

**Kurdistan Regional Government – Iraq
Ministry of Planning**

**Economic and Social Development Strategies in
Kurdistan Region**

**Work Paper submitted to
the Ministry of Planning and Development Cooperation Conference
on the Five Year Plan
2010 – 2014**

**Baghdad – Iraq
20-21 May 2009**

First –Planning in the Kurdistan Regional Government (KRG)

As a concept and structure, planning was not included in the activities of the former governments established since 1991 in the Region. It is not possible, therefore, to use the scientific concept we know when talking about economic and social development strategies and policies during the former stage. This situation is caused by many reasons, including political and economic, in addition to scarcity of competence in the planning field.

The KRG Ministry of Planning is established within the structure of the fifth cabinet, i.e. three years ago. First-year efforts were focused on enacting a legislation to outline the Ministry of Planning objectives, tasks and structures. The efforts exerted by the officials at the Ministry of Planning and Development Cooperation are commendable in this regard, in addition to the intensified efforts of the Minister of Planning to select the necessary and adequate competence for administration of the technical and administrative structures.

First-year efforts also included a comprehensive inventory of all projects under implementation as well as those proposed for implementation during the coming years.

The Ministry also pursued re-structuring the statistics organization and departments within the Regional governorates in a manner that enhanced cooperation and coordination between the two ministries to conduct field surveys and collection data and information necessary for the process of planning and strategy design at the federal and regional levels. The KRG Ministry of Planning is not central and does not impose strategies and policies on other ministries and sectors; it is rather a pioneer institution that leads, works and coordinates with all ministries in strategy and policy development. It, therefore, has adopted a strategic planning methodology as a means to propose economic, social and administrative development strategies and policies the most important pillars of which is collective participation in the planning process with the politicians, government and private sector officials, academics, civil society organizations and the public.

Similar to Iraq as a whole, Kurdistan Region suffers from instantaneous problems and impediments to the process of designing and implementing reform programs, building institutions and carrying out development projects. One of the major reasons is lack of programmed planning for investment and expenditure projects.

Iraq, in general, and Kurdistan Region in particular, is undergoing a transitional stage towards democracy. This transition also means strategic reflection in addition to other implications such as elections, good civil service and freedom of expression. How would, or how do we want, Iraq to become in ten or twenty year time? How would the economic system develop and grow during the coming years? What are the requirements for that? The future requires serious thinking when the desire and commitment of the Government and all responsible authorities in the society exist. There are internal and external factors that invite us to reflect on strategic planning which stands as a comprehensive

development roadmap on the way to realize our economic and social goals in order to make it possible for our citizens to know their future and realize their aspirations within a concrete timeframe.

Our task as KRG Ministry of Planning is to pursue creating balance between development sources and needs through establishment of general principles and directions for the administration of development and coordination strategy with all ministries, institutions, private sector and civil society organizations in the Region in order to design economic and social development strategies. Our vision is to make the Kurdistan of Iraq economically prosperous with a civilized society that is scientifically, culturally and socially developed.

The development strategy in Kurdistan Region is concentrated on four major aspects emphasized by the International Compact with Iraq (ICI) and Development Strategies in Iraq:

1. Strengthening the foundations for comprehensive economic growth.
2. Activation of the private sector, particularly through creating enabling infrastructure.
3. Improvement of the quality of life through provision of basic services.
4. Enhancement of sound management through administrative reform and workforce creation and training.

In order to begin this strategic task for integrated planning, an integrated analysis should be conducted for our history and the changes on our political, economic and social reality, in addition to a situation analysis for the economic and social sectors according to which current and potential strengths, weaknesses and obstacles in Kurdistan can be deduced and the available development opportunities can be highlighted as well as the potential threats and concerns that may impact the economic and social development.

Second: The requirements to begin designing the economic and social development strategies in the Region:

1. Political Decision

The political decision within the planning process is vital and fundamental in light of which the authority and powers necessary for efficient and meritorious implementation of the task are gained. Therefore and since the first days of the project, the Ministry has worked in this direction and the support of the Prime Minister as well as the Ministers has been gained after a comprehensive presentation of the subject.

