCO. Available from: https://unesdoc.unesco.org/in/documentViewer.xhtml?v=2.1.196&id=p::usmarcdef_0000156772&file=/in/rest/annotationSVC/DownloadWatermarkedAttachment/attach_import_a665c5d8-5540-484d-b9b0-23a4d24d31b6%3F_%3D156772eng.pdf&locale=en&multi=true&ark=/ark:/48223/pf0000156772/PDF/156772eng.pdf#%5B%7B%22num%22%3A84%2C%22gen%22%3A0%7D%2C%7B%22name%22%3A%22XYZ%22%7D%2C-130%2C726%2C0%5D.

6 International Trade Centre. 2010. Inclusive Tourism, Linking the Handicrafts Sector to Tourism Markets.

7 Ibid.

8 Ibid.

9 Noella Richard, 2010.

Several **challenges** characterize the crafts sector, including lack of data (without sufficient data, it is hard to take appropriate measures when a country is struggling with import and/or export competition); stiff competition in the markets, as mass-produced items are cheaper and those who sell them have higher production capacity with strong logistical support along with direct competition from countries such as China and India; the unwillingness of the younger generation to continue working in this field (with preference for working in factories for example); lack of basic infrastructure, for example electricity and poor access to raw materials (including increases in prices) which increases the cost of production; due to lack of innovation and technology, artisans are often unable to meet the demands of the customers; lack of education (which makes it difficult for artisans to access various government schemes, obtain market information, bargain with middlemen/traders and manage business properly, thus making them uncompetitive) and training facilities; and financial constraints.¹⁰

In addition, there are some **challenges in linking tourism and the handicrafts sector**. The supply-related challenges include a limited and/or only traditional product range due to lack of innovation and new designs; poor product quality due to low skills or missing knowledge about tourist expectations; local producers finding it difficult to compete with imported products in terms of price; raw material and other inputs limited availability or availability only at certain times; producers not being able to invest in machinery/equipment to raise the quality of their products; producers' dispersion and poor organizing leading to less continuous, slow and unsure supply.¹¹ Market-related challenges include a lack of suitable market outlets that are attractive for tourists; handicraft traders at tourist destinations are not aware of the supply potential in other parts of the country; different levels of middlemen and intermediary traders increase prices;

mistrust between traders and craft producers prevents better cooperation; poorly developed market linkages with retail shops in the main tourist locations; low integration in holiday packages of tour operators and hotel resorts; customers often look for useful gift items, rather than traditional souvenirs.¹²

Some **solutions** to address these challenges include: a differentiation between machine-made and handmade crafts (and within handmade crafts, between those for the local consumer market and those for the elite consumer market); the establishment of proper industry codes to ensure the collection and compilation of data related to handicrafts; recognition of artisans for their creativity through awards; emphasis on the role of technology and innovation to promote and preserve craft traditions; provision of education and training to enhance the artisan's ability to "learn and compete"; provision of micro-credit and crowd funding; improvement of basic infrastructure and emphasis on advertisement and promotion of tourist places where handicrafts are sold.¹³

Another study on the competitiveness of traditional craftsmanship underscored the reduction of the tax burden, particularly in terms of overall employer costs; tax advantages for providers of craftsmanship-related goods and services; investment support; and a reasonable level of bureaucratic burden.¹⁴ To develop the tourism-related handicraft sector, the same study mentions, similar approaches were mentioned such as sector-related policies; innovation; value chain improvement in the linkages between the different value chain stakeholders, based on mutual interest and win-win situations; support in organizing producer groups and associations to strengthen competitiveness; and promoting innovation and a business mentality.¹⁵

10 Yang et al., Preservation of Cultural Heritage Embodied in Traditional Crafts in the Developing Countries. A Case Study of Pakistani Handicraft Industry. *Sustainability*, April 2018;10(5):1336.

11 Ibid.

12 Noella Richard, 2010.

13 Yang et al.

14 Sandgruber et al. 2019. Traditional Craftsmanship as Intangible Cultural Heritage and an Economic Factor in Austria. Available from: <https://www.wko.at/branchen/gewerbe-handwerk/study-traditional-craftsmanship-austria.pdf>.

15 Noella Richard, 2010.



RECOVERY, SMALL AND MEDIUM-SIZED ENTERPRISES, AND EMPLOYMENT IN IRAQ

Iraq's economy remains fragile because of the conflict with ISIL and the years of war and instability preceding it. Three years of ISIL governance over parts of Iraq, and in particular the City of Mosul, led to the full or partial closure or destruction of several small-scale industries as ISIL forces enforced systems of taxation, limited transportation routes and accessibility for traders, and in some instances, confiscated local production and materials. The offensive by Iraqi Security Forces to reclaim ISIL-occupied areas contributed to the widespread internal displacement and severe damage to physical infrastructure, during what has been described as the most intense urban combat since World War II. Since the end of the conflict in 2017, approximately 4.4 million formerly displaced persons have returned to their areas of origin, with 1.4 million people still in displacement across Iraq. For 98 per cent of these internally displaced persons (IDPs) and returnees, access to income generating activities is the most significant obstacle hindering their ability to either return to their areas of origin, or impacting the sustainability of their return and reintegration. At the same time, 75 per cent of locations receiving returnees lack job opportunities, which could lead to secondary displacement.¹⁶

While battles against ISIL were not fought in Basra, the consequences were felt in the entire South. A recent IOM market assessment conducted in Basra highlighted how business activities dropped, especially after the ISIL crisis, where some interviewees commented that production dropped by 50 per cent, with an unprecedented stagnation recorded.¹⁷ The study also determined that business and revenues during 2014 to 2017 dropped dramatically and reported various degrees of disruption, where some employers surveyed cited a 40 to 50 per cent drop in production and sale and others mentioned their business coming nearly to a halt.¹⁸

