



Unsatisfied Basic Needs Mapping and Living Standards in Iraq

Study in Three Volumes
Executive Summary

2006



The Republic of Iraq
Ministry of Planning and Development Cooperation
Central Organization for Statistics and Information Technology

United Nations Development Programme



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Forward

Steady collaboration between the United Nations Development Programme (UNDP) and the Ministry of Planning and Development Cooperation, particularly during the past three years, resulted in the implementation and launching of the largest ever survey on living conditions in Iraq. The survey was undertaken in 2004 by the Central Organizations of Statistics and Information Technology, with the technical and financial support of UNDP. We are proud to introduce this study as another successful outcome from this cooperation.

A national team conducted an in-depth analysis of the survey's results, and constructed maps of the levels of deprivation of basic needs, which were categorized into six main fields: education, health, infrastructure, housing, housing environment, and household economic status. The study applied a methodology of measuring the unsatisfied basic needs in describing the level of deprivation in each of the six fields, as determined by the living standards survey of 2004. This is the first methodological, multidimensional analysis of deprivation in Iraq of its kind; poverty and deprivation were not previously subject to such extensive analysis and research, due to the lack of transparency regarding indicators which directly touch the lives of citizens.

The team was eager to produce as highly professional a report as possible. The report was extensively reviewed by the national team and the contracted experts. The Norwegian Fafo Institute of Applied Social Science, which had participated in the Iraq Living Conditions Survey 2004, was also requested to review this study in order to develop it to the level of international standard studies.

This study, which applied an advanced methodology of measurement analysis of the deprivation levels in Iraq, is directed toward decision- and policy-makers, experts, and researchers. We want to thank everyone who contributed to the preparation of this study, in particular Paolo Lembo, UNDP Iraq Director, Elbella Hagona, Mireia Villar Forner, Alia Al-Dalli, and Khalid Muhammad Khaled. We also commend the international expert Dr. Muhammad Hussein Bakir for his distinguished efforts in designing and preparing the methodology for the measurements of deprivation, and the expert Adib Nehmeh, (UNDP, Sub-Regional Resource Facility for Arab States), for his great contribution in reviewing the study at its different stages.

We would also like to thank the technical staff of the Central Organization for Statistics and Information Technology, who contributed to the preparation of this study. We especially thank the national coordinator of the report Dr. Mahdi Muhsen Al-Allaq, the chairman of the Central Organization for Statistics and Information Technology, and his technical support team. In addition, we gratefully acknowledge extensive work by the experts who prepared the background papers and the chapters of the study, and all contributors to the study for their work.

This joint effort was essential to the production of this study in its current shape and its three parts: the Analytical Report, the Statistical Annex, and the Atlas.

Ali Ghaleb Baban



Minister of Planning and Development Cooperation

1. Introduction

The Iraqi citizens, the government officials, the civil society activists, the international non-governmental organizations and the donor organizations all ask the following questions:

- Is it possible to form a comprehensive picture of the level of economic, social and human development in Iraq?
- Is the status of knowledge – meaning the availability of statistical data and analytical studies – such that a comprehensive, scientific base can be formed, both sectorally and geographically? Is this information accurate enough to be used for development planning?
- Does the unstable situation in the country permit realistic development planning?
- Can the different international, national, governmental and non-governmental organizations actually plan interventions and programmes that could yield real results – results which would improve the living standards of Iraqi families and citizens? Could these results be maintained, developed and continued despite the current difficulties?

Questions of this nature are not merely theoretical, academic inquiries. They are practical questions related to the lives of more than 27 million Iraqis living in Iraq (and the millions of Iraqi immigrants). The answers to these questions are of a practical nature, and are related to the collective societal practices needed to overcome the current hardships, and to succeed in facing society's challenges. A negative answer is both absurd and impossible, and means accepting powerlessness and the defeat of life in facing death – and this is impossible.

The answer should always be positive, a resounding yes, no matter how great the difficulties, complexities, and challenges are in rebuilding the state and the society, and in achieving human development in Iraq.

Yes, the answer must be yes. Those concerned with development planning and policy design must foment innovative, scientific solutions. They must identify the means for the best utilization of the available knowledge, opportunities, and capacities. And they must provide comprehensive, convincing, and beneficial answers that can be used practically by the various development actors at the international, national, and local levels.

This study – its aims, research methodology and analysis – is an attempt to provide some answers to these questions. It draws a picture of the living standards and deprivation levels in Iraq, at the national, regional, and provincial level. The study covers different dimensions of citizens' daily lives, including education, health and housing, the economic situation and the accessibility of public services,

personal safety and the housing environment. The depth of analysis and the details presented enables development actors to identify priorities, select fields and locate trends in designing national, regional, or sectoral policies. Moreover, the study provides civil society organizations, researchers, and citizens with a rich knowledge base of facts and analysis, offering information easy to understand and to apply. This knowledge can be used either in targeted initiatives, or as a tool for monitoring and assessing policies and methods. Most importantly, the study provides the data needed to both examine development strategies' consistency with the actual situation, and to align priorities and develop them in accordance with the Iraqi people's development needs.

Unsatisfied Basic Needs Mapping and Standards of Living in Iraq

This study is composed of three parts. It was produced in cooperation with the Ministry of Planning and Developmental Cooperation, represented by the Central Organization for Statistics and Information Technology, and the UNDP Iraq office, with the support of the Sub-Regional Resource Facility for Arab States. It is an analytic review of the results of the national study on the living standards of households produced in 2004 and issued by the Central Organization for Statistics and Information Technology, UNDP and FAO (the Norwegian Institute of Applied Social Science). The study consists of:

1. The Analytical Report
2. The Atlas
3. The Statistical Annex

The Analytical Report is composed of eight chapters:

1. General presentation and analysis of living standards in Iraq
2. Education
3. Health
4. Infrastructure
5. Housing
6. Housing environment
7. Household economic status
8. The general economic and institutional framework in Iraq

The Atlas includes detailed maps of indicators at the national level, as well as at the regional, governorate, and sub-governorate levels. The Statistical Annex contains detailed tables of indicators at different geographic levels and areas. It also includes the results of the cluster analysis and the factor analysis of indicators and results.

The following paragraphs include a summary of the applied methodology and the most important results of the study.

2. The Selected Methodology

The main purpose of the study is to measure the standard of living in Iraq, with a special emphasis on deprivation – its characteristics, and geographic distribution. Deprivation indicates the condition of poverty perceived as “human poverty,” which includes income poverty, as well as its social, human, and capability dimensions. There is an growing trend at the international level to adopt this definition of human poverty, given the increased consensus among development activists and researchers that poverty is a multi-dimensional phenomenon, and is not only restricted to income poverty. Within this consensus, there are various definitions, methodologies, processes, and means of measurements.

The methodology applied in this study is based on:

- Applying a wide definition of poverty based on viewing poverty as a multidimensional phenomenon, defined according to human poverty concepts;
- Applying a measure of the actual achieved standards of living in Iraq, from the lowest to the highest levels. This was identified by the results of the field investigation and the questionnaire used. Measurements were made through building an indicator called the Living Standards Index.
- Defining deprivation (meaning human poverty) as the lack of satisfaction of basic needs. This was determined by a “threshold,” demarking between deprivation and other living conditions.

Based on these considerations, the areas covered by the Living Standards Index and the indicators that expressed them were specified. A quantifiable system of measurement was developed, allowing the calculation of the percent of population in each living standard category, and the calculation of the percent of deprivation in the different fields.

In the current study, the index of living standards covered six fields: education, health, infrastructure, housing, housing environment and the household economic situation. In selecting these areas, the following considerations were taken into account:

- a. Their relation to the living standards and the extent to which they express deprivation or welfare levels;
- b. The availability of data in the field study on the living conditions of households; and
- c. Their compliance, as much as possible, with the sectoral divisions applied by the UN within the UNAMI project.

The number of fields and indicators within each field listed in Table 1 below (see also Matrix 1: Details of Fields, Areas and Indicators).

A scoring system was applied to individual indicators, and to the topics of each field. The scoring of the indicators of the Living Standards Index (a composite index) ranged between 0 for the lowest level of satisfaction (determined by the applied questionnaire) and 2 for the highest level of satisfaction of needs. The threshold for determining deprivation was 1, whereby a deprived person or household scoring less than 1 for any given indicator, topic or for the overall Living Standards Index is considered to be living in depravity

The households and individuals were classified according to five living standards categories, as follows:

1. Very low living standards (very high deprivation): the value of the Living Standard Index between 0 and less than 0.75
2. Low living standards (high deprivation): value of Living Standard Index between 0.75 and less than 1
3. Medium living standards (medium deprivation): value of Living Standards Index between 1 and less than 1.25
4. High living standards (low deprivation): the value of the Living Standards Index between 1.25 and less than 1.5
5. Very high living standards (very low deprivation): the value of the Living Standards Index between 1.5 and 2

Table 1: Living Standards Index fields, with corresponding number of areas and indicators

Number of indicators	Number of topics	Field
1. Education	4	5
2. Health	5	7
3. Infrastructure	3	7
4. Housing	5	5
5. Housing environment	6	9
6. Household economic status	5	9
Living Standards Index	28	42

To simplify matters, a three-tiered categorization was applied. The very low living standard and the low living standard were grouped into one category of low living standards. The high and very high levels of living standards were also grouped into one category under high living standards. The intermediate living standard remained unchanged.