2. Public Awareness

The Ministry of Planning has launched an inclusive awareness campaign for all officials at the ministries raising awareness of the strategic planning development concepts where seminars and expanded meetings were held for the directors general in this field.

3. Creation of Human Capacities

The Ministries started organizing training course inside and outside the Region where more than 100 governmental officials in strategic planning participated. These officials currently undertake designing the economic and social development strategies.

4. Seeking Arab and Foreign Expertise

The Ministry of Planning is in the process of developing a mechanism to utilize the expertise in some of the countries that adopted the strategic planning methodology in economy development and society progress using first-hand knowledge through field visits and utilization of the experts working in this field.

5. Reform Projects

The KRG Ministry of Planning realizes that the objectives of the economic and social development process are achievable only when accompanied by reform, change and development projects. In view of the above, the Ministry is working with the other ministries on the following programs:

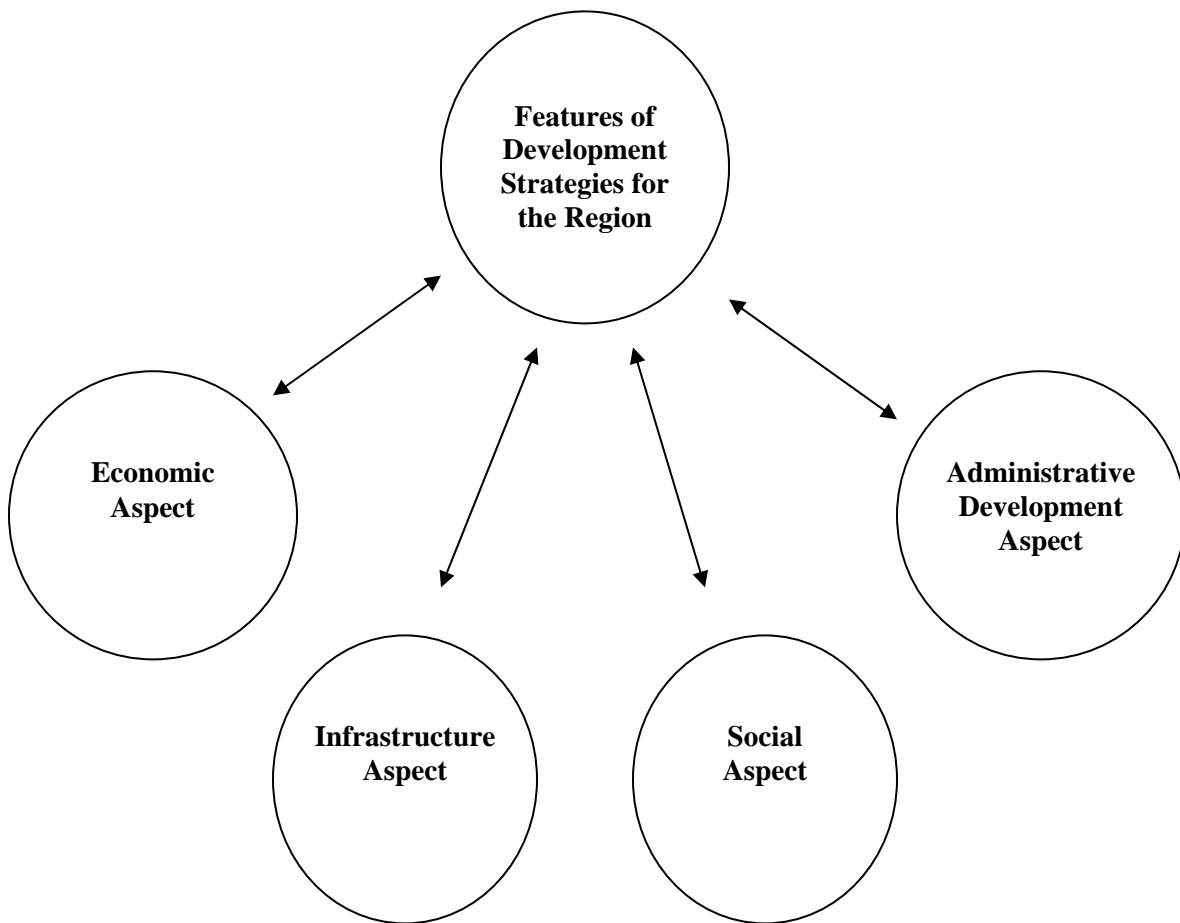
- a. A project to support banks, strengthen confidence in banks between the stakeholders and the public and encourage and stimulate dealing with governmental and private banks.
- b. Establishment of the stock market company and the insurance company and encouragement of establishing corporations.
- c. The educational system reform which started more than two years ago aiming at reconsidering the educational system in terms of structure and content. Therefore, change has been made to the educational system as curricula have been changed for most levels laying emphasis on English language and information technology in addition to changing the teaching styles.
- d. Health system reform: Together with the Ministry of Health and representatives of other ministries, the Ministry is studying the health situation in the Region and means of reform in terms of providing health services to the citizens, emphasizing health prevention, organizing relation between the private and public sectors, managing health organizations and creating the required health cadres.
- e. Administrative Reform: the Ministry has developed an integrated project for administrative reform in the Region including reviewing the objectives and tasks of the ministries, reconsidering the administrative structures, job description, simplifying administrative procedures, seeking establishment of the electronic government and civil service project (legal framework, administrative and financial structure, human resource management and utilization of modern technologies) in addition to addressing disguised unemployment.