While in 2018 and 2019 Iraq showed encouraging signs of recovery, subsequent overall recovery (economic and otherwise) has been slow – as the Government has confronted the daunting task of rebuilding infrastructure, re-establishing stability, providing services, and creating opportunity for returnees and the wider population. In addition, the COVID-19 pandemic only added challenges to the recovery process. As noted by the International Monetary Fund, SMEs are underdeveloped in Iraq even though they contribute to almost 90 per cent of private-sector employment across the country. SMEs across Iraq face many barriers in accessing financial services due to the lack of such services in the wake of the conflict, in addition to bureaucratic business registration issues, document-heavy application processes, high interest rates, sometimes-insurmountable collateral/guarantor requirements and inflexible repayment schedules, to list only a few.¹⁹

This lack of productive investment and underdevelopment of the formal private sector has resulted in inadequate creation of decent jobs for Iraq's growing labour force – particularly among women and youth. Ongoing challenges include lack of work opportunities, skill mismatches, a strong preference for public sector employment among educated groups, and a lack of effective and accessible career and job information systems. While the current official national unemployment rate in Iraq is at 11 per cent, unemployment is thought to be at pre-2012 levels according to a study conducted by the World Bank in 2019.²⁰ The COVID-19 pandemic has hit the country when it was already burdened with many challenges, and led to severe movement restrictions across the country, causing difficulties for many SMEs to operate.

16 IOM Iraq Displacement Tracking Matrix's Integrated Location Assessment III, 2018.

17 IOM, Basra Market Challenges and Opportunities, 2019.

18 Ibid.

19 IMF Country Reports No.19/249 (July, 2019).

20 Focus Economics, Iraq Economic Outlook, 3 November 2020. Available from: <https://www.focus-economics.com/countries/iraq>.

TRADITIONAL CRAFTS IN IRAQ

Iraq counts on a rich handicraft tradition. The art of weaving palm fronds dates to the Mesopotamian era.²¹ Weaved objects include the *tabak*, a large circular plate for holding bread; the *mahfa*, a hand fan; colorful *hasira* mats; deep containers to store dates; bird cages; and shopping baskets, to list just a few.²² Furniture and chairs of palm fronds are also common and especially suitable for a climate with very hot summers such as Iraq's. The dense fibers of the tree trunk are used because they are the strongest part of the leaves, making wicker products sturdy and suitable for a variety of domestic products.²³

Reed crafts are also common in Iraq. *Albaryia*, or reed mats, are produced in the Marshes. These are also used in making fences, livestock sheds, pigeon-coops and floor coverings.²⁴ In addition, the al-mudhif, an architectural structure based on curved arches found in the Marshes, is built with reeds. However, the traditional dwelling structure is barely present nowadays as people opt for permanent housing structures instead.²⁵ In general, reed crafts are popular in low-income households and among collectors who like to decorate their houses with traditional touches, a local media outlet suggested.²⁶

Fishermen-sized *guffas*, or boats, were also common in the Marshes, including larger *guffas*, which entirely disappeared in the mid 20th Century with the introduction of lorries and trucks.²⁷ Some additional boat types include the

zaima (made of reed bundles and coated with bitumen) and *tarada*, a war canoe of the Marsh Arab Sheikhs, designed to cut through the reeds with its tall curved prow,²⁸ *isbiya*, a cargo barge found in Anbar, and *kelek*, a log raft used for cargo transportation, typical in northern Iraq.²⁹ Another example of traditional craft found in Iraq is handmade rope and cordage, which is in the process of being lost, according to some sources.³⁰ According to another source, nowadays rope locally made from organic materials in Iraq tends to be informally produced, cheap and quick with a short life; yet there is much potential to rediscover and revive high-quality handmade cordage, since the environment is rich in organic fibres, the same source elucidates.³¹

Pottery was also a major craft present in almost every city of Iraq in the past; it was revived during the sanctions period, mostly out of necessity. While still surviving, pottery is no longer a craft practiced by artisans, but an art practiced in academia where the works are displayed in exhibitions, museums, malls and antique shops, a local media source reported.³² Rug making, once an Iraqi trademark, while limited today, was also reported in some areas, especially in central and southern Iraq,³³ including in Samawa, Muthanna, famed for embroidered wedding rugs and blankets. Copper work items were for centuries very popular among regional traders coming to Iraq. As of 2015, an international media source reported, only five artisan workshops survived in Baghdad.³⁴

21 Oumayma Omar. 28 April 2019. Iraq's Ancient Crafts Struggling to Survive. The Arab Weekly. Available from: <https://the arabweekly.com/iraqs-ancient-crafts-struggling-survive>.

22 Ibid.

23 Ibid.

24 Jassim Al-Asadi. 2014. Women and the Crafts of the Marshes in Southern Mesopotamia. Available from: <https://www.ramsar.org/women-and-craft-industries-in-the-marshes-of-southern-mesopotamia>.

25 The Encyclopaedia of Arts and Crafts. Al-Muzif. Available from: <https://encyclocraftsapr.com/al-mudif/>.

26 Oumayma Omar, 2019.

27 Ruya Foundation. 2016. Reviving Iraq's ancient crafts: interview with the artist Rashad Salim. Available from: <https://ruyafoundation.org/en/2016/09/3805/>.

