

# LABOUR MARKET OPPORTUNITIES AND CHALLENGES

Makhmoor District, Erbil Governorate

IOM Iraq – May 2020

This programme is supported by:



## List of Acronyms

BEP	Business Expansion Package
BSP	Business Support Package
CIP	Community Implementation Plan
CoC	Chamber of Commerce
CoI	Chamber of Industries
CRC	Community Resource Centre
ESP	Employment Support Package
FGD	Focus Group Discussion
FT	Farming Training
IDP	Internally Displaced Person
ISIL	Islamic State in Iraq and the Levant
IOM	International Organization for Migration
JP	Job Placement
LMA	Labour Market Assessment
NFI	Non-Food Items
MoLSA	Ministry of Labour and Social Affairs
OJT	On-the-Job Training
SME	Small and Medium Enterprise
VT	Vocational Training

## IOM Disclaimer

The opinions expressed in the report are those of the authors and do not necessarily reflect the views of the International Organization for Migration (IOM). The designations employed and the presentation of material throughout the report do not imply the expression of any opinion whatsoever on the part of IOM concerning the legal status of any country, territory, city or area, or of its authorities, or concerning its frontiers or boundaries.

IOM is committed to the principle that humane and orderly migration benefits migrants and society. As an intergovernmental organization, IOM acts with its partners in the international community to: assist in meeting the operational challenges of migration; advance understanding of migration issues; encourage social and economic development through migration; and uphold the human dignity and well-being of migrants.

© 2020 International Organization for Migration (IOM)

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior written permission of the publisher.

## TABLE OF CONTENTS

List of Acronyms	2
IOM Disclaimer	2
Table of Contents	3
Executive Summary	4
Study Introduction	5
Labour Market Assessment Overview	
District Overview	
Assessment and Methodology Overview	
Findings	7
Attitudes Towards Entrepreneurship and Cash	
Types of Jobs Available	
Skills Gaps	
Recruitment Mechanisms	
Supply-side Bottlenecks	
Demand-side Bottlenecks	
Conclusions	10

## EXECUTIVE SUMMARY

IOM conducts livelihood programming in 15 out of 18 governorates in Iraq. As part of the Returns and Recovery Unit programming, the International Organization for Migration (IOM) undertook a labour market assessment (LMA) Makhmoor district in January–March 2020.

LMAs have been conducted in over 30 locations across Iraq and give insights on the state of the local market in a given area, the hiring preferences of employers and the available skills and aspirations of jobseekers, among others.

### STUDY COMPONENTS

LMAs consist of both qualitative and quantitative exercises: Key Informant Interviews (KIIs), multisectoral community workshops and surveys with jobseekers, employers and consumers.

This LMA focused on Makhmoor centre and surrounding villages (Kabarook, Godela, and Mahana), in Makhmoor District, Erbil Governorate.

A summary of key findings is included below, followed by recommendations for future interventions.

### KEY FINDINGS

- Community members requested trainings in car mechanics, mobile phones and electrical appliances maintenance, PVC and aluminum, electrical installation, English language, computer and sewing.
- Water pump maintenance services to repair farmers' irrigation water pumps are a key need.
- In schools, up to three students sit at a single desk, and classes are overcrowded, according to a workshop report from Mahana village. Other villages have similar issues, with insufficient classrooms or qualified teachers

### Recommendations

SECTORS TO TARGET	Education, electricity, services, medical services, clothes, stationary, veterinary services, water filtration
SECTORS TO AVOID	N/A
ACTIVITIES TO TARGET	Business expansion support packages (ESP) for electrical supplies, Business support packages (BSPs) and ESPs for medical services or grain mills, cash for work (CFW) for education and medical services, Enterprise Development Fund for factories and vocational training for veterinary services
ACTIVITIES TO AVOID	BSPs for electrical shops
CASH FOR WORK (CFW)	Yes, and projects could be related to school construction/expansion or irrigation projects that would decrease the salinity or oil contamination of agricultural water sources if possible. Building a maternity ward was also mentioned as necessary, and that there are staff available to operate the delivery ward once constructed.
UNRESTRICTED CASH	Direct cash support would be fine here, as 16 per cent of jobseekers reported that people are not comfortable paying for goods and services in cash in the area, and only 33 per cent of jobseekers reported preferring in-kind over cash assistance
PROFILES TO TARGET	Female-headed households, youth, graduates, unskilled workers, internally displaced persons, returnees, older people and persons with disabilities
NOTES	<ul style="list-style-type: none"> <li>• Respondents mentioned that there is no flour factory, which makes farmers unable to market the wheat they produce</li> <li>• Veterinary services were noted to be unavailable</li> </ul>