6. Organization of Work:

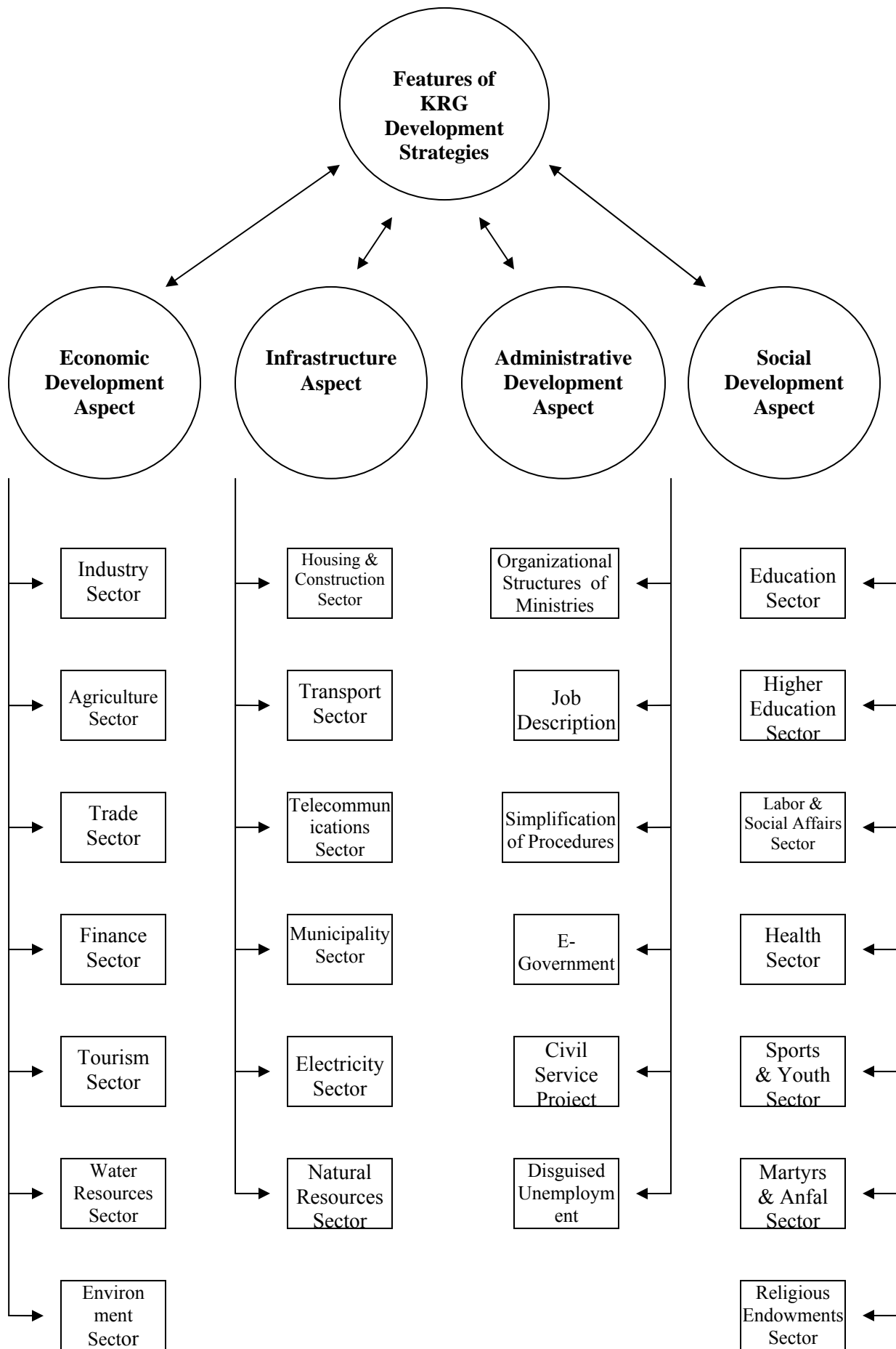
Central and subcommittees were formulated at the Ministry of Planning and all other ministries and governorates to work collaboratively with the Ministry on this task, in addition to coordination committees to work with the committees formulated by the Ministry of Planning and Development Cooperation.