28 British Council. An Ark for Iraq. Available from: <https://www.britishcouncil.org/arts/culture-development/cultural-protection-fund/ark-iraq>.

29 Ark Re-Imagined Overview, Safina Project, internal document.

30 Oumayma Omar, 2019.

31 Ark Re-Imagined Overview.

32 Al Shahid. 6 March 2019. Iraqi Artists Keep Up Pottery Tradition. Al Monitor. Available from: <https://alshahidwitness.com/iraqi-artists-pottery-tradition/>.

33 Al Hamza. 2017. Traditional carpet weaving in central Iraq unravels. Available from: <https://www.hurriyetdailynews.com/traditional-carpet-weaving-in-central-iraq-unravels-121919>.

34 Imtiaz Tyab. October 2015. Iraq's Copper Artisans Slowly Dying Out. Al Jazeera. Available from: <https://www.youtube.com/watch?v=2Is1QFjxLQ>.

Information on the status of craftsmanship specific to Basra and Mosul is limited. Since Mosul was located at the trade crossroads of many civilizations, different cultures influenced the highly praised crafts, which included textile, soap, wax, leather, copper, gold smithery, silver smithery, and porcelain.³⁵ According to some local sources, about 80 types of handicrafts were present in Mosul alone and most already died out or were about to die out.³⁶ Some examples reported by the same source include copper smithery, tobacco leaves making, animal harnesses, black smithery, traditional syrups making, rugs, textiles and Turkish baths decorations and items.³⁷ Marble and alabaster craftsmanship also abounded in Mosul, which counted on many craftsmen working on different elements of traditional houses and public and religious buildings. Considering the destruction of the city and displacement – especially of West Mosul, which hosted a variety of traditional private dwellings and public buildings before the war against ISIL in the city – it is currently unknown how much of the crafts have survived.

As to Basra city, an *oud* workshop, the traditional string instrument popular in Middle Eastern music, was reported along traditional boat-making.³⁸ The elaborate *shanasheel* carpentry technique for windows that protrude outward to the street is a traditional style of Ottoman buildings in the nineteenth century. Countless *shanasheel* homes and rows of traditional storage/shops units dating back to the Ottoman period, and colonial mansions from the 'British Raj' period of the 1930s, have been lost to make way for new wide roads lining the canals and incongruous medium-rise commercial buildings. The palm-lined creek waters, today confined in vertical concrete retaining walls, suffer from environmental neglect, accumulated solid waste and low water levels.³⁹

A common problem facing all the crafts mentioned above is their near disappearance due to cheaper imports. Most new carpets being purchased, for example, are now mass-produced in neighbouring Iran, Turkey or Syria and can be acquired at lower costs. Industrial development and imported goods offer people plastic and metal alternatives to the clay pots that Iraqis traditionally used as table and kitchenware.⁴⁰ Replicas are also common, such as replicas of copperwork present in the markets, which are imported from India.⁴¹ Today, while antique palm furniture is still sought after and admired for its quality, contemporary production and trade in palm furniture is threatened by a decline in quality brought about by competition from foreign imports and cheaper production methods including plastic substitutes, as well as palm furniture that is constructed cheaply using nails rather than traditional jointing methods.⁴² The fate of other crafts will likely be similar to those mentioned earlier. Based on the available articles, it can be also observed that while some crafts appear to have survived, they might not be the only source of income for the craftsmen, as some reported that crafts were not enough for survival and were rather practiced for preserving a craft inherited from ancestors. Another craftsman reported how his sons prefer to opt for other vocations and are not interested in learning palm fronds furniture making;⁴³ another artisan raised a similar concern in relation to acquiring skills in copperwork craftsmanship among the younger generation.⁴⁴

A recent documentary mentioned a state-owned factory of rugs in Baghdad trying to save the sector. However, considering the financial crisis, rug production is unlikely to represent a solution to the dying traditional crafts sector, the same article states.⁴⁵ A better model is represented by a company based in Baghdad, 'Art and Touch', specializing in modern versions of traditional Iraqi furniture, which employs dozens of workers and whose owner mentioned requiring scale in order to reduce the final product prices, which

35 Usham. 2007. Mosul report.

36 Abdulhadi Al-Obeidi. Historic Iraqi Crafts Almost Extinct. Al-Niqash. Available from: <https://www.niqash.org/en/articles/society/3047/historic-iraqi-crafts-almost-extinct.htm>.

37 Ibid.

38 Reuters. In Basra workshop, Iraqi oud maker crafts sought-after instruments. Available from: <https://www.reuters.com/article/us-iraq-oudmaker-idCAKCN0XF1TS>.

39 Basra Profile. 2020. UN Habitat.

40 Al Shahid. Iraqi Artists Keep Up Pottery Tradition.

41 Imtiaz Tyab. October 2015. Iraq's Copper Artisans Slowly Dying Out. Al Jazeera. Available from: <https://www.youtube.com/watch?v=2Is1QFjxnLo>.

42 Safina Project.

43 Simona Folytin. June 2020. Iraq's Traditional Crafts at Risk of Vanishing. Al Jazeera. Available from: <https://www.aljazeera.com/videos/2020/6/20/iraqs-traditional-crafts-at-risk-of-vanishing>.

44 Imtiaz Tyab, 2015.

45 Simona Folytin. 2020.

appear to be fairly high for Iraqi customers.⁴⁶ Crafts SMEs, in addition to experiencing the challenges experienced by SMEs in other sectors, are hurt by poor demand for non-essential goods, with relative expenditures on essential goods rising (which is common in a post-conflict economy, as shown from the findings of IOM market assessments). These challenges have been exacerbated by the ongoing COVID-19 pandemic.