Table 1. Recommendations

## STUDY INTRODUCTION

at the individual, community and institutional levels. At the individual level, IOM has prioritized support to micro enterprises, including providing business development services (for example business advisory services) and Business Support Packages (BSPs), including in-kind and cash support, all of which aim to increase income generation at the household level.

For those individuals who need capacity development support or who have specific backgrounds such as agriculture, IOM provides specialized skills development and training through Vocational Training (VT), Farming Training (FT) or On-the-Job Training (OJT), accompanied by employability assistance – inclusive of in-kind items tailored to enhance individual employability. For beneficiaries who already have relevant education or training and need to gain hands-on work experience, IOM's job placement and job matching initiatives link participants with businesses in growth sectors, and pays their salaries partially or fully for three to six months.

At the community level, through the Enterprise Development Fund (EDF), IOM provides support to slightly larger businesses – small and medium enterprises (SMEs) – to support long-term job creation and the expansion of local production capacities. IOM also targets the infrastructure needed to support markets. For example, in agricultural communities IOM may support irrigation projects. At the institutional level, IOM provides capacity building to national and local authorities, including market assessments that seek to promote institutional change in support of local livelihoods.

### LABOUR MARKET ASSESSMENT OVERVIEW

IOM's LMAs are intended to provide actionable recommendations for the individual livelihood assistance that IOM provides in multiple districts throughout Iraq. This LMA focuses on the communities of Makhmoor, Erbil governorate, and includes interviews and a community workshop conducted in Makhmoor and surrounding communities (Kabarook, Godela, and Mahana) villages.

### DISTRICT OVERVIEW

Makhmoor is a disputed district in northern Iraq, located between Erbil and Ninawa governorates, but typically referred to as within Erbil Governorate. About 85 km away from Erbil, the district is populated by both Arabs and Kurds, and is estimated to have about 13,000 inhabitants.

As mentioned in the workshops, agricultural businesses need more support at all levels, including for training, irrigation systems, machinery and tools, seeds, fertilizers, and facilitating

access to the electricity network, among others. There are three main barriers to agriculture and farmers in the area: first, some farmers from various villages cannot use their agricultural lands because they are contaminated with landmines; second, farmers are unable to plant because of the water's high salinity in some wells; third, they can't find a market for their agricultural products, mainly wheat and barley, because there is no flour factory, and because the government has a limited capacity to receive and store their products.

Schools were noted to be in poor condition and overcrowded.

### CONSUMER SPENDING SNAPSHOT

- **Key weekly expenses:** The typical consumer in Makhmoor District reported spending an average of USD 256 per week on food for the household.
- **Key monthly expenses:** 6.5 per cent of survey respondents reported having a monthly rent expense, averaging 87.5 United States dollars (USD) per month; and 71 per cent reported monthly expenses on temptation goods, such as sweets and tobacco, averaging USD 36 per month.

### ASSESSMENT AND METHODOLOGY OVERVIEW

The LMA process began in December 2019, after a two-day training on labour market assessment objectives and the tools for data collection. After the training, community-level workshops with youth, women and local residents were organized in December 2019 and February 2020, and KIIs, jobseeker, employer and consumer surveys conducted from January to March 2020.

#### Multisectoral Community Workshops

In the centre of Makhmoor, residents of Shahidan, Sharawany, and Markaz Makhmoor constituted two community workshops, held on 26 November and 30 December 2019. The community engagement workshop participants discussed water, electricity, education, and other pressing social and economic issues affecting the community. Workshop attendees were mostly stayees who had not previously been displaced. Kabarook, Godela and Mahana villages in Makhmoor also participated in a third workshop, comprised mostly of returnees to the areas, where similar issues were discussed.