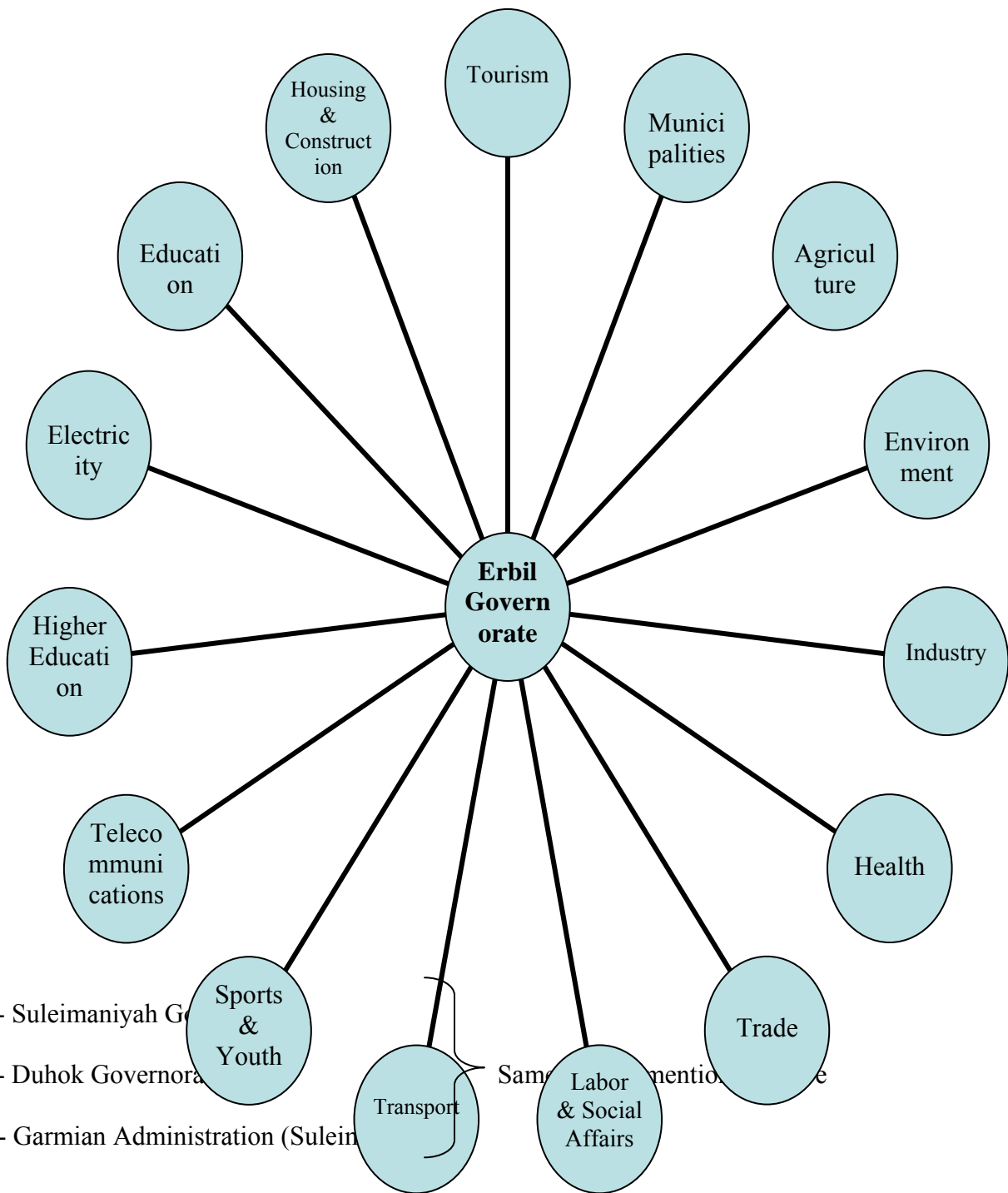
Organizational structures for preparation of development strategies:

1. General Structure:



2. Sectoral Substructures:





B- Suleimaniyah G

C- Duhok Governora

D- Garmian Administration (Sulein

Sam... mentio... e

Third: Steps towards formulation of KRG Strategy Plan:

The strategy plan of the Region will be formulated according to a systematic approach here the steps below will be followed:

1. Data Collection & Analysis:

a. External Assessment:

Definition of the external factors expected to have a significant impact on the government as a whole or the sector during the coming five years, in addition to assessment of the direction of change and the extent of influence on the government. The assessment will include the two fundamental steps:

✚ Defining the most important variables in the organizing political, economic, social, technological, legal, and environmental factors in PESTLE analysis. Also, evaluating changes in these factors towards opportunities for the government as well as challenges or threats to be faced by the government. These factors include:

▪ **Economic Factors:**

- Domestic production trends
- Interests rates
- Monetary supply
- Inflation rates
- Unemployment levels
- Wages regulations
- Allocation of a value/reassessment of available energy and cost
- Available and estimated income

▪ **Technological Factors:**

- Total expenditure by the government on research and development
- Total expenditure by works sector on research and development
- Concentration on technological exertion
- Patent and new product protection
- New development practices in the technology field
- Transport from factory to market
- Increasing production rates through automation system.

▪ **Political/ Legal**

- Monopoly and non-competition laws.
- Environment protection laws.
- Tax laws.
- Special incentives.
- Foreign trade systems.
- Attitude towards foreign enterprises.
- Civil service-related laws (recruitment and services).
- Government stability.

▪ **Social/Cultural**

- Changes in life patterns.
- Job-related expectations.
- Family formation rate/ Birth rate.
- Population growth rate.
- Age distribution of population.
- Life expectancy.

A- Sector Evaluation:

The impact of trends and changes in the sector and the fields in which the government is involved, as well as the change in needs and perceptions of citizens, is to be identified and assessed. Such sectors include education, health, transportation, etc. Also, the implications of the opportunities and threats identified in the previous step shall be analyzed. Accordingly, priority shall be given to the variables most likely to happen and which may have a significant impact on the institution.