TRADITIONAL CRAFTS AND TOURISM IN IRAQ

Linkages between the traditional handicrafts sector with tourism and hospitality could not be determined in this desk review. While Iraq, also nicknamed 'The Cradle of Civilizations' holds vast potential as a global tourist destination due to its rich cultural, historical, natural and religious sites, the current major contributor is religious tourism, especially concentrated in Najaf and Karbala.⁴⁷ In 2015, according to local media sources, religious tourism brought 22 million foreign pilgrims, but because of poor governance only generated USD 3.7 billion per year to the country, according to the World Travel and Tourism Council. This is a low figure, compared to revenues generated by Saudi Arabia with comparably fewer visitors (USD 12 billion a year).⁴⁸ Travel and tourism represented a significant 6.4 per cent of Iraq's gross domestic product (GDP) in 2019, with over 600,000 jobs in the sector and international visitor spending representing 3.4 per cent of total exports.⁴⁹ About half was leisure and the other half business spending.⁵⁰ While data for 2020 are not available, travel and tourism likely generated lower revenues, especially due to the COVID-19 closures and the sanctions imposed on Iran, which strapped Iranian pilgrims (89 per cent of all foreign tourists to Iraq)⁵¹ from cash. The Kurdistan Region of Iraq (KRI), with a variety of cultural and natural sites and almost 900 hotels, is also a tourist destination slowly

gaining recognition; with 1.7 million visitors a year, especially from Iraq, before COVID-19, the sector registered a near collapse because of the pandemic, as of June 2020.⁵²

Tourism in Mosul is currently non-existent due to destruction. Little was known about Basra, a former major magnet for tourists, at least till the early 80s. While the once called Venice of the Middle East hosts a variety of cultural sites, years of sanctions, war and neglect took a heavy toll on the city's infrastructure and tourism prospects in general. A regional media source reported that the Arvand Free Zone, close to Basra, with an area of 37,400 hectares lying at the confluence of the Karun and Arvand rivers, attracted 700,000 Iraqi visitors in the first six months of 2019.⁵³ Some investments in the Sinbad Island in Basra were reported in the past, although their outcome remains unknown. While Basra could be considered among the starting points for tourism in the Marshes, little is known about it, other than the general lack of facilities, hotels and services for accommodating tourists,⁵⁴ with only one source reporting 15,000 tourists in the first months of 2017.⁵⁵



46 Ibid.

47 Hooman Dabidian et al. 2013. Iraq's Tourism Potential. World Bank. Available from: <https://openknowledge.worldbank.org/bitstream/handle/10986/25475/780700BRI0QN870knowledge0note0series.pdf?sequence=1&isAllowed=y>.

48 Oumayma Omar. 2019.

49 World Travel and Tourism Council. 2020. Iraq Report. Available from: <https://wtcc.org/Research/Economic-Impact>.

50 Ibid.

51 World Travel and Tourism Council. 2020.

52 The Arab Weekly. June 2020. Visitors Stay Home, Iraqi Kurdistan Tourism Collapses. Available from: <https://theArabweekly.com/visitors-stay-home-iraqi-kurdistan-tourism-collapses>.

53 Islamic Republic News Agency. 28 September 2019. 700,000 Iraqi tourists visit Arvand Free Zone. Available from: <https://en.irna.ir/news/83494325/700-000-Iraqi-tourists-visit-Arvand-Free-Zone>.

54 Ibid.

55 Al-Shahid. 16 May 2017. Once Drained By Saddam, Iraq Marshlands Attract Tourists And Scientists. Available from: <https://alshahidwitness.com/saddam-iraq-marshlands-attract-tourists/>.

METHODOLOGY

The methodology consists of qualitative research methods, including in-depth semi-structured interviews with key informants and structured interviews with enterprises.

KEY INFORMANT INTERVIEWS

The key informant interview was developed for individuals with expertise and experience in the cultural industry sphere, including government officials and civil society organizations, such as the departments of Antiquities, Culture and Tourism, the Chamber of Commerce, and experts in cultural heritage. Eleven key informants were interviewed in Basra and five in Mosul, 16 in total. The interview explored the challenges of the sector and possible solutions to the problems encountered.

INTERVIEWS WITH ENTERPRISES

The questionnaire was administered to business owners, who are partially or entirely focusing on goods and services with cultural value and who belong to different sectors, including carpentry, metal, textile, food, construction and services. Another segment of respondents was grouped under 'Other handicrafts;' these would not typically fall under other sectors and include items such as candles, souvenirs, gifts, home decorations, painting, calligraphy and similar. In total, 94 respondents were surveyed; 51 in Basra and 43 in Mosul.

Enterprises were sampled based on contacts provided by UNESCO along with some contacts provided by IOM. Sampling aimed at including businesses present in Basra and Mosul with cultural value as enshrined in UNESCO's 2005 Convention for the Protection and Promotion of the Diversity of Cultural Expression. Table 1 provides details on sampling.