#### Key Informant Interviews

Ten KIIs were conducted with representatives of the business community in Sulaymaniyah city. KIIs seek to establish trends and observations about the business community, industries

currently hiring, ongoing public and private investment, and key emerging sectors capable of generating employment..

### Jobseeker Surveys

Jobseeker surveys are designed to identify preferences of unemployed and underemployed workers. In Makhmoor, 30 jobseekers were identified and surveyed. The survey's purpose was outlined for each jobseeker survey, and informed consent was obtained from those surveyed.

### Employer Surveys

Twenty-nine employer surveys were also conducted in Makhmoor District and nearby areas to provide a sample as representative as possible of the local market. Employers were initially provided an advance copy of the handout materials and then later contacted for follow-up interviews.

### Consumer Surveys

The consumer survey was designed to triangulate data related to demand, income and vulnerability. In commercial or industrial districts of Makhmoor District, members of the public were approached and 31 of them were identified as respondents. There were no restrictions on the demographic profiles of participants, but IOM sought diversity to the extent possible.

The table below outlines the types and number of surveys conducted for Makhmoor district.

TOOLS	MALE RESPONDENTS	FEMALE RESPONDENTS	TOTAL NO. OF SURVEYS CONDUCTED
Multisectoral Community Workshops	55	23	3
Key Informant Interviews	9	1	10
Jobseeker Surveys	28	2	30
Private Sector Employer Surveys	27	2	29
Consumer Surveys	26	5	31

Table 2. Surveys Conducted in Makhmoor district for Labour Market Analysis

## FINDINGS

An estimated 2,500 families live in Makhmoor District (about 13,000 individuals). Returnees, who self-classified as unemployed or underemployed tended to have more professional experience than host community members, although underemployed women tended to have more career experience than men (this pattern did not differ between host community members and returnees).

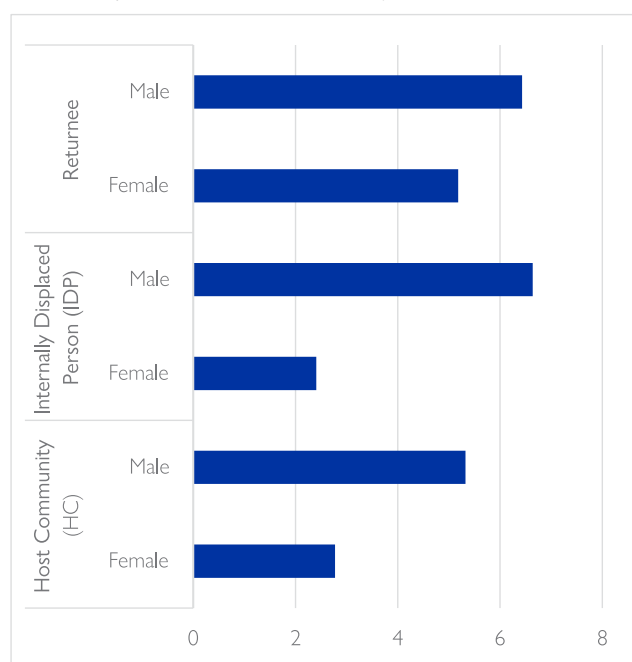


Fig. 1 Average career profession experience in years by migration status

### ATTITUDES TOWARDS ENTREPRENEURSHIP AND CASH

Eighty-three per cent of jobseekers noted a preference to own their business, suggesting a preference for entrepreneurship in the community. Sixteen per cent of jobseekers reported that people are not comfortable paying for goods and services in cash in the area. Only 33 per cent of jobseekers reported preferring in-kind over cash assistance. Meanwhile, 40 per cent of key informants felt that cash support would cause inter-household and community conflict in Makhmoor district.