● Internal Evaluation

The current situation of the government as well as the economic and social sectors shall be assessed. The strengths and weaknesses of both the government and sectors shall be defined on basis of this assessment. The assessment shall cover the following areas, among others:

- 1- Sectoral strategy plans and their compatibility with the government strategy plan, message, targets and goals.
- 2- The organizational structure of ministries and its compatibility with the message of the ministry or sector.
- 3- Culture.
- 4- Human and material resources.
- 5- Through these areas, strengths and weaknesses shall be identified after which priority-setting shall be undertaken so as to arrive at a certain number of strengths and weaknesses that represent the priorities of concentration.

● Analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT)

This analysis shall be conducted to determine the internal strengths and weaknesses of the government and institutions as well as the opportunities and external threats faced. It is hoped that this analysis (SWOT) will be a good tool to summarize the relation between the impact of the external environment and the basic characteristics of the government and institutions, thus providing the general framework necessary for developing new strategies.

2. Identifying Major Strategic Issues:

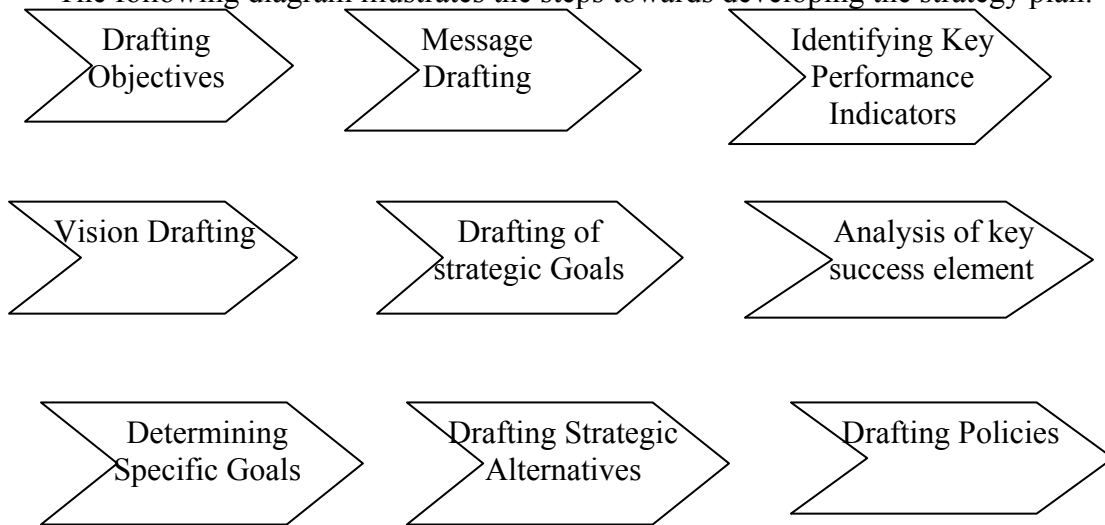
This includes a number of important issues relevant to the policy and programs implemented by the government and which shall determine the options, which should in turn be weighed, in addition to the situations facing the government or institutions now or in the future. These strategic issues shall be determined according to the following:

- a- The financial problems facing the government or institution or both.
- b- The new events expected to have a significant effect on the government or the institution or both.
- c- The occurrence of a drastic change at the intellectual or theoretical level which could change the method adopted. The following elements shall be considered during the actual drafting of the strategies:
 - 1- The external changes and trends that may have a negative or positive effect.
 - 2- The drastic changes on needs and expectations of citizens.
 - 3- Internal strengths and weaknesses expected to have an impact on future success.

2. Drafting the Strategy Plan:

The drafting of the strategy plan of KRG and economic and social sectors will be primarily based on a comprehensive review of the Iraqi National Strategy Plan as well as sectoral plans. It is hoped that the National Strategy Plan will illustrate the vision, message, objectives and priorities of the government in each field. It is also hoped that it provides the framework and context required to develop the strategy plan of the Region which will eventually become part of the National Strategy Plan and assist in its implementation

The following diagram illustrates the steps towards developing the strategy plan:



4. Implementation of the Strategic Plan where the following shall be carried out:

- a. Determining the programs and activities through which the plan can be implemented.
- b. Setting the budget required to carry out programs and activities.
- c. Determining the procedures to be followed to implement the plan.
- d. Assessment and oversight.

