

# Iraq Economic Outlook

Responsible Business in Iraq  
Global Compact  
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# Country Overview

- Lower middle income country
- Population 32.3mill
- GNI per capita (US\$) 2,320 (source: World Bank)
- 2-digit economic growth (expected 12% in 2012 and 10% in 2013)
- Heavily oil reliant (oil exports making up to 90% of federal budget revenues in average over the last years)
- Unemployment rate (ILO definition) 12%
- Inflation rate 5.5% in 2011 (due to rising global commodity prices)

# Business Environment

- Doing Business 2012 rank: 164 (DB2011: 159)
- Lowest ranking components of business startup and development processes:
  - Getting credit: 174
  - Protecting investors: 122
  - Time to open a business: 187
  - Registering property: 98
  - Getting electricity: 46, down from 47 in 2011
- Different treatment large investors (Investment Law #13/2006 as modified by Law #2/2010) versus smaller investors (no OSS, no public agency for SME support)

# Major issues

- Owing to large oil revenues, Government remains the main investor and the largest employer (jobs for youth remain a challenge)
- Economic diversification requires:
  - Restructuring of State Owned Enterprises
  - Private enterprise expansion in non-oil sectorsboth in need of political commitment, good governance and functional market institutions
- Weak private sector organizations in terms of business agenda promotion through social dialog culture overall engagement with government and local authorities
- Political instability and insecurity, volatility of country's and region's markets

# Global Compact input in the transition process

- Adoption of GC principles in business practices will:
  - Build confidence in the capacity of the private sector to do social good
  - Attract qualified labor force
  - Build a responsible business culture in the Iraqi market
  - Create a dialog space with the government and public authorities in general and stimulate reforms
  - Reconnect with foreign businesses on a common agenda
- Iraq Local Network will act as a partner for development (GC principles leverage private sector's contribution to growth and sustainable human development)

# IICPSD and Iraq GC Local Network

- Continue facilitating dialog between government and LN
- Bridge Iraq LN with regional networks for knowledge sharing
- Provide training in responsible and inclusive business practices
- Engage with LN members on UNDP signature programmes to enhance contribution of businesses to MDG completion
- Include Iraq LN in dialog platforms around sustainable development goals and post-2015 agenda