1. Low living standards (high deprivation): value of Living Standards Index between 0 and less than 1;
2. Medium living standards (medium deprivation): value of Living Standards Index between 1 and 1.25;
3. High living standards (low deprivation): value of Living Standards Index between 1.25 and 2.

Is this methodology suitable for Iraq?

Poverty is a multidimensional phenomenon, as mentioned earlier. New development literature tends to apply the concept of human poverty as it better expresses the multidimensional nature of poverty, rather than focusing only on income poverty. However, this conceptual progress was not accompanied by progress in reaching an international agreement on the design of a human poverty measurement that covers its multidimensionality. The measuring of human poverty was not given the same level of importance as its definition; thus how to measure human poverty is still being developed. The Human Poverty Index (HPI) developed by the UNDP is a distinguished example of measuring multidimensional poverty. Its results are expressed in the Human Development Reports, issued by UNDP. The HPI was designed primarily to foster international comparison. However, it is possible to design complementary or alternative indexes which

are more detailed and more tailored to measure human poverty at the national level.

The Living Standards Index applied in this study comes within this framework. The approach itself is both in line with the international trend to adopt the human poverty concept, and also appropriate for Iraq given practical considerations. Detailed information about households' budgets, income and expenditure was not available in Iraq when this study was prepared. The availability of this information (together with other information from different sources) is essential to measure income poverty. On the other hand, approaching poverty or deprivation only from the perspective of income and expenditure is not the most suitable technique for Iraq, where a large percent of population depends on food subsidies and where the prices of basic goods are, to a large extent, subsidized (i.e. fuel prices). Additionally, the market is not functioning in a stable and rational way, and the labor market suffers drastically from the security situation and other factors.

For all of these reasons, the economic logic of approaching the phenomenon of poverty based on the adoption of income poverty and the calculation of income-based poverty lines is inadequate, given that the characteristics of poverty in Iraq are more complex and more interrelated. Poverty in Iraq is not only linked to economic resources, but also to the transitional period, the deterioration of services and institutions, and the instability suffered by Iraqi society. Thus, viewing poverty from the perspective of living standards and human deprivation within a group of areas (health, education, housing, services, safety, economic resources, etc.) is both more responsive and more suitable.

Box 1

Details of Fields, Topics, and Indicators

Field	Topic	Indicators
Education	1. Enrollment	1. Enrollment
	2. Attained educational level of adults	2. Attained educational level of adults*
	3. Access to schools	3. Time needed to reach a primary school ¹ *
		4. Time needed to reach a secondary school*
	4. Quality of schools	5. Satisfaction level with the school
Health	1. Chronic diseases and health problems	1. Number of household members suffering physical chronic diseases or health problems
	2. Nutritional status of children	2. Underweight of children (weight to age)*
		3. Stunting (height to age)*
	3. Health care during pregnancy	4. Advice on health care during last pregnancy
	4. Access to health care centers	5. Time needed to reach a public hospital*
6. Time needed to reach a primary health care center/ doctor*		
5. Quality of health services	7. Satisfaction level with health services.	

* 1. These indicators were given a low weight (1/2) in building the index.

Field	Topic	Indicators
Infrastructure	1. Water	1. Main source of drinking water 2. Availability of drinking water 3. Satisfaction level with the quality of water
	2. Electricity	4. The availability of a source of electricity 5. Stability of electricity supply from the public network
	3. Sanitation and waste	6. Sanitation facilities 7. Solid waste disposal method
Housing	1. Construction material of houses	1. Construction material of ceilings
	2. Crowding	2. Per capita share of rooms
	3. Energy used in houses	3. Kind of fuel used in heating
	4. Other specifications of houses	4. Satisfaction with overall quality of housing (space, privacy, cost, noise, environment inside the house)
	5. Undesirable environment inside houses	5. The number of pollutants inside the house (out of 3: feces inside the house or its inside yard, still water, waste water)
Housing environment	1. Roads and transportation	1. Satisfaction level with transportation and traffic 2. The quality of road used to reach the house 3. Access to ambulances/ fire trucks
	2. Availability of shops / market	4. Satisfaction levels with shops/ markets
	3. Clean conditions / no pollution outside of houses	5. Satisfaction level with cleanness and pollution control outside the house
	4. Undesired environment in the dwelling's surrounding	6. Number of pollutants in the dwelling area (out of 5: garbage, waste water, smoke, damaged military vehicles, weapons stocks)
	5. Undesired sites near houses	7. Number of undesired sites around the house (out of 8: river, railway, highway, industrial areas, high density areas, garbage dump, decline and approach to valley)
	6. Personal safety	8. Satisfaction level with safety conditions for children outside the house 9. Gunfire outside the house
Household economic status	1. Financial status of the household	1. Average per capita income for 2004 2. Possibility of securing 100 thousand dinar (USD70) in one week 3. Satisfaction level with work opportunities and availability of work
	2. Employment	4. Work status of household members 5. Economic dependency rate (size of household divided by number of employed members)
	3. Assets ownership	6. Number of durable goods (out of 16 commodities) 7. Assets ownership (house, car, income from property)
	4. Satisfaction with daily living needs	8. Capability to satisfy specific needs (out of 6: maintaining a warm house in winter and a cool house in summer, one weeks' vacation outside the house, changing the furniture, buying clothes, eating fish and meat)
	5. Household assessment of its overall economic status	9. Household assessment of its overall economic status
Total	28	42

3. Results at the National Level

In a direct and simple response to the major question asked by every official and every citizen about the level of poverty or deprivation in Iraq, this study estimates that according to the Living Standard Index, 31% of households and 34% of individuals were suffering from deprivation in 2004. These are households and individuals found in the low living standards category (totaling the low and very low living standards category). Out of this percent, 5% of the households and 6% of the individuals were living in very low living standards – representing the population living in extreme poverty.

In the analysis that follows, emphasis will be given to the deprived households with low and very low living standards. We will continue to use the three-tiered categories of living standards explained in the previous section, with emphasis on the data of households and individuals. Detailed presentation of information and a broad analysis is presented in the three full parts of the study.

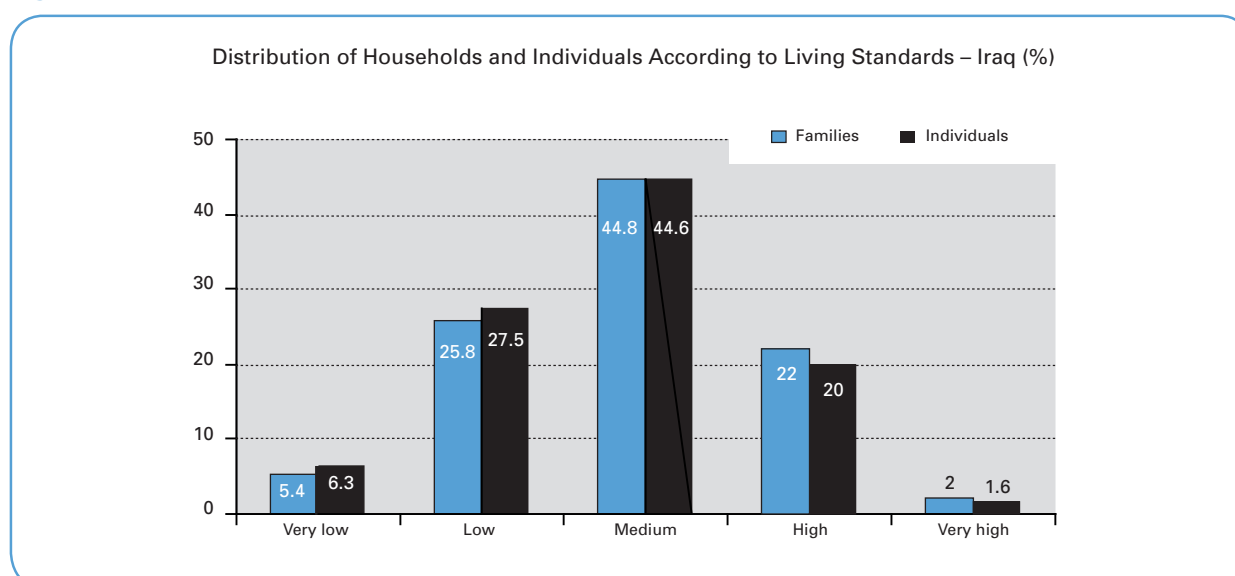
Table 2 and Figure 1 show that the percent of individuals is slightly higher than the percent of households. This is due to a common phenomenon in poverty, whereby the number of poor households is generally higher than the size of the national average, and higher than the better-off households. The table and the figure also show the distribution of households and individuals according to the five living standards categories. They demonstrate that the households in the middle level of the Living Standards Index make up the largest percentage, while highly deprived households make up slightly more than 5%. Households with very high standards of living, however, do not count for more than 2% of all households.

The categorization of households into three levels of living standards – low (representing deprived households), medium and high – shows that the percent of households with a medium standard of living changes according to the different fields within

Table 2: Distribution of Households by Living Standards (five categories) – Iraq (%)

Indicator	Very low	Low	Medium	High	Very high	Total
Education index	13.8	18.0	32.7	28.0	7.5	100,00
Health index	7.9	12.8	24.2	29.5	25.6	100,00
Infrastructure index	28.3	29.9	25.5	13.1	3.2	100,00
Housing index	6.6	13.5	27.1	28.5	24.3	100,00
Housing environment index	15.5	24.9	30.2	20.5	8.9	100,00
Household economic status Index	23.8	31.3	27.4	13.4	4.1	100,00
Living Standards Index (household)	5.4	25.8	44.8	22.0	2.0	100,00
Living Standards Index (individual)	6.3	27.5	44.6	20.0	1.6	100,00

Figure 1



a relatively limited proportion. This percentage ranges from a low of 24% in the field of health, to a high of 33% in the field of education. There are sharper disparities, however, between the minimum and maximum values for both the low and the high standards of living.