The Strategy Plan of the Region shall be regarded as a document subject to ongoing development. Accordingly, it shall be annually reviewed to:

- a. Ensure appropriateness of strategic objectives and targets.
- b. Revise key performance indicators and specified goals.
- c. Revise the required resources and the timeframe needed to execute the major projects and programs.
- d. Take into consideration the results of any policy study and their impact on the array of programs defined in the plan.

Fourth: Pioneer Sectors in the Development Process

1. Agricultural Sector:

Since ancient times, the Kurdistan Region has been an agricultural area and a hometown for many agricultural products (such as wheat, chickpeas, wild apples, sumac, pears, grapes, etc.). Historical evidence shows that many agricultural products used to be exported from Kurdistan to the rest of Iraq and even to neighboring countries. Even in the sixties and seventies of the past century, Kurdistan used to provide central and southern Iraq with agricultural products. However, the destructive wars that the Region has witnessed have crippled the agricultural sector.

Statistical data, particularly that of 1965, indicate that 66% of the residents of the Region worked in the agricultural sector. This percentage, however, dropped to 16% in 1987. As a result, the economy of the Region turned from a productive sector into a consumption/ services sector. In addition, the infrastructure of the agricultural sector was ruined because of wars and other circumstances experienced by the Region.

The KRG has realized the significant role of the agricultural sector in the development process unanimously agreeing that this sector should lead and leverage the economic and social development process in order to provide the basic requirements to boost the economy of the Region which is the basic and only way to motivate citizens to be productive and to eliminate all forms of unemployment.

Accordingly, the Ministry of Agriculture has prepared and held five agricultural conferences with the participation of many experts and specialists from ministries and universities to look into the different aspects of the agricultural sector in the Region for the purpose of drafting a Strategy Plan for the sector. These conferences came out with several recommendations and proposals upon which the Strategy Plan of the agricultural sector of the Region is based.

Vision:

Leadership of the agricultural sector to the economic and social development process of the Region.

Message:

Sustainability of food basket self-sufficiency in the Region through provision of basic requirements, optimal use of natural, financial and human resources and maximized use of cutting-edge technology and foreign expertise.

Policies:

1. Provision of tapered-off quality and quantity support to agricultural production in line with the development of the agricultural sector.
2. Shifting from cultivation of small areas to large areas, encourage establishment of agricultural corporations and specialist agricultural associations, etc.
3. Water resources control for the purpose of storage, management and utilization in the Region and State.
4. Security of water necessary for the uses of agricultural sector for the purpose of increasing irrigated areas.
5. Optimal use of water resources in the agricultural sector.
6. Encouragement of foreign and domestic investment in the agricultural sector by means of programs with specified, assessable and measurable goals.
7. Shifting from conventional agricultural methods to modern technology keeping abreast of any developments in that field.
8. Increase of crop yields per area unit.
9. Adoption of modern methods in marketing agricultural products.
10. Continuous building of infrastructure to ensure continued development of the agricultural sector.
11. Encouragement of reverse migration to villages by creating agricultural-economic opportunities in the field of agriculture.
12. Conservation, maintenance and development of water resources.
13. Treatment of waste water for the purposes of the agricultural sector.
14. Building and continuous development of agricultural manpower capacities according to modern agricultural methods.

15. Strengthening the relationship between agricultural research centers of the Ministry of Agriculture and the relevant colleges, institutes and centers.
16. Reconsideration of plant and animal production structure to add value to products.
17. Preparation for natural hazards such as drought and floods.
18. Focus on utilizing surface water to the maximum and minimizing use of groundwater.
19. Adoption of modern methods in soil management, conservation and protection from degradation and erosion.