### TYPES OF JOBS AVAILABLE

While in the villages, many people, including women, are noted to work in agricultural businesses such as wheat and barley planting, and livestock, people in Makhmoor district depend on government employment, small businesses, and daily paid work as a source of livelihood. There are also some nearby factories (gypsum, block, and cement factories) that may be considered as a source of livelihood for some, especially those with daily wages. Jobseekers reported that the main

economic sectors currently hiring were the construction, industrial, and agricultural sectors and that these jobs were generally desirable. Jobseekers also mentioned that, while they could work as daily laborers, they generally preferred not to. Key informants also mentioned that in addition to the government sector, which employs many people, the agriculture sector currently employs most of the workforce. A construction factory and the municipality were also mentioned. Employers reported that working hours averaged 8.7 per day. None of business owners mentioned having written contracts with workers.

Average wages for skilled and unskilled workers among the businesses surveyed in Makhmoor and surrounding areas ranged from USD 50 to 400 per month.

AVERAGE SALARY FOR SKILLED WORKERS	AVERAGE SALARY FOR UNSKILLED WORKERS
USD 252	USD 149

Consumers noted average monthly incomes of USD 460 per month. Women-owned businesses, as reported by KIIs, generally included businesses in the service sector (tailoring, salons) and one respondent mentioned the food sector (as chefs); all these businesses were noted to be profitable. Women-owned businesses, as reported by jobseekers, earned on average USD 392 per month.

### SKILLS GAPS

FGD participants suggested a list of potential industries and professional sectors with which nongovernmental organizations might find it relevant to engage with. These included:

- Agricultural-related trainings such as technical skills in planting crops (potato and other vegetables) greenhouses, use of fertilizers, marketing products, etc.
- Training in car mechanics, mobile phones and electrical appliances maintenance, PVC & aluminum, electrical installations, English language, computer, sewing.
- Water pump maintenance services to repair the farmers' irrigation water pumps are needed.
- Graduates, skilled youth and skilled women, and people with disabilities were mentioned as groups to be supported.
- Because markets and some women-related businesses such as sewing and hairdressing are unavailable, these were mentioned as sectors to be supported in the villages.
- The area needs agricultural factories, for instance of flour, sugar and cotton.

- Bakery, clothes retailing, mobile phone maintenance, grocery shops, stationary, tailoring, PVC workshop, shoe repairing, hairdressing and unspecified businesses in the medical sector; are suggested businesses that need to be supported. These businesses could provide job opportunities for men and women. Wheat and barley production were noted to be oversaturated.

Jobseekers, on the other hand, mentioned that women and men’s tailoring, and electrical appliances repair as businesses that had difficulties in finding adequately trained employees. Employers were also asked about skills, but they did not mention any difficulty in finding skills.

TYPE OF BUSINESS	INTERESTED IN HAVING APPRENTICES	HARD TO FIND SKILLED/ EXPERIENCED WORKERS
Salon	Yes	No
Ice-cream	Yes	No
Photographer.	Yes	No
Mobile Shop	Yes	No
Selling and Buying used furniture.	Yes	No
Fix and Sell used electrical	Yes	No
Selling used electrical appliances.	Yes	No
Photocopy Shop	Yes	No
Barber	Yes	No
Farmer	Yes	No
Electrical shop	Yes	No
Agriculture	Yes	No
Agriculture	Yes	No
Agriculture	Yes	No
Car mechanic	Yes	No
Salon	Yes	No

Table 3. businesses reporting challenges in identifying skilled workers and their experience in training of apprentices

Tools and assets most commonly requested by businesses included agricultural irrigation systems, and a few of them need tools. Some businesses mentioned goods and raw materials. Business owners were also asked what they would do were they to receive a cash grant, and none mentioned hiring new employees, with the most common response being purchasing more raw materials and new tools.

## RECRUITMENT MECHANISMS

While 97 per cent of jobseekers did not know of a job centre, they suggested that job centre services could be offered in the centre of Makhmoor. All employers reported personal connections as hiring mechanisms, and 28 per cent also mentioned formal hiring mechanisms. However, 72 per cent of employers who reported personal connections as their primary method of hiring were open to recruiting through more formal channels. The area is prone to labour migration from nearby areas (related to Ninewa Governorate, such as Qayara), with 90 per cent of respondents mentioning that people tend to migrate for economic reasons, especially to Erbil.

