

The General Framework of Labor Force Plan

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Chapter One

Assessment of strategies in the area of employment and unemployment

1. National development strategies have emphasized the importance of the role and effectiveness of human resources in achieving growth and development. Consequently, these strategies have paid special attention to the development of human resources through the provision of various social services such as health, education, rehabilitation and training of labor force, establishing the required institutions, and ensuring the provision of an integrated social security network for the vulnerable groups of the Iraqi society. The State, in the course of the assessment of this strategy and in relation to the development of manpower, has contracted several international institutions for the rehabilitation and training of workers at various levels. The Development Foundation takes part in conducting training courses for different levels and trends and has been effective and active in the development of Iraqi staff working in State institutions. Furthermore, it activates the social protection network, thus contributing to the alleviation of poverty of Iraqi families who have been subjected to all kind of violence.
2. The private sector is a partner of the public sector in achieving development and accommodating the unemployed. The national strategies for development have emphasized the important role and effectiveness of this sector. However, the conditions that were experienced by Iraq during the past years hampered the attempts of developing this sector as well as hindering its growth; thus, this sector continued to suffer from several problems which need countless efforts and a lot of measures to be taken in order to contribute in activating the role of the private sector and increasing its capacity to absorb unemployment.
3. The social advancement programs were emphasized through the creation of job opportunities for hiring and employing the unemployed for limited periods. We strongly believe that such programs did not benefit the unemployed. In fact, we believe that such job opportunities had contributed to the increase of their unemployment as it did not improve their social status and well being. Therefore, we recommend to discontinue these programs and to be replaced by rehabilitation programs that are capable of providing useful training of the unemployed in certain fields and lines of work so as to be able to obtain permanent employment.

4. The strategies confirmed the reduction of unemployment rates. This was also established by the results of the employment and unemployment survey carried out by the Central Bureau of Statistics which indicated a decline in unemployment rates from 2003 until 2007. This can be attributed to regaining the momentum of the Iraqi economy and doubling of domestic national product.
5. The strategy aims at building human resources necessary to achieve growth, reduce unemployment from 18% to 9%, and increase the participation of women in the labor force to reach 35%. However, the reality of the situation led to a 12% decrease of unemployment in 2007 in the light of the results of the socio-economic survey of families in Iraq in 2007.
6. The growing interest and concern in the social protection network incorporated within the government's program to lessen the economic burdens faced by the poor and marginalized groups in the community has been demonstrated by means of the allocations of funds in the federal budget. The amount that was allocated for this program in 2006, inclusive of the cost of the rationing card, was approximately 3.50 billion dollars. This amount increased to reach 4.48 billion dollars in 2007. However, the circumstances emerging from the conditions in Iraq had led to allocating a budget for the social protection network amounting to 994 million Iraqi dinars in the year 2005 to cover 170 thousand eligible person in Iraq, at a rate of 40 thousand Iraqi dinars for each family consisting of one individual and 50 thousand Iraqi dinars for each family consisting of two or more individuals. The government had increased the budget allocated to the social protection network during 2006 to reach 500 billion Iraqi dinars versus 920 billion Iraqi dinars in 2007, of which 120 billion Iraqi dinars were allocated specifically for Kurdistan region; it also increased the number of beneficiaries to reach one million individuals and raised the ceiling of the subsidy to reach 65 thousand Iraqi dinars for each family consisting of one individual and 150 thousand Iraqi dinars for each family consisting of more than six individuals.
7. Establish a statistical monitoring system for the continuous follow up of achieving policies and draw attention to the deviations that may occur, in addition to evaluating the outcomes of these measures. In this regard, the Central Bureau of Statistics conducted a number of surveys, such as but not limited to, survey of employment and unemployment, nutritional survey, multi-indicator cluster survey, survey of youth attitudes and skills, and social and economic survey of the Iraqi family.

8. The strategy on human development focuses on the goals of protecting citizens and realizing their well-being and productivity, and considers human resources as a key element in sustainable development. In addition, it views security and development as the most important factors in achieving social peace and the corner stone in attaining national unity and economic development. The State has endeavored to realize this goal, even partially, through the development of human resources by means of training courses and fellowships in the various fields. Furthermore, the State seeks to achieve security and stability, which are the pillars of realizing the anticipated development.