Table 1: Sampling

SECTOR/TYPE OF BUSINESS	NUMBER OF SURVEYS
Carpentry Boats, small-sized ships, cradles, cribs, bedrooms, other type of furniture, kitchenware, decorations, <i>shanasheel</i> , traditional wooden doors, wood trade	20

Metal Blacksmithing different items, copper utensils, aluminum utensils, gold inscription, iron trade	10
Textile and leather Tailoring, embroidery, bed linen, wool knitting and carpets, leather products	16
Construction/Construction elements Alabaster quarry, alabaster engraving and architectural elements, construction materials trade, marble and alabaster crafts	10
Other handicrafts Souvenirs, candles, drawings, painting, incense, calligraphy, gifts, leather goods, mud ovens, porcelain items, home decorations	19
Food Traditional sweets, traditional food preparation, oil	10
Services Graphic design, web design, hair-dressing and tailoring, children's cultural centre	9
Total	94

LIMITATIONS

The interviews administered to enterprises are not representative of businesses producing goods and providing services with cultural value in Mosul and Basra as the latter was based solely on the contacts provided by UNESCO and IOM. In addition, while some businesses outside of Mosul and Basra were also interviewed, key informants pointed to the importance of rural areas as repositories of cultural activities.

The sample in Mosul is smaller due to the difficulties in identifying potential respondents, likely due to war-related displacement and destruction.

FINDINGS

The following sections provide an overview of the background of the surveyed businesses, information on employment trends, demand and supply, the challenges these businesses experience, and needs, especially related to capital.

ENTERPRISE BACKGROUND

Key informants listed a variety of crafts present in Basra and Mosul, pointing to a rich tradition spanning different sectors, including construction, metal, textile, carpentry and food, which are present across the governorates of Basra and Ninewa. The importance of rural areas as major producers of goods with cultural value was also highlighted.

On average, the businesses surveyed have been operational for 27 years. The average is high relative to other businesses surveyed by IOM, as some respondents reported that businesses were passed from generation to generation and therefore had been going for centuries. Three respondents reported they worked in 150- to 350-year-old businesses, mostly metal crafts from Mosul. Excluding these three from average calculations, businesses are 18 years old on average, which still points to well-established practices. Twenty-two per cent of businesses have been operational for less than four years. Female ownership is also high in the sector with 30 per cent of the enterprises owned by women, mostly in textile, food preparation, and a variety of smaller handicrafts. Most surveyed businesses are not registered, which is a common occurrence among SMEs in Iraq.

More than half have started their businesses because they have learned from a family member and the same percentage also tried an idea as an entrepreneur. About one in ten attended vocational training or acquired the skill through apprenticeship. Overall, 50 per cent have completed up to 8th grade at school, 10 per cent high school or vocational training and the remaining 40 per cent tertiary education.

Most businesses engage in additional income generation activities. Respondents on average reported that 63 per cent of their income is derived from goods or services with cultural value. In fact, 56 per cent of respondents earn less than USD 500 per month – which would exclude them from EDF grants. Overall, about one third obtain their income entirely from the proposed sector and these are men-owned enterprises only. While an exclusive focus on cultural industries was found in all sectors, those involved in smaller handicrafts production most often need to earn additional income through other means.

EMPLOYMENT

Sixty-five per cent of respondents reported having at least one employee with the remaining 35 per cent not reporting having any. The latter mainly fall in the 'Other handicrafts' category, which reported the lowest number of employees on average. Men and women tend to report having a similar number of employees on average, approximately three. Textile and leather, food and construction have reported the highest number of employees on average (Table 2).

Table 2: Average number of employees per sector

SECTOR	AVERAGE NUMBER OF EMPLOYEES
Textile and leather	5.0
Food	4.8
Construction/Construction elements	4.8
Services	3.8
Carpentry	3.3
Metal	1.7
Other handicrafts	0.6
Average All	3.3

Eighteen per cent of businesses reported between one and two employees and the remaining (about 47%) have three employees and more. Overall, over half (52%) have from none to two employees, which would normally exclude them from EDF financing criteria, as EDF requires a minimum of three employees.

Twenty-one per cent of respondents reported having trouble in finding skilled workers. These included businesses in carpentry, food, metal, services, textile, other handicrafts and construction. When asked on the type of skills missing, respondents reported skills in food preparation, tailoring, embroidery, boat-making, advertising design, shoe design,

sculpting, marble installations and copper smithery. Three respondents complained about lack of values such as honesty and integrity. Eighty-three per cent are interested in having apprentices.

DEMAND AND SUPPLY

Businesses in the cultural sector are characterized by **good demand**, particularly relative to other sectors surveyed by IOM through labor market and market assessments. Over half (52%) of the enterprises reported good demand with 11 per cent of all businesses reporting very good demand. Average demand was reported by one third of respondents. Poor demand was reported by only 15 per cent of enterprises. In comparison, IOM's market assessment determined poor demand among over 40 per cent of businesses surveyed and good/very good among a mere 10 per cent of enterprises surveyed in 2021.⁵⁶

Table 3: Enterprises' self-reported demand

DEMAND	PERCENTAGE
Very good	11%
Good	41%
Average	31%
Poor	15%
Other/don't know	2%
Total	100%

Enterprises reporting poor demand were found in all sectors except food, which reported average demand and above. Poor demand was reported by one blacksmith, seven businesses in carpentry (including boat production, traditional furniture, cribs, doors), a children's cultural centre, a copper utensils producer, a leather shoes maker, a mud-stoves maker and a business working in marble instalments. Respondents reporting poor demand were mainly from Mosul (11 compared to 3 from Basra) and provided some insights into why they think the current demand for their products or services is poor. Lack of interest and knowledge among customers, limited market facilities, cheap imports, modern devices usage and limited use of precious materials outside of churches and mosques were blamed for the poor demand. Overall, the Iraqi dinar depreciation, COVID-19 and the general economic stagnation were also reported, with some artisans from Mosul also citing a lack of visitors to Mosul Al-Qadeema as a challenge.