## SUPPLY-SIDE BOTTLENECKS

The most common challenge facing employers was lack of water for irrigation as reported by 24 per cent of participants, followed by lack of machinery (reported by 14% of business owners). One agricultural business mentioned landmines as a challenge. Seventy-two per cent of business owners reported having multiple potential suppliers for their raw materials, whereas 90 per cent reported being able to respond to an increase in demand. Those that reported not being able to respond to an increase in demand are two secondhand electrical appliances retailers and a secondhand furniture retailer. No items were said to be more expensive in the local community than in other areas of Iraq, and those who did not purchase raw materials locally tended to report that it was because of low quality and high price.

## DEMAND-SIDE BOTTLENECKS

Challenges in dealing with clients included not paying on time, purchasing with debt, and asking for discounts. Only a grocery store reported having good demand.

TYPE OF BUSINESS	
HIGH DEMAND	POOR DEMAND
Grocery	Poor Demand
	Photography
	Secondhand furniture retailer
	Secondhand electrical appliances retailers (2)
	Construction materials retailer
	Ice cream factory
	Agricultural businesses (4)
	Electrical appliances shop
Car mechanics	
Average salary skilled /unskilled workers: USD 325	Average salary: USD 189

Table 4. Average salaries among businesses with high and poor demand



A chart (Fig. 2) of salaries for skilled workers also indicates lower salaries, on average, for aluminum and metal workers, with better salaries for agricultural businesses.