Chapter Two

Trends of Labor Force Growth

First: Population, economically active population and labor supply

Iraq is among a group of Arab countries with a medium sized population; it has large reserves of agricultural land, water and mineral wealth. It is considered in the forefront of oil producing and exporting countries and also produces sulfur and phosphate. Earlier, Iraq had moved into industrialization where a large industrial base in the area of petrochemicals, heavy industries, and light industries was established. However, the circumstances that prevailed in Iraq during the eighties and the Gulf War, in conjunction with the economic sanctions imposed on the country which had contributed to the deterioration of the Iraqi economy, had led to the falling behind of the course of human development, followed by the events that took place after 2003 that resulted in the aggravation of economic and social crisis. This necessitates the development of plans and formulation of policies that will contribute to actual change, and stresses the need to adopt a policy designed to reach optimum and balanced use of natural, economic and human resources in order to advance and sustain economic and social development in Iraq.

Population is the fundamental source of supply to meet the requirements of the labor force, as the working age group of the population is the reserve stock to provide the labor market during the successive time periods with graduates of the educational system from the various specializations and disciplines.

1. Population

The data available from the general census of population indicates that the population in Iraq had reached (21941) thousand in 1997 with a growth rate of 2.99% between the 1987 and 1997 censuses.

In light of the results of the last census of population, the size of the population for 2002 was 25565 thousand with a population growth rate of 3.03% during the period from 2002 until 2004 to rise to 27139 thousand; the population growth rate maintained its trend during the period from 2004 until 2008 to reach 30577 in year 2008. The age group (15 – 64 years) was characterized by high growth rates during the two periods, and ranged between 3.4% and 3.2% and was similar for both males and females.

The population pyramid in Iraq is characterized as young, where the percentage of the age group (zero – four years) fluctuated between (43.7%, 43.4% and 43.0%) of the total population. The percentage of the age group (15-64 years) which represents the active population of the economy rises from 53.3% to 53.8% of the total population between 2002 and 2008 to reach 54.2% in 2008. The percentage of the age group (65 years and over) reached 2.8% of the population for the same period.

2. Economically active population:

The economically active population represents all individuals over a specified age and who can be classified as workers or unemployed with respect to their main activity.

Based on the available data regarding the economically active population and the population of working age, the percentage of the age groups (15 – 64 years) reached 52.99% of the total population in 2002, and increased slightly to 53.33% in 2004 and 53.75% in 2008.

As to the rates of participation in economic activity represented by the percentage of economically active population to the total population, it increased from 27% in 2002 to 27.7% in 2004 and reached around 29% in 2008. The gender distribution of the economically active population was 44.7% for males versus 9.4% for females in 2002 increasing to 46.3% for males and 11.3% for females in 2008.

However, when calculating the rates of participation in economic activity on the basis of economically active population of working age, this rate increased from 49% in 2002 to 50% and 51% for years 2004 and 2008, respectively.

The size of the economically active population was (6926) thousand in the year 2002, and increased to reach (7506) thousand in the year 2004 and (8847) thousand in 2008. This indicates that the available additional supply of the economically active population had reached (1341) thousand during the period from (2004-2008).

3. Total additional supply of labor force:

From the foregoing, the data indicate that the total additional supply of economically active population of working age, based on population estimates, will reach (15221) thousand; and that the additional supply from educational institutions which undertake the preparation of specialized labor force at all levels, including (colleges, technical institutes and technical colleges), will reach approximately (396) thousand; and that the size of the available supply from the other educational levels (i.e. sub-primary, primary, middle, academic preparatory and vocational) will be around (14825) thousand. Thus, the total available number for the supply of labor force during the mentioned period will be about (15221) thousand up to 2007.

This means that all those individuals will be available to enter into the labor market and search for new employment opportunities; of which around (396) thousand have specialized educational levels and approximately (14825) thousand have other levels of education. Consequently, this calls for considering solutions and drawing policies that enable the absorption of the current and future available supply of labor force.

Chapter Three

Employment and Unemployment

1. Data on product, productivity and labor force growth rates for 2004-2008:

The gross domestic product (GDP) in Iraq is characterized as traditional and undersized in comparison with other countries with similar patterns in terms of resources and capabilities that are available in Iraq. Such resources and capabilities were not utilized rationally due to the abnormal conditions encountered by the country which had inflicted a negative impact on the Iraqi economy and its potential productivity. In addition, Iraq had suffered from slackness due to the deficiency in financial allocations that are usually granted to the industrial and services sectors, which adversely affected the advancement and development of the labor force (the economic activity represented by increased gross domestic product leads to increased need for new labor force under special technological production methods). This confirms the presence of a strong direct structural relationship between gross domestic product (GDP) growth and the growth of labor force leading to a marked improvement in the level of per capita income.

The development and expansion of labor force via technological advancement and vocational training allows for the growth of gross domestic product, thus creating a symbiotic relationship between the development and growth of gross domestic product and the advancement of the labor force. This urges most of the countries to take hold of opportunities and attract all available resources in order to achieve optimum utilization of labor force, which is the main stimulus for achieving development goals.