'Average' demand ratings were also blamed on the Iraqi dinar depreciation, economic stagnation and low purchasing power among people. A small number also mentioned cheaper imports. Good demand, on the other hand, was attributed to experience, the quality and availability of raw materials, customers' interest in such items, dedication to work and reconstruction in Mosul Al-Qadeema, among the most mentioned issues.

Average demand per sector revealed that enterprises working in services, construction/construction elements and textile have the highest demand on average. Nonetheless, average demand does not substantially differ between different sectors and ranges between 3.2 and 3.7 (Table 4).

Table 4: Average demand per sector

SECTOR	NUMBER OF BUSINESSES SURVEYED	AVERAGE DEMAND (ON A SCALE FROM 1 TO 5, WHERE 1 IS VERY POOR, 3 IS AVERAGE, AND 5 IS VERY GOOD)
Services	9	3,7
Construction/ Construction elements	10	3,7
Textile	16	3,6
Other handicrafts	19	3,5
Food	10	3,5
Carpentry	20	3,2
Metal	10	3,2
Average All	94	3,5

Respondents were also asked to predict demand for their products or services in the six to 12 months from the time of the survey. Eighty per cent were very optimistic about future demand, and 20 per cent expressed some uncertainty. Some clarified that such uncertainty was mainly due to the current economic and political instability.

A profitable business was reported by more than one third of respondents. Almost half reported some stagnation, with 11 per cent reporting losses (Table 5).

⁵⁶ The latter is based on surveys with 621 enterprises across Iraq.

Table 5: Business status reported by enterprises

BUSINESS STATUS	NUMBER	PERCENTAGE
Very profitable/successful, it is expanding	1	1%
Profitable/successful, but not enough to grow further	33	35%
Stagnant, barely enough to sustain my own needs	44	47%
Not profitable, I'm losing money (business contraction)	10	11%
Don't know/Other	6	6%
Total	94	100%

Key informants mentioned that the handicrafts sector has potential for growth, with a small number pointing to pottery as having less potential. However, many highlighted poor marketing as a major limitation – rather than the sector not having potential for growth – and limited government support as reasons for poor demand.

Twenty-eight per cent of enterprises did not report any issues with clients. The remaining reported delays in payments, payments in instalments, bargaining and price reductions and significant resources spent to deal with clients, customers changing their mind once the order has been completed, and low purchasing power among people. These issues are common in other sectors also surveyed by IOM.

Challenges with suppliers include high and fluctuating prices particularly due to the depreciation of the Iraqi dinar, issues with purchasing raw materials over the internet and the inability to sell on credit. Overall, these are common issues across all sectors in Iraq.

Ten respondents reported shortages of raw materials; wood is very difficult to buy and issues with copper were reported in Mosul. Almost all have different potential suppliers for raw materials. Some issues with material quality were also reported, especially related to copper. The quality of copper is low because recycled copper is used in production, respondents from Mosul clarified.

CHALLENGES AND NEEDS

Respondents listed a variety of operational challenges, including a lack of capital and equipment or machinery (especially in Mosul where they were destroyed); issues with raw materials such as poor quality, poor access and high prices; lack of services, especially electricity; inappropriate working spaces; other commitments such as studying; lack of a market location and economic instability. Key informants confirmed the same challenges as reported by businesses (Table 6).

Table 6: Operating challenges reported by enterprises

OPERATING CHALLENGE	NUMBER OF ENTERPRISES
Lack of capital	19
Equipment lacking	17
Raw materials lack or quality, rising prices	13
Lack of services such as electricity	11
Inappropriate working space	5
Other commitments	5
Clients (deferred or failure of payments, behaviour, lack of knowledge)	4
No marketplace	4
Economic instability	4
Poor demand	3
High rent	3
Insecurity	3
Kerosene expenses	2
Lack of skilled workers	2
Government support	2
Lack of information	2
Soft skills workers	2
Competition	2
Time management issues	2
Low purchasing power	1
Imported goods	1
Transportation	1

Age-related and health issues	1
Lack of time	1
High utility bills	1
Licenses	1

Enterprises reported a lack of capital followed by lack of equipment and the general economic instability as the main restrictions they face to expand production. Issues with raw materials, poor demand, inadequate working spaces, political instability, and a lack of government support were also reported as the main limitations (Table 7).

Table 7: Limitations to enhancing production reported by the enterprises

LIMITATIONS TO ENHANCING PRODUCTION	NUMBER OF MENTIONS
Lack of capital	43
Lack of equipment	17
Economic instability	9
Raw materials (quantity, prices, availability)	9
Poor demand	7
Workspace inadequacy	7
Political instability	6
Government support	6
Liquidity	5
Cheaper imports	4
Marketing	3
Small production capacity	3
Lack of staff	2
Destroyed business	1
Customs and traditions	1
Transportation costs	1
Delivery inadequacy due to fragility of items	1
Power cuts/poor access to power	1
Clients lack appreciation	1
Poor national media attention	1

Enterprises also provided some insights into what would enable them to improve their overall business performance. While availability of capital remains the most pressing need, which was mentioned by over one third of respondents, purchasing of tools and equipment is also important, as well as the establishment of market linkages or improving marketing strategies. Marketing was highlighted by 18 respondents, mostly from carpentry and handicrafts, with some from textile and food preparation (confectionery) as well. One respondent also stressed the importance of connecting to national markets and another respondent to regional markets. As mentioned above, key informants listed poor marketing as a major limitation. Trainings are also requested, both in the respective trades and to a larger extent in business management, including accounting. Training in business management is not common as businesses often do not feel they require any trainings, based on other IOM market assessments. Larger workspaces located in strategic locations, product development, and the need for purchasing raw materials are also considered important for improving business performance (Table 8).