As shown in Figure 2, there are different deprivation percentages within the different fields. These differences result both from the development of circumstances related to time, and from specific factors influencing differently each field, following the fall of the ruling regime. The highest number of deprived households are in the fields of household economic status (55% of the total number of households in Iraq), and infrastructure (58% of the households). Within these fields, 24% and 28% of households have a very low standard of living. Comparatively, the lowest percentages were registered in the fields of housing and health (20% and 21% of the households consecutively). The number of households categorized within the high standards of living in these fields is 53% and 55%.

These disparities mean that the lack of infrastructure and the related services, in addition to the economic status of the household, form the most important aspects of deprivation suffered by Iraqi households. Hence, they should be given priority in the policies and the developmental programmes. Infrastructure services should be provided and expanded, and their stability should be guaranteed. Poverty should be combated and levels of income in general should be increased.

The main characteristics of deprivation, according to the different fields, are explained in the following paragraphs, along with the most important characteristic of each of the six fields in the Living Standards Index. Additionally, the distribution of households according to individual indicators in the index (42 indicators in total) is shown in table in Box 1.

There is a relatively equal distribution of households across the three living standards categories within

the educational field, (the index for education consists of five indicators). The percentage of deprived households reaches 32%, for education, compared to 33% with medium living standards and 35% with high living standards. Within individual indicators, the highest deprivation percent is registered in the level of the attained education by adults, at 48%. However, the percentage of deprived households according to the educational enrollment indicator is 22%. This means that the indicators of education of the previous generation were worse than the educational indicators of the current generation; a natural result as the educational level of adults is the accumulated educational efforts spanning many decades. The percent of deprivation reflects a negligence of education before 2003, and the index of the educational enrollment describes the current situation of the school-aged generation.

However, the results indicated that one-fourth of households are considered deprived according to the amount of time needed to reach primary schools, and one-third of households are deprived according to the index of time needed to reach secondary schools. In general, the percent of satisfaction with the performance of schools is relatively high, with only 17% of households expressing either full or partial dissatisfaction with the schools. This is a relative indicator, of course, and measures the satisfaction of households vis-à-vis their expectations and priorities within Iraq's circumstances. It is expected that the value of this indicator will change as the expectations of households and the local circumstances change.

In the field of health (composed of seven indicators), however, the distribution of households indicates a clear bias towards households with high living standards. Over 55% of households had low deprivation in their health, compared to 24% and 21% for the medium and high levels of deprivation. This result is partially due to the nature of this field; the low prevalence of diseases results in health conditions similar to international living standards. The health field includes child health, reproductive health, and chronic diseases, as well as the time needed to reach

Table 3: Distribution of Households by Living Standards Levels (three-tiered categorization) – Iraq (%)

Field	Low	Medium	High	Total
Education	31.8	32.7	35.5	100
Health	20.7	24.2	55.1	100
Infrastructure	58.3	25.5	16.3	100
Housing	20.1	27.1	52.7	100
Housing environment	40.4	30.2	29.4	100
Household economic status	55.1	27.4	17.5	100
Living Standards Index (household)	31.2	44.8	24.1	100
Living Standards Index (individual)	33.8	44.6	21.6	100

a health center, and the level of satisfaction with health services. At the national level, the highest deprivation levels were found for the indicator of stunting (height to age), an indication of accumulated and chronic malnutrition (and related to a variety of factors, among them eating habits). The percentage of households with children under five years of age and suffering from stunting is around 18%. Within the same age group, 9% are underweight, (weight to age), a clear indication of malnutrition which appears in a shorter time period than stunting.

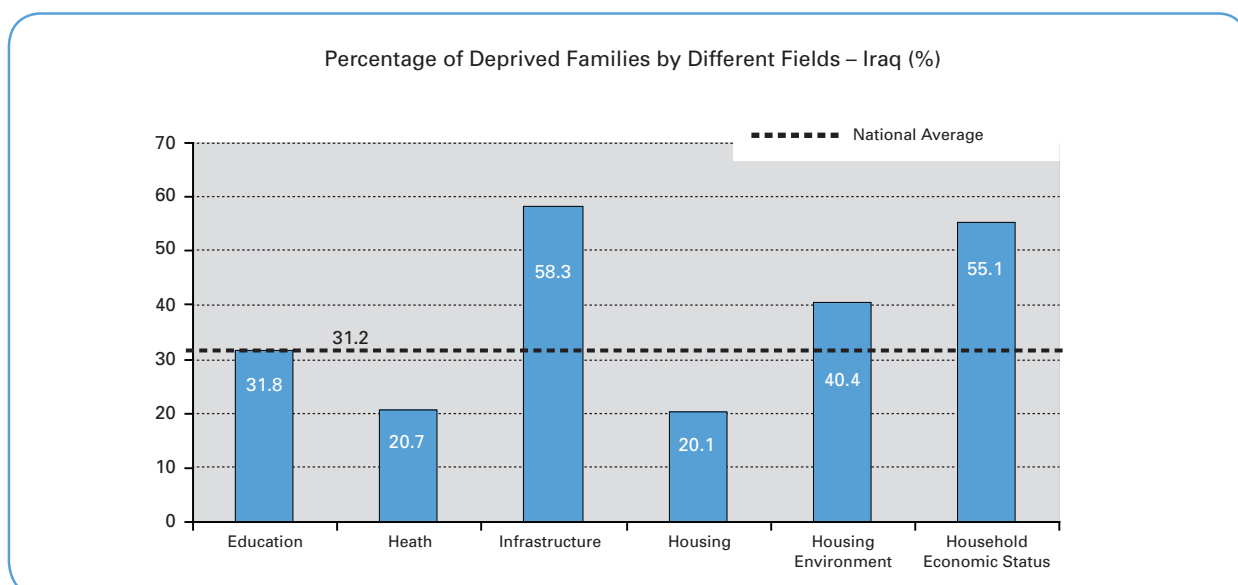
Of all the health indicators, the highest percentage of deprivation was registered for the amount of time needed to arrive at a health care center or a doctor – 42% of all households. Moreover, 29% of households are deprived in the amount of time needed to reach a hospital. Around 38% of households consider themselves not satisfied with health services. This percentage is more than the double of percentage of people who are not satisfied with educational services. Twelve percent of households face deprivation in terms of the indicator for chronic diseases and health problems, and 13% are deprived with regard to the availability of health care during pregnancy. The high degree of deprivation for the amount of time needed to reach a doctor or a primary health care center was caused by the state’s disregard of the health sector during the previous two decades, combined with the abnormal circumstances post 2003. This led to the closure of some of the health centers, or the transfer of doctors working in these centers. In rural areas, 70% of deprived households need more than 20 minutes to reach a primary health care center or a doctor; with the lower amount of 34% in urban areas.

The infrastructure field (consisting of seven indicators) shows the highest percentages of deprivation when compared to the other fields. Moreover, there is an

unequal distribution of households’ living standards within this field, with 58% of all households suffering from deprivation. Only 26% of households have a medium standard of living, and 16% enjoy a high living standard. Within this field, the availability of water, electricity, sanitation and waste disposal is measured, showing a wide range of disparities. The amounts range from between 4% deprivation for the availability of a source of electricity, to 85% deprivation in the stability of a source of electricity from the public network. The low level of deprivation for the availability of electricity sources is related to the efforts exerted during the 1970s and 80s to expand the electricity grid. However, 85% of households still suffer from weekly or daily electricity cuts, meaning hours without electricity or the inexistence of a reliable electricity supply. This deprivation results in other basic needs, which require electricity, not being satisfied. The low value of the standard deviation for the indicator determining the electricity supply from the public network implies that these deprivation levels are similar for all Iraqi households.

Many of the water indicators, however, designate low levels of deprivation compared to other fields. The deprivation percentage ranges between 32-33% for a connection to the network and the availability of drinking water, and reaches 49% for the level of satisfaction with the quality of water. These indicators are characterized by a high value of standard deviation – shown by the huge disparities between these indicators – especially between rural and urban households. Additionally, the solid waste disposal indicator has the second highest deprivation score. The percentage of households who cannot dispose of their waste through closed containers or by organized collection methods reaches 70%. The percentage of households deprived of healthy sanitation facilities reaches 43%.

Figure 2



The field of housing witnesses the least amount of deprivation, and the lowest disparity within its five indicators. Only 20% of households are deprived of housing, 27% of households have a medium housing living standard, 53% have a high level. The low level of deprivation occurs because the housing field is the most influenced by medium- and long-term conditions; hence, the housing indicators were not as affected by the current abnormal conditions. This should not imply, however, that this sector necessarily received sufficient attention prior to 2003. The suffering of 40% of households from crowding – determined by the per capita share of rooms – emphasizes a long-term negligence in satisfying housing needs. Indeed, per capita density scored the highest deprivation of the indicators in this field, and would have been higher if it were not for the hundreds of thousands of people sacrificed in the wars and by the practices of the previous regime, and for the millions of Iraqis who have migrated outside of Iraq.