In view of the abnormal conditions that prevailed in the country during the past three decades, Iraq's levels of gross domestic product had fluctuated. This had a negative impact on the economic situation, in general, and the labor force, in particular. Consequently, this led to instability in the labor force and wasting its capacity. These conditions resulted in uneven growth rates of gross domestic product and labor force, and as a result, productivity, during the period from (2004-2007) on the basis of total economic activity of the country, which becomes clearly evident when examining the available indicators in this regard. It can be noticed, through the reciprocal correlation between the growth rates of gross domestic product, labor force and productivity, which is governed by a tactical-approach style relationship for each activity and sector, whether capital-intensive or labor-intensive methods, that there is inconsistency between the growth rates by economic activity and the predominance of high growth of gross domestic product in most economic activities except in transport and transportation, thus indicating the employment of capital over labor force.

These rates show that the growth rates of gross domestic product reached 5% and the growth rate of labor force attained 3%, which is more than the growth rate of the economically active population, while productivity grew by 2%. It is noted that the growth rates in the services sector accounted for the rest of the economic activities, whether of the gross domestic product, labor force or productivity, which has a unique significance for Iraq.

2. Unemployment and its trends:

The results of unemployment and employment surveys carried out by Central Bureau of Statistics during the years 2003, 2004, 2005, 2006 and 2007, showed a sharp drop in the size of absolute unemployment, as the rate decreased from 28.1% to 26.8% to 17.9% and then to 17.5% for the mentioned years, respectively. This improvement resulted from the increase in employment rates and hiring many of the unemployed in several State institutions and security departments.

In addition, a survey entitled "Socio-economic Survey of Families" was carried out in 2007 in cooperation with the World Bank, as part of a project that deals with the analysis of the results of the mentioned survey and developing strategies to alleviate poverty and unemployment in later phases. The outcome of the mentioned surveys arrived at discrepant figures on unemployment rates in Iraq.

It is worth noting that the total unemployment rate had reached about 12% based on the findings of a perception survey and as shown in the table; it seemed lower than the results that were obtained from the unemployment and employment surveys conducted in 2003 and 2006, which were 28% and 18%, respectively. Yet, the rates remain high compared to the rate of 1990 (7.1%).

It can also be concluded from the data that the rate of economic activity in Iraq seemed to fluctuate; in general, it decreased from 41% in 2003 to 34% in 2007.

3. Distribution of labor force per economic activities and sectors:

The economy of Iraq is classified among single economies that are characterized by often relying in its production on one or two major products, and expanding the service sectors while neglecting productive sectors, as explained in the previous paragraph. This feature is characteristic of most developing countries that have unstable economies, and had reflected on the status and distribution of labor force among the sectors of the economy; thus, concentrating mainly in the service sectors (non-production). This had an impact on the domestic situation in the nature of its distribution among sectors.

Following are some important results in this regard:

- Increase the growth rate of labor force working within the domain of services in the public sector to reach approximately 70% due to the State's continued obligation of implementing most of the non-profitable service projects for the general interest.
- There is a very obvious inequality and imbalance in the distribution of labor force among sectors, as well as, the extent of their contribution to both

public and private sectors resulting from the bold non-programmed economic policy which negatively affected the reality of national development.

- The growth rates of most sectors did not meet the expectations for a country like Iraq, which came out of two major international wars which strained its economy and destroyed its infrastructure, making it very difficult to restructure the economy in a balanced manner.
- Clarity of the labor force structural imbalance between commodity, distribution and services sectors.
- More than 80% of the labor force in Iraq works in the private sector. This is centralized in commodity sectors and is indicated by the increase in absolute numbers (agricultural, manufacturing, construction and building) because of the novice nature of the public sector and the scale down of expenditure on productive sectors in this field. This resulted in reduced labor force working in the sector, which explains the dominance of the traditional sectors such as agriculture and services over the other sectors. In the agriculture sector, the private sector accounted for almost 98% of the total sector's labor force as a result of its reliance on unskilled labor and its failure to keep up with advanced technologies in the sector. The same situation applies for wholesale and retail trade, transport and transportation activities, where the percentage of labor force exceeded 80% of the total workers.

4. Employment Policy:

Productive work is considered one of the key components of economic, social and human development. Work is the main element of production, the source of economic growth and individual earnings, the main access to fight and alleviate poverty, and to ensure integration and attaining of social peace. Above all, work is one of the elements of the productive process. Therefore, the success of any development strategy or plan is dependent, to a large extent, on the degree of attention and interest that is directed towards the labor force and finding viable and appropriate solutions to its problems; in particular, drawing a policy that operates in four main directions:

1. Create job opportunities for productive work so as to put an end to unemployment in its various forms.
2. Strengthen human resource capacities to be able to perform productive work and increase its productivity by means of improving levels of education, rehabilitation and implementing vocational and technical training.
3. Ensure availability of the essential needs necessary for human resources to deal with living conditions such as decent wages, basic social services and updated labor laws.