Table 8: Suggestions for improving business performance based on enterprise responses

FACTORS FOR AN IMPROVED BUSINESS PERFORMANCE	NUMBER OF ENTERPRISES
Financial support	34
Equipment/tools	18
Improved marketing	18
Business management and accounting training	13
Training/courses (professional)	10
Locations/space adequacy	6
Product development	5
Raw materials purchase	5
Computer training	4
Additional workforce	4
Associations/networks	3
Protectionist policies	3
Infrastructure improvement	1
Delivery	1
Market information	1
Using traditional materials/techniques in reconstruction	1

Key informants highlighted government involvement and support, improved marketing and availability of exhibition spaces/showrooms, education of the public, a higher involvement of youth, the recognition of artisans and their work, the establishment of associations, access to trainings/education and financial support as requirements for improving the cultural industries sector.

Respondents were also asked about the **amount of capital** they would require to improve their businesses.⁵⁷ While the average needs are high, many enterprises fall within the amounts disbursed by EDF, with costs per job also below the USD 6,000 threshold. In fact, 81 per cent require less than USD 30,000 and 78 per cent have costs per job under USD 6,000. Carpentry falls on the higher end in terms of needs and cost per job. However, the average is high due to the surveyed wood suppliers, who have high needs and high costs per job. Twelve businesses (out of 20) in carpentry have a cost per job below USD 6,000. Metal also has high average needs and cost per job. However, the average is high due to an iron wholesaler, with most of the metal businesses (6 out of 10) with costs per job well under USD 6,000. The service sector has two businesses with high needs and cost per job, with the remaining falling within IOM's usual parameters. The same holds true for the construction sector, with most businesses falling within acceptable IOM criteria. Overall, suppliers of raw materials and traders mostly require very high amounts with very high costs per jobs. If the suppliers are taken out of the equation, the average cost per job drops to slightly above USD 4,000, with total needs also substantially dropping. Food, handicrafts, and textile have overall fairly low capital needs and low costs per job. Table 9 shows needs and average costs per job divided per sector.

Table 9: Average capital needs and average costs per job divided per sector

SECTOR	AVERAGE NEEDS IN USD	AVERAGE COST PER JOB IN USD
Carpentry	47,347	14,015
Metal	32,948	8,408
Construction/ Construction elements	32,689	6,883
Services	23,019	7,370
Textile	16,394	2,770

Food	14,318	3,856
Other handicrafts	9,957	2,721
Total	50,961	6,736

One third of the businesses surveyed (34%) require USD 5,000 and more but appear to fall short on employees, with between none to two employees only at the time of the survey. Nonetheless, among these, many have acceptable costs per job, under USD 6,000.

One quarter of the businesses surveyed (26%) appear to fall between the usual Individual Livelihood Assistance (ILA) Business Support Package/Expansion Support Package grant of USD 1,700 and the minimum EDF grant of USD 5,000. These businesses are across all the sectors, with a higher presence in carpentry and other handicrafts followed by some respondents from the construction sector. All have contained costs per job. Many of these businesses do not have employees.

Six respondents (or 6,3%) have also reported needs under USD 1,700 or falling under the current ILA parameters under the IOM's Individual Livelihood Assistance. While these mostly belong to the smaller handicraft businesses, one textile business and one alabaster craftsman also reported needs below USD 1,700.

Overall, the sector also appears to be able to create jobs, as only three respondents mentioned they would not hire any employees if awarded the grant. On average, if awarded the grant, respondents would hire four additional workers. In addition, when asked on how would they spend unrestricted funding between USD 5,000 to USD 30,000 (in an open-ended question), 18 per cent of respondents mentioned they would hire additional workers.

⁵⁷ The capital needs among enterprises to improve their business was calculated by subtracting the amounts they would be able to contribute to the amounts indicated that would be needed in total.

CONCLUSIONS AND RECOMMENDATIONS

The assessment has shed light on businesses with cultural value, which appear to hold potential for expansion, especially based on the good demand these reported. Appetite for such products exist, despite the economic stagnation and COVID-19 closures, which have negatively influenced the business performance of all enterprises in Iraq. Major challenges include limited government support and the need for an improved marketing of products and services, which is also related to the fact that Mosul and Basra currently are not major tourism magnets, especially compared to the more visited areas of KRI and the religious sites of Najaf and Karbala.

ON EDF

- The EDF-C should be awarded to businesses that meet EDF-c criteria in Ninewa and Basra governorates (with some additional areas identified in the South, see the relevant recommendation below).
- No subsector appears to be experiencing bad demand, and therefore all the subsectors are appropriate for EDF-C. However, these may extend beyond the surveyed examples. A list combining the type of businesses surveyed; the types of businesses that were identified but not reachable or lacked a contact; or businesses that were discussed as potentially eligible but no contacts were found, are outlined in Table 10. This information should be used as main reference in the development of outreach material.

Table 10: Sectors and examples for targeting in EDF-C

Traditional construction and businesses working in arts and crafts elements of houses, public buildings, bazaars and gardens	Traditional housing and other types of public buildings construction in traditional styles. Materials used can vary, though construction with concrete is excluded. Kantaras, corner columns, windows, entrances, cabool, vaults (□□□□□□); shanasheel; elements of mosques, shrines, churches; traditional house elements; traditional tiles and other flooring, etc.
Carpentry	Traditional boats, small-sized ships, cradles, cribs, bedrooms, other type of traditional furniture, kitchenware, decorations, shanasheel, traditional wooden doors and windows, bird cages, etc.
Textile and leather	Tailoring traditional clothes (dishdasha, abaya), embroidery, bed linen, wool knitting and carpets, knitting/tailoring other types of clothes for children and adults, leather products such as saddles and shoes, fur, etc.
Metal	Traditional agricultural tools (blacksmithing); blacksmithing in traditional construction or other elements of public and private buildings; copperware and utensils; other metal-ware; gold inscriptions; knives sharpening; etc.