Strategic Goals:

Methodology adopted in determining strategic goals:

1. The use of available statistics for the population of the Region in 2008, which is around 4310000, and the application of a 3% growth rate. The population is expected to amount to 5 million in 2013.
2. The area of arable, rain-fed and irrigated agricultural lands have been taken into consideration to determine the goals as indicated in the table below:

- Area sizes in hectare:

Areas of Arable Lands		Forests	Grasslands	Orchards
Rain-fed	Irrigated			
1368388	167406	1360379	1227369	62230

1. The status of the current agricultural production has been taken into consideration, quantitative objectives have been determined and programs and projects to achieve these objectives have been proposed.
2. An internationally accredited table has been adopted to determine the citizen needs of food and calories as the table below shows.

Strategic Plan for the agricultural sector according to per capita need

	Crop or food	Available energy 2008	Unit	Our plan for 2010	USDA Benchmark
1	Wheat	68	kg/year	100	73.7
2	Chicken meat	5.9	kg/year	19.6	
3	Red meat	22.7	kg/year	40	
4	Fish meat	0.15	kg/year	1.3	
5	Chickpea and lentil	7	kg/year	12	
6	Vegetables	54.6	kg/year	132	106

7	Fruits	12.5	kg/year	50	65
8	Table eggs	75	Egg/year	129	180
9	Oil	-	Liter/year	15	15.4 WFP
10	Milk	45	Liter/year	80	176
11	Honey	0.14	Liter/year	0.24	-

Strategic Goals for 2013:

Crop Production:

Name of Crop	Current Production	Production in 2013
Wheat	300000 tons	500000 tons
Chickpea	18972 tons	50000 tons
Lentils	1031 tons	10000 tons
Vegetables	240000 tons	660000 tons
Fruits	55000 tons	250000 tons
Honey	628 tons	1200 tons

All kinds of oil:

Type	Current Production	Production in 2013	Oil 20%-30%	(Illegible)
Sunflower	5646 tons	25000 tons	7500 tons	17500 tons
Corn Oil	-	200000 tons	60000 tons	140000 tons
Soybean Oil	-	9000 tons	2700 tons	6300 tons
Olive Oil	-	24000 tons	4800 tons	19200 tons
Total	-	258000 tons	75000 tons	183000 tons

Animal Production:

Product	The Current Production	Production in 2013
Red meat	100000 tons	200000 tons
Chicken meat	26000 tons	98000 tons
Eggs	330 million egg	646 million eggs
Fish meat	800 tons	6700 tons
Milk	200 liters	400 million liters

Strengths, weaknesses, opportunities and threats (SWOT) facing the agricultural sector:

a. Strengths:

1. Existence of vast areas of arable lands in the Region.
2. Favorable climate and adequate water resources.
3. Existence of an adequate number of technical staffs at the current stage in sector ministries.

b. Weaknesses:

1. Limited experience of the cadres at sector ministries in addition to lack of experienced and skilled farmers.
2. Lack of modern technology in the agricultural field.

c. Opportunities:

1. The agricultural sector should be a matter of concern to the government regarding 2009 the year of agriculture in the Kurdistan Region.
2. The willingness of investors to invest in the agricultural sector.
3. The universities should render special concern to the irrigation departments.

d. Threats:

1. Continued implementation of water projects by the neighboring countries reducing water inflow to the Region.
2. Dumping the local markets with cheap brands of agricultural products imported from neighboring countries.
3. Natural hazards such as drought and floods.
4. Dropped levels of groundwater.

Projects and Programs:

In order to achieve the goals above, specific projects and programs that can be implemented by the private and public sectors were selected. The following table summarizes these projects at the governorate level:

Year	Number of the Projects				Total Projects	Required Budget/US \$
	Erbil	Sleimaniyah	Dohuk	Garamian		
2009	99	100	93	87	379	748345000

2010	98	98	92	88	376	1883598000
2011	98	99	92	92	381	2247379000
2012	98	93	91	87	369	2422796000
2013	95	90	90	85	60	2919179000
Total	488	458	480	439	1865	10221297000