However, 37% of households expressed dissatisfaction with their housing conditions, even though the percentage of deprived households was lowest in this field. Sixteen percent were deprived according to the construction material of their roofs, 22% for the type of fuel used for heating water, and 23% were deprived in terms of the number of undesirable environments within the house. Given these indicators, priority should be allocated to the crowding in houses, and to the general housing conditions as expressed by the dissatisfaction of households with the space, privacy, cost, noise and the environment of the house.

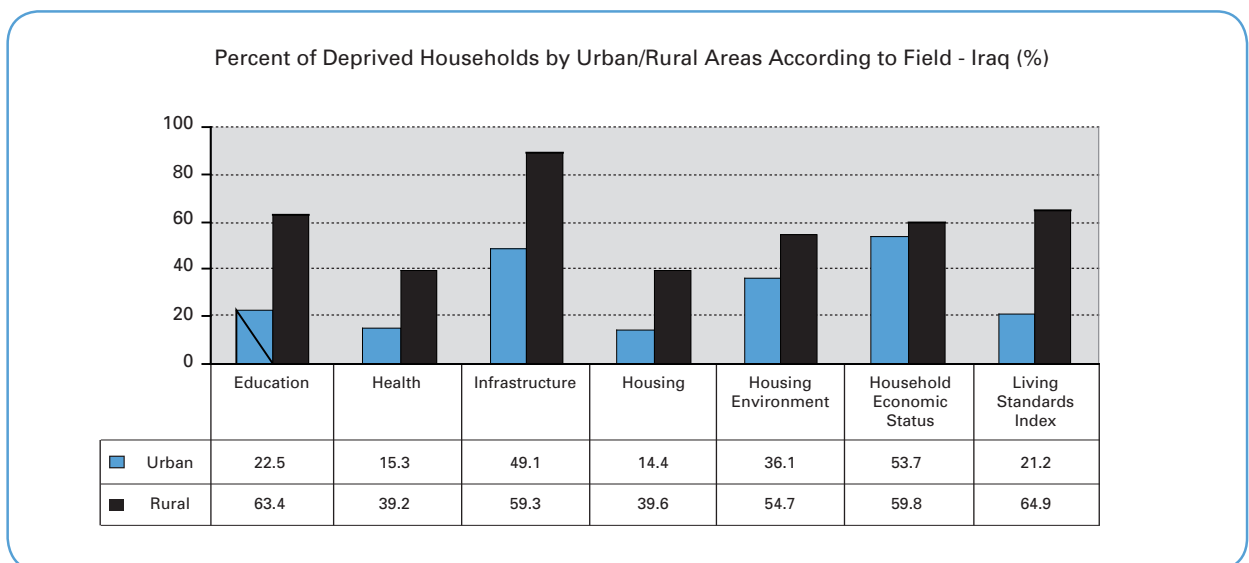
With regard to the housing environment (consisting of nine indicators covering transportation, proximity to markets, pollution, the location of the house and its safety), the percentage of deprived households reached 40%, with 30% registering medium deprivation and 30% with a high standard of living. It is noticeable that the percentage of deprivation in

eight of the nine indicators for this field exceeds 30%, and is more than 57% for three indicators. The high percentages of deprivation for these three indicators – the level of satisfaction with cleanness and lack of pollution around the house, the number of polluted areas outside the house, and the prevalence of gunfire nearby the house – are caused by the abnormal circumstances in 2004. The standard deviation of these indicators is relatively high, due to the huge disparities in the rates of deprivation, especially between the governorates of Kurdistan and the other governorates of Iraq. Forty percent of households are deprived of quality roads leading to their homes.

The field of household economic status has the second highest rate of deprivation, and includes indicators of the financial position of the household, work, ownership and the household's assessment of their overall economic status. Fifty-five percent of households are deprived in this field, with 27% having a medium standard of living and 18% with high living standards. The high deprivation percent results from the impact of state policies, which led to the decrease in the real income of households, and from the international sanctions – whose burdens were most shouldered by individual households. Four indicators in this field witness deprivation for over 50% of households, with the deprivation for the number of durable goods having the highest rate. Sixty percent of households own fewer than eight durable goods. The international sanctions lead to a huge increase in the prices of these commodities, compared to the incomes of households. Many households were incapable of replacing the aging goods with new ones. In addition, some households were obliged to sell their commodities in order to obtain the needed basic goods.

The indicator determining the satisfaction level with work availability and work opportunities has the next highest rate of deprivation. The percent of unsatisfied

Figure 3



households reaches 57%. This high percentage is caused by the high rate of unemployment after the military occupation in 2003, and the dismantling of the Iraqi Army and many other state apparatuses which absorbed a sizeable percentage of the labour force. In addition, the abnormal conditions after the invasion have restricted economic activity to a large extent. Because of the high unemployment, the economic dependency rate increased to five or more people for 54% of the households. These households are considered deprived because every working person is required to support five or more household members. The rate of deprivation related to the indicator of the number of specific needs that can be fulfilled is 51%; households were considered deprived if they said that they could provide two or fewer from the following six specific needs: keeping the house warm in winter and cool in summer, spending one-week paid holiday outside the house, changing the old furniture, buying new or second-hand clothes, or eating meat, chicken or fish at least three times a week. Finally, 36% of households cannot earn 100 thousand dinars in a week, indicating a high level of financial and economic weaknesses, and the inability to deal with economic emergencies and shocks.

Urban and Rural Living Standards Indexes

The standards of living in Iraq are heavily related to the level of urbanization; rural areas, generally speaking, suffer higher degrees of deprivation. The rate of deprivation tends to decrease with the increase in the size of the community, reaching its lowest levels in big cities. This led to internal migration to the big cities, especially during the 1950s and 60s. Many factors created this disparity between urban and rural areas, including the bias of the state in providing services to big cities at the expense of the small and rural cities. In addition, rural areas suffer from a lack of work opportunities, and from the relatively low prices of agricultural products. However, the increased attention given to rural areas in the beginning of the 1970s, and the increase in the real prices of agricultural products after the international sanctions in the beginning of the 1990s, helped decrease in the gap between rural and urban areas. The rate of internal migration dropped, and migratory trends have since changed from internal to external, especially from the big cities.

Developments since the occupation in 2003 have had an unclear effect on the disparities between the standards of living in rural and urban areas. However, it is evident that these disparities are still very large, as indicated by the comparison between the levels of deprivation in urban and rural areas shown in Figure 3.

These disparities are especially prominent in the fields of education, health, and housing. The rate of deprived households in rural areas reaches three times that of urban areas. The fields of infrastructure and the housing environment demonstrate less disparity, although there is still a large difference. The rate of

deprived households in rural areas is double that of the urban areas in the field of infrastructure, and one and half times higher in the field of housing. The only field where the percentages were close is the field of household economic status; with 60% of households deprived in the urban areas, compared to 54% in rural areas.

These differences in disparities between rural and urban areas indicate the varied impact of historic and newly introduced factors on these environments. The highest disparities appear in the fields where deprivation has accumulated to a greater degree, and which need a longer time to be changed (education, health, and housing). The difference is less marked in the fields of infrastructure and housing environment, due to the wars since the 1990s and after 2003, which led to a huge deterioration of the infrastructure and the environment. The household economic status was most influenced and is more expressive of the deterioration of Iraq's economic conditions throughout the cities and rural areas, and was heavily affected by the new developments during the year of the survey and the years before.

Overall, it is clear that there are wider disparities between rural and urban areas in the standards of living at the general level than at the level of individual fields. According to the Living Standards Index, the percentage of deprivation in rural areas is three times that of urban areas (65% compared to 21%). In contrast, the percent of households with high living standards in urban areas is six times that of rural areas (30% compared to 5%). This indicates that deprivation is not only more widespread in rural areas, but that it is also deeper.

4. Areas

Given the common characteristics between some governorates, it is better to build a regional analysis based less on strict geographic areas, and more on governorates with common characteristic. The living conditions survey of 2004 categorized the governorates of Iraq into four main areas, as follows:

- The northern area: Dahuk, Erbil, and Sulaimaniya
- The middle area: Nineve, Kirkuk, Salahuddin, DIALA, and Al-Anbar
- Baghdad, which includes only the governorate of Baghdad.
- The southern area: Babil, Kerbala, Wasit, An-Al-Najaf, Al-Qadisiya, Al-Al-Muthana, Thi Qar, Missan, and Al-Basrah

This categorization is linked to the living conditions because it is not just geographic, but geopolitical. It reflects the dominant conditions from the 1980s until the fall of the regime in 2003. According to this categorization, the northern area represents Kurdistan, which had autonomous rule until 1991, and independent rule afterwards. The middle area includes most of the governorates which suffered

least from the eight years' war with Iran, due to their geographic location. Baghdad, being the capital city, is specific unto itself. The southern area suffered most due to the Iraqi-Iranian war and the uprising in 1991 that followed the Gulf War.

The sorting of governorates according to the Living Standards Index was mostly in line with the above categorization. Eight of the nine governorates with the highest living standards fall within the northern and middle areas, and Baghdad. Moreover, eight of the nine governorates with the lowest living standards, ranked 10-18, fall within the southern area. As such, the above categorization is completely aligned with

the results of the Living Standards Index, with the exception of two governorates: Al-Basra (whose Index ranking placed it closer to the middle area), and DIALA (whose Index ranking was similar to the southern area). Hence, the above categorization will be considered as the most suitable for the analysis of the living standards in this report, but not as the best for all purposes and in all times. The coming years may produce another categorization, or other more suitable regional categorizations.