Businesses working in other types of handicrafts	Wax casting, forming, colouring; soap-making; different types of pottery, including ovens (tanur); porcelain; wicker items; palm weaving items such as baskets and similar; items made from reeds; calligraphy; painting; sculpture; souvenirs; traditional instruments; home decorations; fishing nets; etc.
Services/education	Tourist guiding services to cultural sites; industrial and product packaging design, graphic design, web page design; fashion design; digital fabrication (fablabs etc.); organization of events with cultural value (concerts, readings, theater, happenings) both at traditional venues or through digital media and the www (webinars, etc.); edition of cultural products (books, music, videos and films) both on traditional and on digital media; traditional tailoring and make up services
Food and traditional medicine	Traditional food preparation such as a variety of traditional Iraqi dishes, fried fish, dried or salted fish, pickles, and a variety of traditional sweets (from dates, etc.). Olive oil (cold press) and tahini. Traditional medicines.
Suppliers	Alabaster (or the so called 'Mosul Marble'), different types of stones, marble, wood, etc.

- EDF grants should range between USD 3,000 and USD 30,000.
- EDF requirements of minimum number of three employees should be reduced to one, to reflect the average size of employees in this sector, at least for businesses requiring more than USD 5,000.
- Consider dropping the requirement of having employees for grants between USD 3,000 and USD 5,000. Businesses in this bracket do not appear to have any employees, at least in many cases, but still show potential for creating jobs (all respondents reported two new hires at minimum, if they were to receive a grant).
- For the smaller grants ranging between USD 3,000 and USD 5,000, consider reducing the number of milestones for grant disbursement to a maximum of two.
- Spending on raw materials might be high in some instances – especially considering that the latter is often expensive – and therefore allow for higher percentages of the total budget to be spent on raw materials than the usual cap of 30 per cent.
- Reduce the minimum requirement of sales per month to below USD 500. The minimum amount acceptable could be determined after the verification visits.
- Marketing should be included as an important element in the expansion plan of all prospective grant receivers.
- Since some businesses have complained about a lack of a proper workspace and lack of services such as electricity, allow for higher expenses related to rent and electricity.
- To increase the availability of skills in the respective trades, especially among youth, consider supporting enterprises in providing on-the-job trainings.
- Consider having a business support package/business expansion package (BSP/ESP) call in Mosul and Basra to accommodate micro-businesses, which might not qualify for EDF funding due to lower capital needs.
- Consider targeting the sector consistently across Iraq through ILA. Often, this sector is not part of the LMA recommendations, likely because such businesses are not surveyed and key informants interviewed do not have enough information to speak about this sector. In practice this would mean that in BSP/ESP in cultural industries could be automatically considered as a sector to target.
- Consider targeting suppliers by applying the usual EDF criteria, as these do not focus exclusively on cultural industries. Nonetheless, some exceptions should apply such as alabaster and copper suppliers, who should be targeted under the same criteria as other businesses with cultural value targeted under EDF-C.
- To preserve cultural diversity, consider expanding EDF-C to the Marshland areas located outside of Basra Governorate (such as Thi-Qar and Missan), since socio-culturally these share many traits typical to the south of Iraq.
- Consider the sector as qualifying in future EDF calls in other governorates, especially in those with the presence of tourism/hospitality, which could more easily establish a link with the cultural sector. The governorates could include Najaf, Karbala, Sulaymaniyah, Dohuk, Erbil, Thi-Qar (the latter also related to the Marshes), and Baghdad.

ON MARKETING AND PRODUCT DEVELOPMENT

- Marketing remains limited among the surveyed businesses. Link the EDF grantees to any business events organized or supported by IOM across Iraq.
- Promote and support online retail, including by connecting the EDF-C grantees to EDF-Innovation grantees.
- Promote the establishment of showrooms, cultural streets, or cultural bazaars in Mosul and Basra.
- Support in organizing producer groups and associations to strengthen competitiveness, and in promoting innovation and a business mentality.
- Increase the businesses visibility by linking the grantees to IOM and UNESCO social media outlets.
- Support the businesses in connecting to the existing value chains, especially in tourism/hospitality and beyond the respective governorates of Basra and Ninewa.
- Support product development by working with crafts people and designers and facilitate access to their products for new audiences and customers within Iraq and possibly beyond (in the diaspora).

ON GOVERNMENT SUPPORT

- Considering that handicrafts receive limited government attention, devise a strategy on the promotion and valorization of Iraqi handicrafts.
- Improve the linkages with tourism across Iraq as such linkages are currently minimal, including through sector-related policies.
- Education of the public remains key. Raise the level of awareness on Iraqi goods and services with cultural value among the public through different media sources.
- Promotion and recognition of artisans through awards is needed to increase their status and the status of handicrafts in general.
- Since youth tends to steer away from this sector, improvement of the image of craftsmanship-related occupations among youth is also needed.
- Emphasize the role of technology and innovation to promote and preserve craft traditions.
- Education and training of artisans is needed to enhance their ability to compete in the market.
- Poor infrastructure is a challenge in both Basra and Mosul; it should be improved as it remains a pre-condition for the development of cultural industries.



IOM IRAQ

October 2021

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**Funded by the
European Union**

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