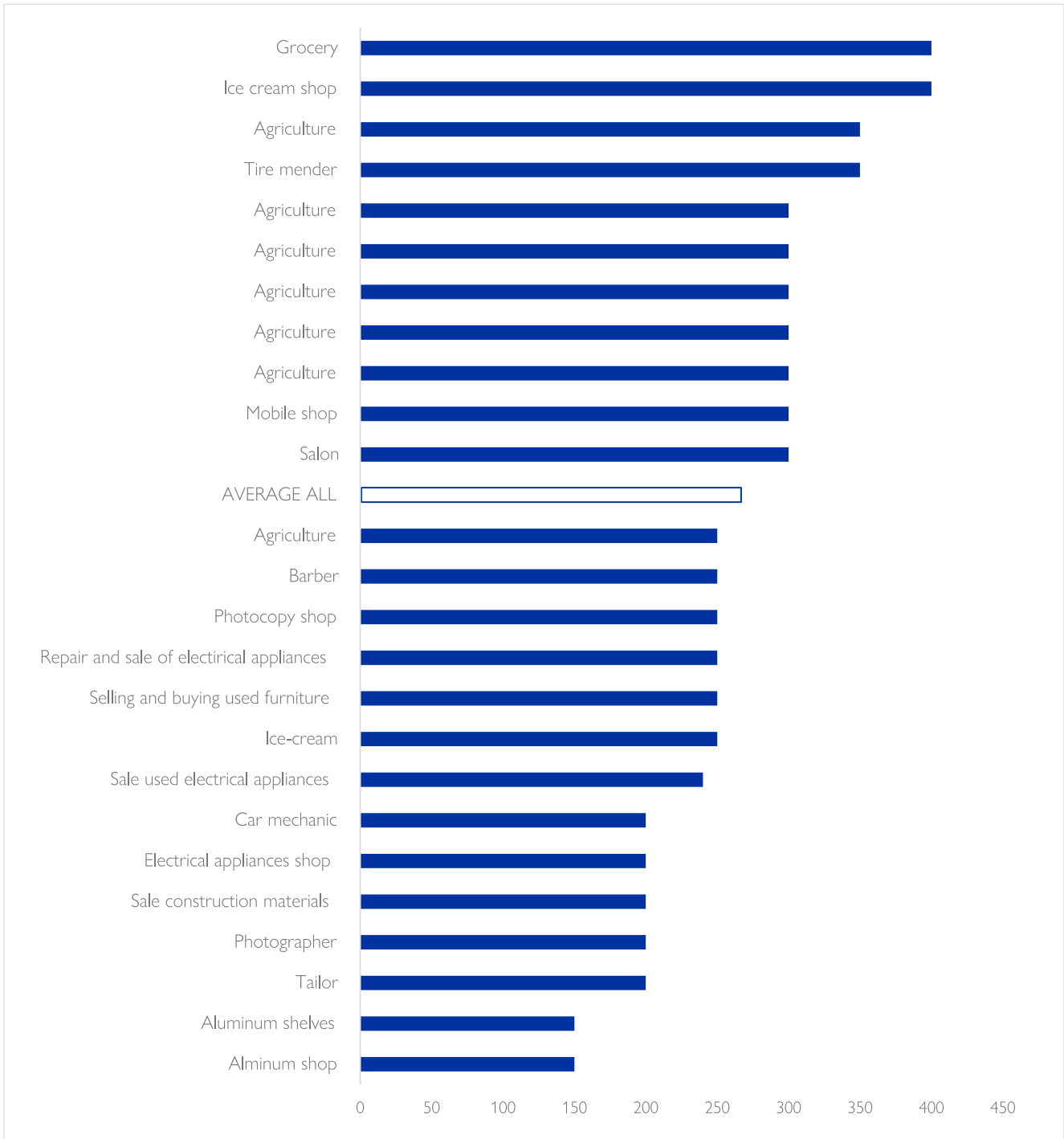


Fig. 2. AVERAGE SALARY – SKILLED WORKERS

An attractiveness matrix can be applied to measure and contrast the varying measures of demand as reported by local businesses – and to compare them to the salaries these businesses reported paying their skilled workers – to get a better understanding of what types of jobs could

be sustainable and be decently remunerated. Looking into businesses self-reporting high demand and paying high salaries (or salaries above the average of all salaries), the agricultural sector scored higher, which slightly contradicts the view held by key informants, that the agricultural sector is oversaturated.

POTENTIAL FOR IMPACT		Poor Demand	Average Demand	High Demand
	Higher Salaries	/		Agricultural workers
Lower Salaries		Car mechanics Electrical shops	Aluminum sellers	/
POTENTIAL FOR GROWTH				

Table 5 Cross-tabulation demand and salaries paid to skilled workers

## CONCLUSIONS


Makhmoor respondents expressed a variety of competing priorities, although common themes emerged, including the issue with water salinity and its contamination with oil, schools lacking equipment and classes being overcrowded. Another issue was that while many skills are available in the community, there was not much business capital or infrastructure to support these skills. Most businesses reported average or poor demand, and although key informants did not note that the agriculture sector was promising, many community members are currently engaged in agriculture as a source of livelihood. Veterinary services were noted to be lacking as well. Some of the higher salaries reported by employers were also found among agricultural businesses, whilst service providers such as a photographer reported poor demand for their services. Also, wheat farmers noted that there was no flour factory available to process their produce, and thus they had difficulties in selling their finished goods. Thus, agriculture may very well benefit the community if investments in water quality and irrigation are made, in addition to agricultural value chains such as in grain flour production.

While issues with the electrical network and a shortage of spare parts were noted, current businesses in electrical installation and electrical appliances largely noted poor demand, suggesting that rather than starting more electrical businesses, a more detailed study of which spare parts are missing could be used to design investments for the existing electrical goods businesses in Makhmoor. Finally, community members seemed interested in cash rather than in-kind assistance, and highlighted the lack of delivery wards in local hospitals as well as a possible general investments in the area.



# LABOUR MARKET OPPORTUNITIES AND CHALLENGES

IOM IRAQ

 International Organization for Migration  
The UN Migration Agency - Iraq Mission  
Main Office in Baghdad  
UNAMI Compound (Diwan 2)  
International Zone, Baghdad, Iraq

 [www.iraq.iom.int](http://www.iraq.iom.int)

 [iraqpublicinfo@iom.int](mailto:iraqpublicinfo@iom.int)



Written and designed by:  
The International Organization for Migration — Iraq Mission  
© IOM Iraq 2020