Figure 4 shows a comparison of the deprivation rates by areas, as per the living conditions survey of 2004. From the comparison, it is clear that the

Figure 4

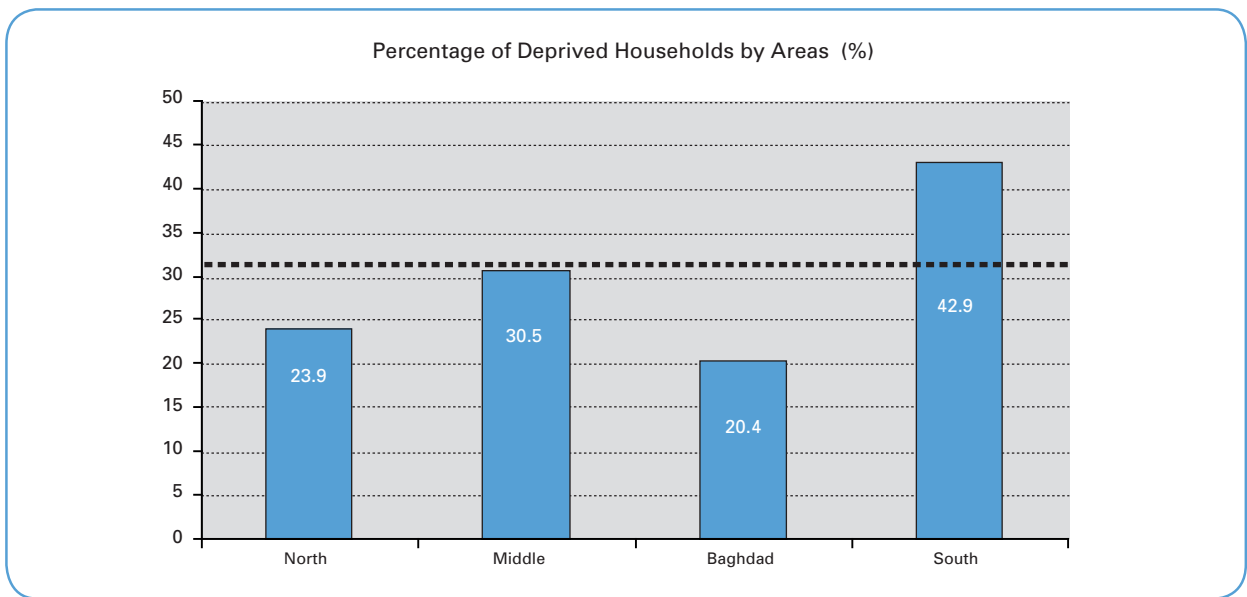
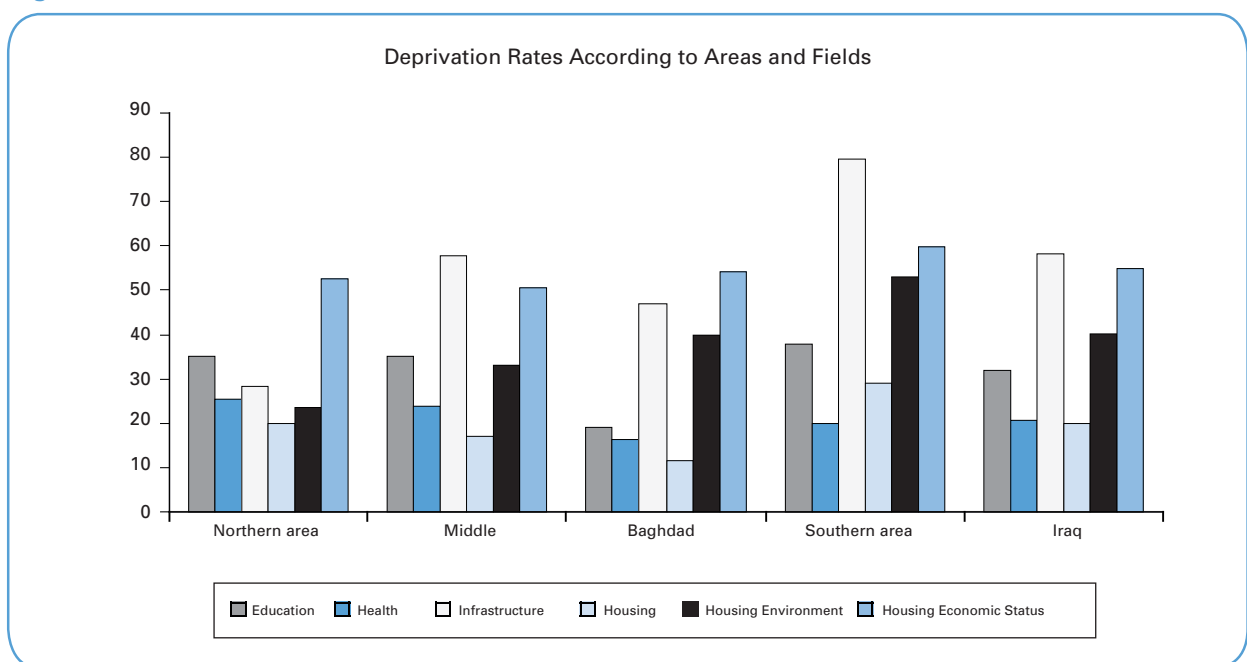


Figure 5



Baghdad area is the least deprived in terms of overall standards of living, with the northern area ranked second, the middle area third and the southern area last. The southern area is the only one where the rate of deprivation is higher than the national average, whereas in the middle area, the rate of deprivation is slightly less than the national average.

Baghdad is considered the least deprived for three fields: education, health, and housing. The northern area is the least deprived after Baghdad in two fields: infrastructure, and the housing environment. The middle area is the least deprived in the field of household economic status.

The rates of deprivation clearly indicate that the southern area is the most deprived, with the highest rates of deprivation for five of the six fields, and the lowest Living Standard Index. It is also noticeable that the rates of deprivation in the southern area are higher in a tangible way than the rates of deprivation in other areas in most of the fields.

In light of the above, it is only natural that the order of governorates varies as per the different fields, and that priorities should be different from one region to the next.

The household economic status takes first or second place priority in all areas. However, the importance of other fields varies for each area. For example, in the north the priority is for education; in the middle area, infrastructure takes priority, followed by education. In Baghdad, while infrastructure also takes priority, it is followed by the housing environment (specifically the security dimension). Finally, the priority in the south is for infrastructure, followed by the housing environment (mainly the environment and transportation).

In general, the four areas experienced different progressions from the 1970s until 2004. In the

northern area (Kurdistan), development indexes were poor in the 1970s and 80s. As of 1991, this area enjoyed autonomous rule and international protection that has led to a relative stability. The development indexes witnessed improvements in many fields, and this relative stability has continued after the fall of the regime in 2003.

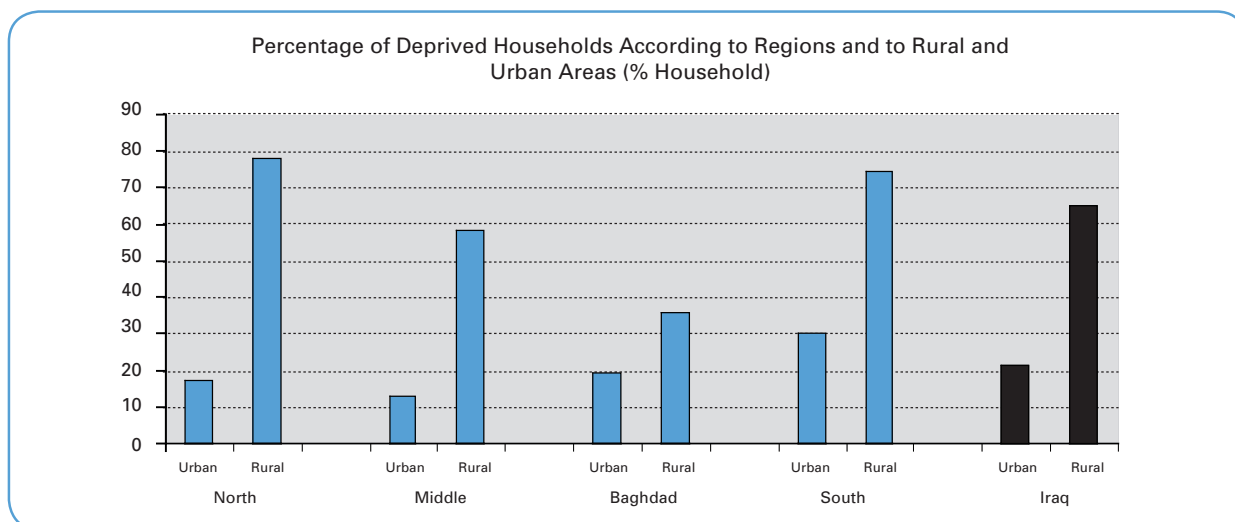
The middle area and Baghdad are similar in their development paths. The development indexes in these two areas were the highest during the 1970s, benefiting from the concentration of progress and development during the regime's period of stability. The situation deteriorated during the 1980s and 90s, due to the Iran-Iraq war, the Gulf War and international sanctions. However, the suffering of these two areas was less than the suffering of the southern area, which was severely affected by the war with Iran in the 1980s and from the impact of the international sanctions. However, following 2003 the middle area and Baghdad became the areas suffering the most, due to the lack of security and the violence, which negatively affected the areas' living standards and economic conditions. This situation has not yet negated the previously accumulated benefits, however, and these areas' living standards are still the highest, excepting those indicators strictly related to security.