4. Activate and revitalize the sectors that utilize labor intensive mechanisms in order to provide new employment opportunities that are able to take in and accommodate the huge numbers of the unemployed, such as the construction, building, agricultural and trade sectors.
5. Strengthen the active role of the private sector to be capable of generating new employment opportunities by means of involving it in State projects and delegating some of the tasks.
6. Provide funding through expanding the role of banks in financing small and medium enterprises.

Therefore, employment policy is a set of coherent and consistent policies in different areas, as follows:

- Population policy: it deals with demographic variables that control the size of the supply of labor force and bringing about the desired change in this size: birth rate, fertility, immigration, and geographical distribution.
- Employment policy: it addresses issues related to determining the minimum working age and retirement age, working hours, and women work ... etc.
- Education and training policy: it determines the extent of compliance of labor force supply with the qualifications and educational, professional and technical backgrounds needs of the labor force demand.
- Wage policy: it deals with guiding the labor force towards specific sectors, jobs and regions.
- Investment policy: it determines the gross and sectoral growth rates of domestic product and its implications, in addition to the consequences of the adopted policy in the field of technology such as growth rates and sectoral structures and functions to be utilized.

We conclude from the above economic and social aspects that must be incorporated and addressed in the employment policy, the following two paragraphs:

First: One cannot discuss a de facto policy in the field of employment without having such policy based on sufficient and reliable statistical data basis. The requirements at this level is not limited to the requirements of diagnosing the reality of the labor force and population in the current period (population size, rates of population growth, distribution of population among age groups, their educational background, data on labor force and employment distributed according to economic sectors, professional groups, ... etc.); but, it also requires projecting future estimates of supply and demand for labor force, based on routinely gathered data, at sufficient intervals, regarding the pattern of employment , wages, actual working hours and immigration.

Second: Linking educational and training policies with the needed labor force would require carrying out regular periodical surveys on education and training, as well as regular collection of information on employment. In addition, the formulation of a future employment policy needs more complex and comprehensive data and studies, such as projections of employment size, employment distribution among the economic sectors, regions and occupational groups, measuring the impact of used technologies on the inputs of labor and capital in each sector, and investigating underemployment in rural areas and marginal employment in urban areas.

Chapter Four

Challenges Facing the Process of Labor Force Development

1. Human resources are considered a central domain of economic and social development in Iraq. In addition, labor force is considered one of the most important elements of production. The great challenge facing the development of institutions and departments is to raise the effectiveness and competence of workers and train them on the newest and most recent developments with regard to the management and advancement of enterprises, investigating the possibility of benefiting from the experiences and knowledge gained by other countries that were ahead of Iraq in this regard.
2. The absence of a link between workforce planning and planning of education and training activities at all stages and levels. This process is a long-term process that needs to draw up policies, make decisions, and allocate financial resources for a long time.
3. The development process lacks a comprehensive system of planning that deals with all aspects, whether economic, social, or population in a consistent manner.
4. Human resource plans did not take into account the provision of a balance between the needs of the community and the needs of the labor market of the economically active population.
5. Weak capabilities of the private sector and its inability to absorb the backlog of educational system graduates at all levels and specialties, thus, most graduates tend to look for employment opportunities in the public sector.
6. The existence of structural imbalances in the sectoral distribution of the labor force; as the problem continues to exist in the structural imbalance in the distribution of manpower between economic sectors and activities, calling for the need to be reviewed promptly.
7. Not keeping pace with the vast advancement in technological and computer sciences, which reached all facilities of social life; thus, keeping up with it has become a challenge and an urgent and essential issue in view of the sanctions that were imposed on Iraq during the past decades which resulted in many missed opportunities for progress.
8. Unemployment rates still pose a concern; and despite the apparent decrease in these rates, they are still considered rather high and need to continue to be identified, as well as to conduct relevant surveys.

9. The lack of consistency and harmonization between the needs of the labor market and the outputs of the educational system in its various levels of education and specializations.
10. Prevalence of random employment among college and educational institute graduates due to the inability of the Iraqi economy to create meaningful and profitable employment opportunities; thus, the unemployed tend to accept any job to meet life expenses, even if they are paid very low wages.
11. The prevalence of child labor is a burden on both children and their families in view of depriving them of their right to education, as well as exposing them to many problems that they encounter in unsuitable and potentially harmful environments.