In the south, the development indexes in the 1970s were lower than those of the middle area and Baghdad. As the situation deteriorated during the Iran-Iraq war and the international sanctions, this area has become the most deprived area. Additionally, the unstable conditions continued after the fall of the regime in 2003, unlike the situation in the north.

Deprivation Rates According to Areas and by Rural and Urban Environments

The previous comparisons showed that both the geographic location and the type of environment

Figure 6



– rural or urban – effect the standards of living to a tangible and decisive degree. Comparing the rates of deprivation, it is clear that the type of environment generally plays a greater role in determining the standard of living than the geographic area. When households are ranked according to the three-tiered living standards categories, and sorted by geographic location and by the type of environment, the urban locations obtain the top four rankings, and the rural areas obtain the last four, for 24 out of the 28 living standard topics.

Rural areas of the north are the most deprived, according to the Living Standards Index and for four of the living standard fields. The urban people of the north are ranked second by the Living Standards Index, and the least deprived for two living standards fields. This has resulted in the highest disparity between the standard of living for rural and urban populations in the northern area. Thus, the relative improvement in Kurdistan compared to other areas of Iraq should not hide the existence of huge disparities within Kurdistan between the urban and rural populations, areas which are still suffering the accumulated impact of chronic deprivation.

In the middle area, the urban population registered the lowest rate of deprivation for all of the eight areas, whereas the rural populations ranked third highest for deprivation, following the north and south. This has also resulted in huge disparities between the urban and rural populations of the middle area.

Conversely, Baghdad shows the least disparity between its urban and rural populations for both the Living Standards Index and for five out of six living standards fields. In fact, the rural population of Baghdad has the lowest rate of deprivation among all the areas of Iraq for housing and the household economic status. The low level of deprivation in this area is related to a number of factors, including its location. Another important factor is the high level of income of some households in this area, as a large percentage are either land owners (with orchards for fruit, trees and decorative plants), or well-off households with work in urban Baghdad. This area has also benefited from state services more than any other rural area – and even more than some urban ones – through its proximity to the city of Baghdad, and because many areas are considered as extensions of Baghdad. The indicators of the city of Baghdad, however, have declined due to the huge growth of unplanned neighborhoods that lack services, and also because of the security situation post-2003, resulting in the occupation and destruction of buildings and facilities and to the deterioration in the conditions of public institutions.

The urban, as well as the rural, populations in the southern area suffer from a high degree of deprivation. The rate of deprivation among the urban population of the southern area is the highest for all urban areas. The rural population of the southern area follows directly after the rural population of Kurdistan in its level of deprivation, and ranks in fifth or sixth place for the majority of living standard fields.

Table 4: Household Deprivation by Field and Governorate (% Households)

Governorate	Education	Health	Infrastructure	Housing	Housing Conditions	Household Economic Status	Living Standards Index
Dahuk	35.6	25.8	27.4	26.6	18.7	58.9	28.6
Nineveh	32.2	25.6	50.7	17.2	22.0	57.2	29.0
Sulaymaniya	35.1	32.7	29.6	19.6	31.3	57.9	29.4
Kirkuk	29.4	27.6	41.9	10.5	22.0	42.8	20.4
Erbil	34.6	15.7	27.0	18.3	14.7	43.9	15.5
Diyala	39.8	27.3	76.4	33.6	66.8	47.1	47.4
Al-Anbar	34.6	17.1	48.9	6.9	33.5	48.1	22.9
Baghdad	19.3	16.5	46.8	11.5	39.7	54.2	20.4
Babil	46.8	29.6	83.3	31.3	71.3	63.8	55.5
Kerbala	44.4	19.4	75.0	27.7	60.8	58.1	45.6
Wasit	45.9	23.8	74.5	33.0	56.2	49.1	43.5
Salahuddin	39.8	17.6	74.9	11.7	22.7	49.5	28.5
An-Al-Najaf	32.9	21.1	63.2	22.4	47.5	66.3	38.8
Qadisiyah	45.2	28.1	84.8	39.7	50.2	62.6	51.6
Al-Al-Muthana	55.9	31.7	79.2	34.4	42.2	80.4	56.4
Thi Qar	35.8	21.8	71.8	27.0	68.1	62.7	49.7
Missan	38.5	12.4	74.7	19.3	41.2	54.9	33.1
Al-Basrah	23.3	7.6	93.1	27.9	36.9	54.0	28.2
Iraq	31.8	20.7	58.2	20.1	40.4	55.1	31.2

5. Governorates

Historically, the governorates of Iraq suffered inequalities in living standards for many reasons, including the government's focus on the hearts of the cities in specific governorates, like Baghdad, Basra, and Mousul. With the beginning of the 1980s, other factors contributed to the rise in disparities between the governorates, including the geographic location of the governorate in terms of its proximity to battlefields, and the social composition of the governorates' population, especially in the north and

south. In other governorates, disparities stemmed from political and tribal origins.

Tables 4 and 5 show that the Erbil governorate accrued the lowest rate of deprivation according to the Living Standards Index, followed by the governorate of Baghdad. However, there are huge disparities between these two governorates for the different fields of the Living Standards Index. Baghdad is far ahead of Erbil for education and housing, but Erbil is more advanced

Figure 7

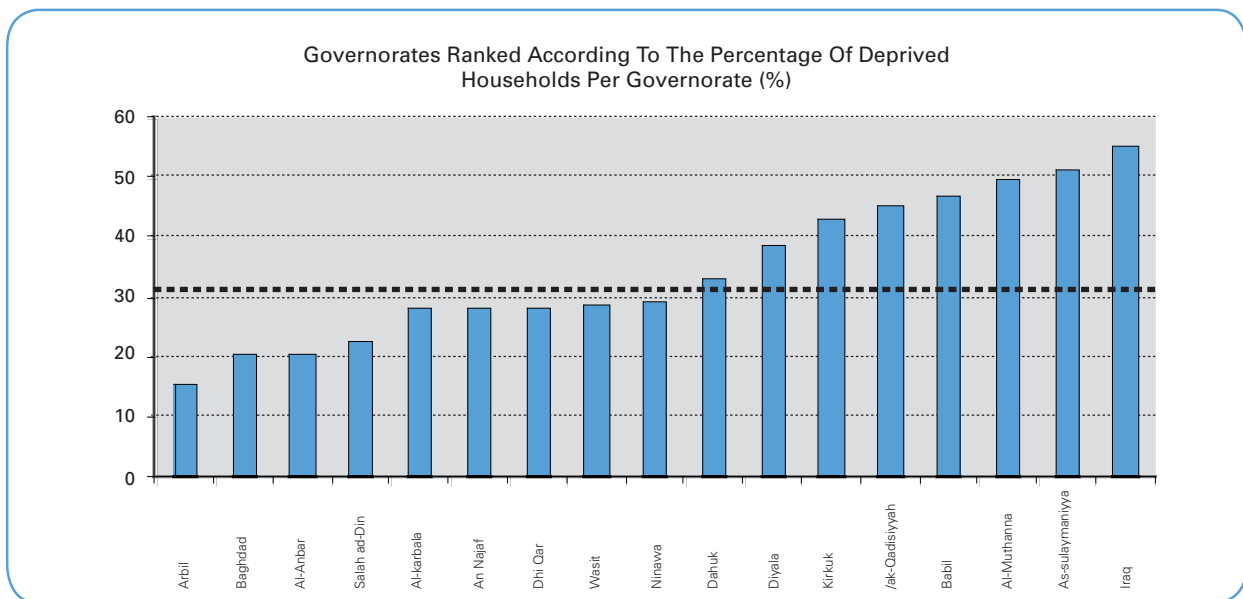
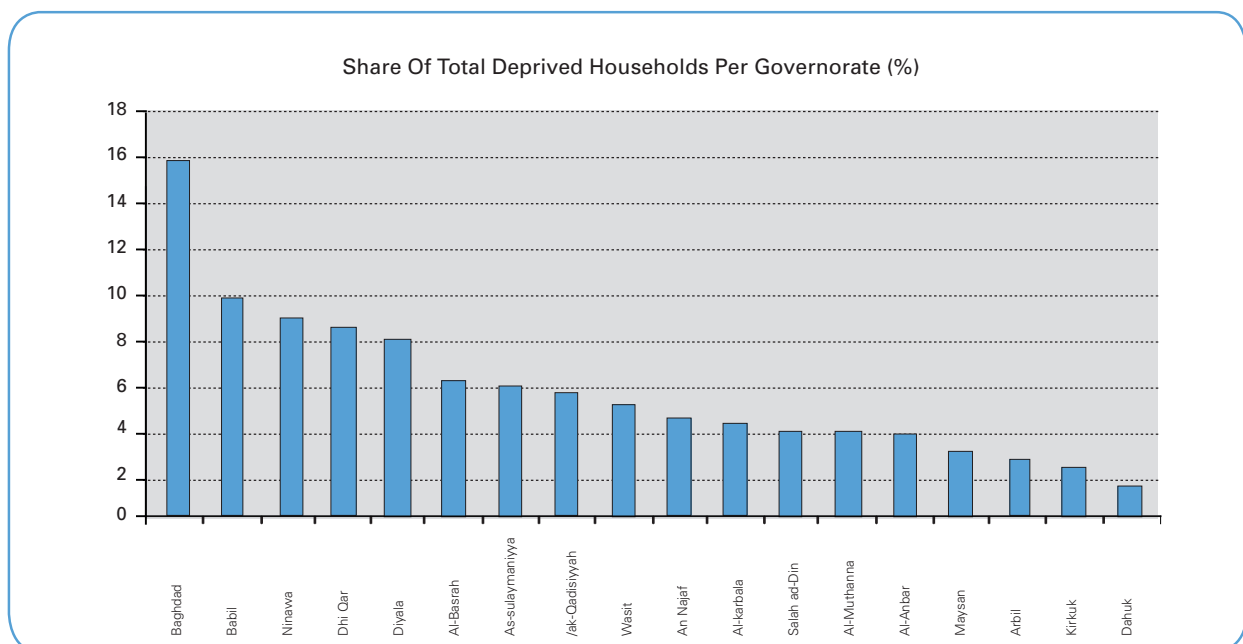


Figure 8



Map 1

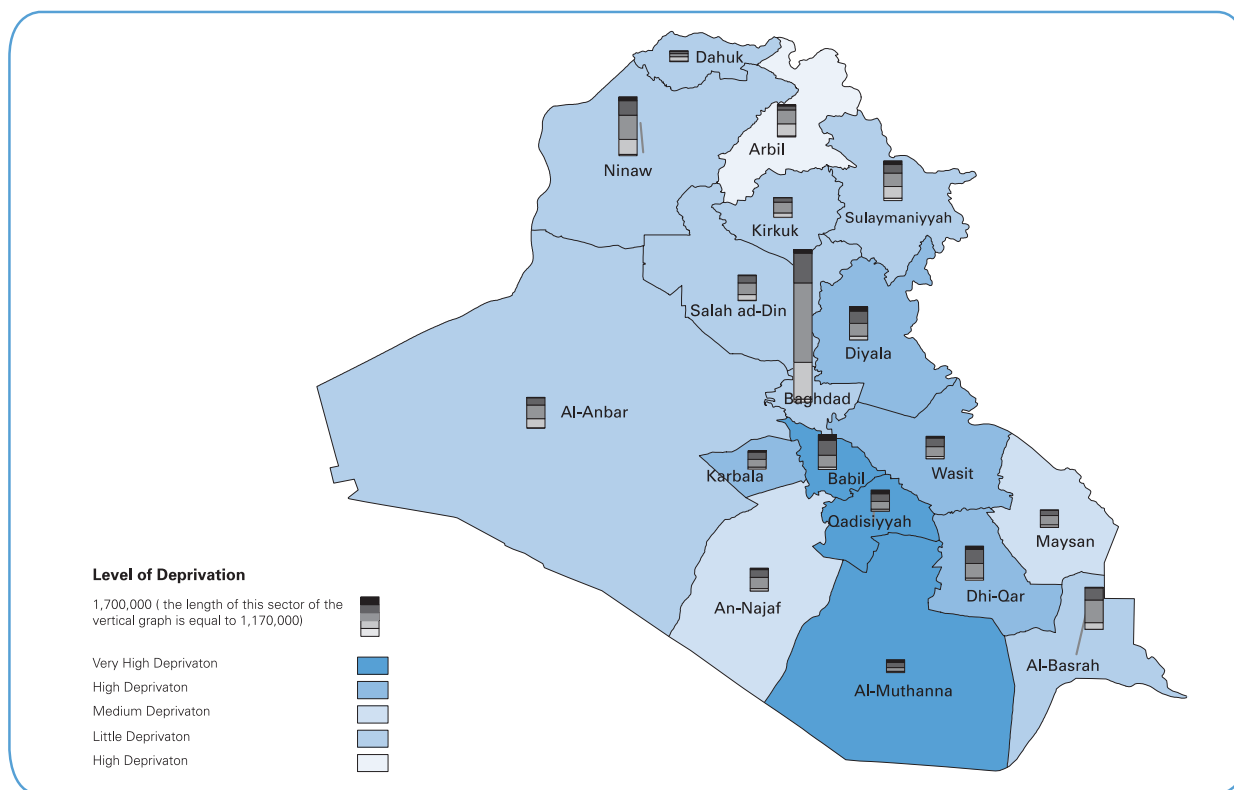


Table 5: Percentage of Persons Deprived of Basic Needs by Living Standards Field and Governorate

Governorate	Education	Health	Infrastructure	Housing	Housing Environment	Household Economic Status	Living Standards Index	Percent of population
Baghdad	14.7	19.4	19.4	13.6	23.7	23.9	15.6	24.2
Babil	8.1	7.8	7.7	8.4	9.6	6.3	9.6	5.5
Nineveh	10.1	11.8	8.5	7.9	5.1	9.8	8.7	9.3
Thi-Qar	5.7	5.4	6.4	7.5	8.9	6.3	8.2	5.4
Diyala	6.3	6.4	6.7	8.5	8.7	4.4	7.7	5.2
Basrah	4.5	2.4	10.3	9.0	6.0	6.4	5.9	6.6
Suleimaniya	6.7	9.9	3.3	6.3	4.9	6.5	5.8	6.3
Qadisiya	4.7	4.6	4.8	6.5	4.3	3.9	5.5	3.4
Wasit	5.1	4.00	4.6	5.9	4.9	3.1	4.9	3.6
Al-Najaf	3.5	3.6	3.9	4.00	4.1	4.3	4.3	3.6
Karbala	3.9	2.7	3.6	3.9	4.3	3.1	4.1	2.9
Salahuddin	5.2	3.3	5.1	2.4	2.2	3.6	3.8	4.1
Al-Muthana	3.6	3.1	2.8	3.6	2.1	3.0	3.7	2.0
Al-Anbar	5.0	3.8	4.0	1.9	4.2	4.2	3.6	4.9
Maysan	3.2	1.6	3.4	2.5	2.8	2.9	2.8	2.8
Arbil	5.2	3.7	2.4	4.2	1.9	4.00	2.5	5.1
Kirkuk	2.8	4.00	2.3	1.9	1.7	2.5	2.1	3.2
Dahuk	1.7	2.0	0.7	2.0	0.7	1.8	1.4	1.7
Iraq	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

(Governorates are listed in a descendent order according the share of the governorate of the total number of deprived people in relation to the living standard index) (%)

for infrastructure, the household economic status and the housing environment. The reason for this is the relatively normal conditions in Erbil, compared to the conditions in Baghdad. This has led to relatively low deprivation levels for those basic needs which require infrastructure to be fulfilled, and to an improvement in the household economic status and development in the housing environment.

The governorate with the third lowest level of deprivation according to the Living Standards Index is Kirkuk, followed by Al-Anbar. Kirkuk had the highest living standards for the field of the household economic status; Al-Anbar was the first in the field of housing. The order of the remaining governorates by rate of deprivation is: Al-Basrah, Salahuddin, Dahouk, Nineveh, and Sulaymaniya, as shown in Figure 7. Hence, the nine lowest levels of deprivation include the governorates of Kurdistan (Erbil, Dahouk, Sulaymaniya), governorates which include the most populated four cities (Baghdad, Basra, Mosul, and Kirkuk) and two other governorates (Al-Anbar and Salahuddin).

The most deprived governorates according to the Living Standards Index is Al-Al-Muthana, followed by Babil, Al-Qadisiya, Thi-Qar, Diyala, Kerbala, Wasit, Al-Najaf and Missan.

The order of governorates according to their share of the total number of deprived households in Iraq

The previous paragraph explained the situation in the governorates and their order according to the rate of deprived households living in each governorate. This is an important indicator of the level of deprivation within the geographic area forming the governorate. It is an indicator that should be relied upon, together with other indicators, to determine intervention priorities at the regional level. However, the population size

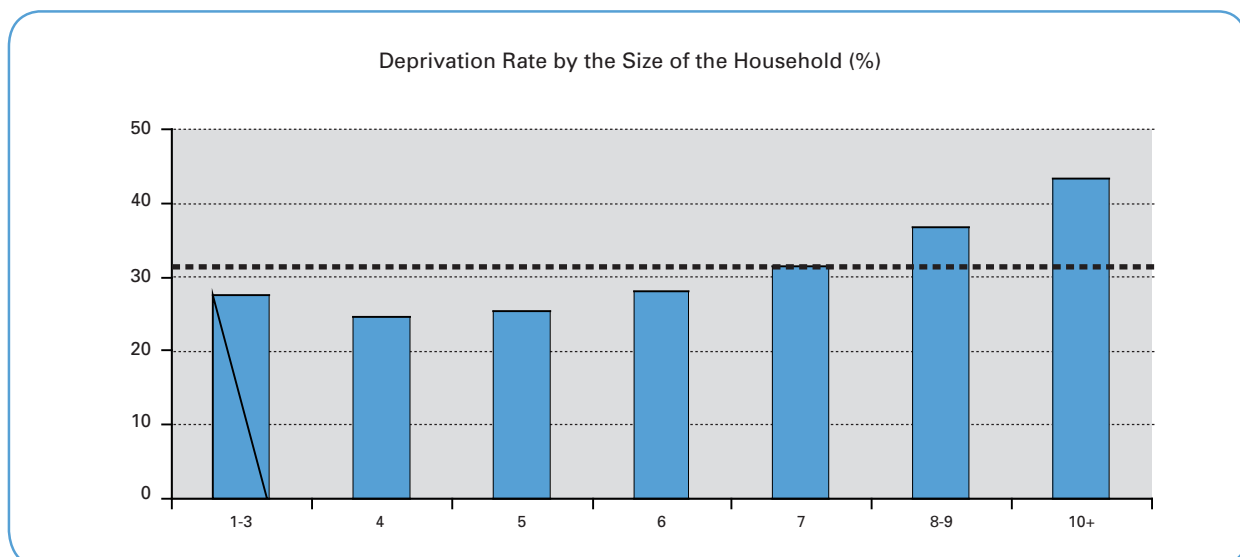
in these governorates is not equal, meaning that the rate of deprivation does not express the absolute size of the problem. The absolute size of deprivation is expressed in the total number of deprived households and individuals in each governorate; this must also be relied upon when specifying intervention priorities and the allocation of resources for improving living standards.

Hence, governorates differ by the number of deprived individuals, the rate of deprivation and the size of the population in each governorate. Figure 8 and Table 5 show the governorate’s share of deprived individuals, by field. The governorates are listed in descending order, according to the size of the total share of the governorate.

Baghdad has the biggest share of deprived people according to the Living Standards Index, and according to all of the indicators, despite its low rate of deprivation when compared to other governorates. This is due to the large population in Baghdad, equaling one-fourth of the total population in Iraq. The Babil governorate follows Baghdad with its share of deprived people, followed by Nineveh, Thi-Qar, Diyala, Al Basra, and Al-Sulaymaniya. The number of deprived people in each governorate, as determined by the Living Standards Index, is more than half a million.

Table 5 demonstrates that the percentage of deprived people as determined by the Living Standards Index in the governorates of Baghdad, Basra, Nineveh, As-Sulaymaniya, Salahuddin, Al-Anbar, Erbi, Kirkuk and Dahouk is less than the percentage of the population in these governorates. However, the opposite is true for the remaining governorates, because the percentage of deprivation for governorates is less than its general average for Iraq.

Figure 9



6. The Relation between Deprivation and the Characteristics of Households and Individuals

Studies in different countries have all shown that there is a link between poverty – and living standards in general – and a number of socio-economic characteristics, such as the size of the household, its age structure, conditions of work, level of education and other factors. In the following paragraphs, we will try to find a correlation between the rate of deprivation and the characteristics of households and individuals in Iraq.

Living Standards and the Characteristics of the Household

The living standards of the household are influenced by the characteristics of the household in various ways. Interestingly, for the size of the household, this study has shown that the percentage of deprived households is high for small and big households, while it is low for medium-sized households. Households composed of four members represent the threshold between small households (1-3 members) where the rate of deprivation is higher at 27%, and between big households (7 plus) where the deprivation rate constantly increases from 31%. The rate of deprived households according to the Living Standards Index increases from 25% for households of four persons to 43% for big households of 10 people or more. This pattern is applicable to others fields as well.

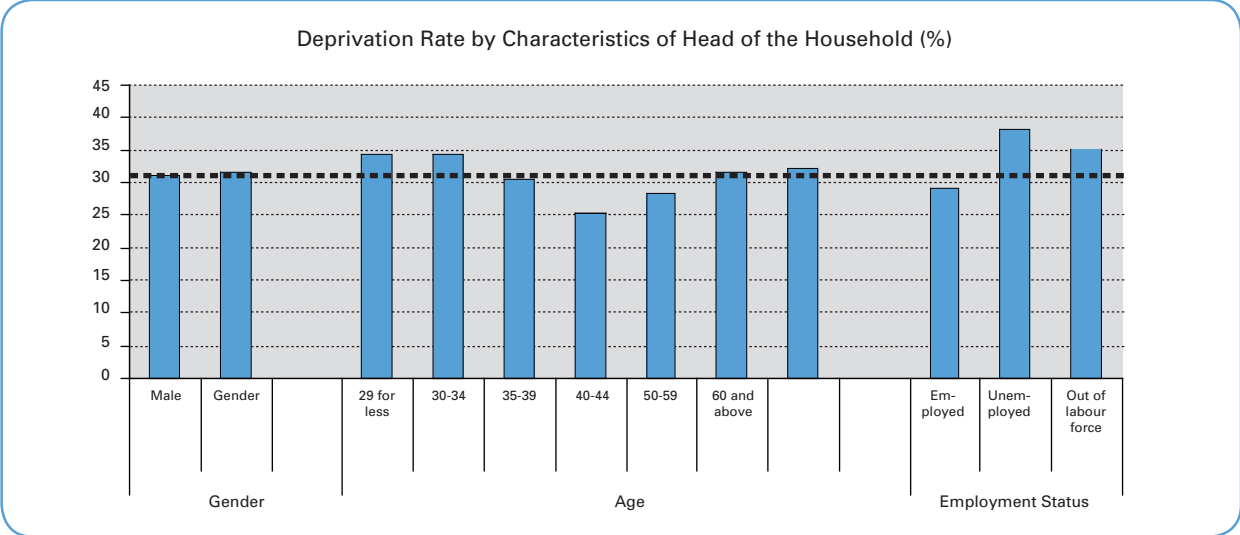
The rate of deprived households is higher than the national average for households of seven members or more. Households of 1-3 members tend to have a higher percentage of elderly residents, and thus higher deprivation rates, than households of 4-5 members. The percentage of people aged of 65 or

more is 11% for small households, compared to 4% in households of 4 members, 3% for households of 5-9 members and 4% for households with ten or more members.

Additionally, households composed of one parent, with children under the age of 18, and households composed of two parents, with children below the age of five, face higher deprivation than other types of households as determined by the Living Standards Index and for most individual indicators. It is also important to note that there are cases where the deprivation rates are not the same for all fields. For example, households composed of two parents with children below the age of five benefit from the lowest rate of deprivation in the health field, although they suffer high deprivation rates in other fields. Moreover, households composed of unmarried individuals have the lowest deprivation rates in the housing field, but suffer from the highest deprivation rate in the field of household economic status. The type of household is related to numerous factors with different impacts on the different fields. The most important factors, however, are the size of the household, its composition, the age of its members and their gender.

Rates of deprivation do not indicate a difference between households headed by men and those headed by women, according to the Living Standards Index and in the education and housing fields. Households that are headed by men are less deprived than those headed by women in the fields of health and the household economic status, but they are more deprived in the field of infrastructure, and

Figure 10



housing environment. As there are two fields where the deprivation rates are equal for both types of households, two fields where the rates of deprivation decrease, and two fields where deprivation rates increase, and given that the difference between the rates of deprivation in each field is small, we cannot conclude that the gender of the household head tangibly affects the average of the household's living standards.

As for the age of the household head, deprivation rates begin to decrease when the household head reaches 35 years of age. However, deprivation increases again after the age of 44, following the increase in age of the

household head. This pattern is also applicable, to a certain extent, for the six fields of living standards. The head of the household, in most cases, is the main source of income for the household, which may create this pattern; income increases to peak at 40-44 years, and then decreases.

The work status of the head of the household has a different impact on the level of deprivation. Generally, households where the household head is employed benefit from lower deprivation rates in the fields of health and the household's economic status, but they suffer higher deprivation rates in the field of infrastructure. Households headed by an

Table 6: Age Group and Education Level of Population by Standards of Living (% Individuals)

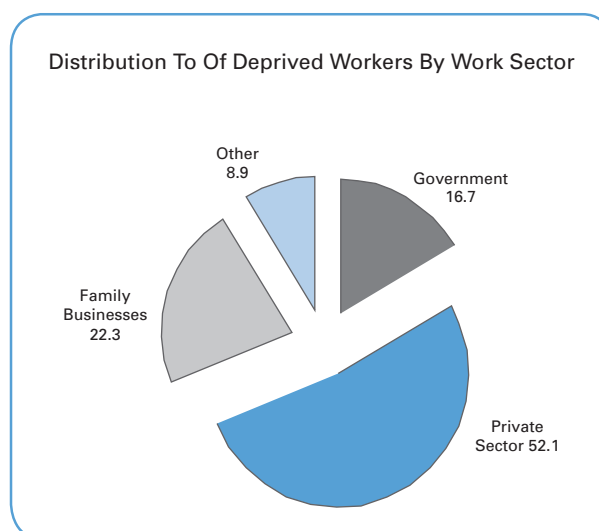
Characteristics of Individuals	Households with low living standards	Households with medium living standards	Households with high living standards	Total population
Age				
0 -14	42.6	39.3	34.3	39.4
15 – 24	21.8	21.4	21.0	21.5
25 – 34	14.1	15.8	17.0	15.5
35 – 64	18.1	20.5	24.3	20.5
65 +	3.4	2.9	3.2	3.1
Total	100	100	100	100
Educational Level				
Never enrolled in school	42.4	29.0	23.0	32.3
Did not complete primary school	28.7	27.2	20.3	26.2
Holders of primary school certificate	19.3	22.7	20.5	21.1
Holders of intermediary school certificate	5.0	9.3	11.4	8.3
Holders of secondary school certificate	2.5	5.9	10.1	5.6
Holders of higher degrees	2.1	6.0	14.7	6.5
Total	100	100	100	100

unemployed person have a lower deprivation rate for education, but they face higher deprivation rates, reaching up to 85%, for the household's economic status. This indicates that there are some households where the household head is well-educated but unemployed, and suffering from extremely difficult economic conditions. However, these households make up only 4% of the households of Iraq, compared to 69% of households whose head is employed and 27% of households whose head is outside the workforce. This indicates that unemployment is concentrated within households members other than the household head. Households where the head is outside the workforce suffer a high rate of deprivation in the fields of education and health.

Characteristics of Individuals According to the Standards of Living

Some characteristics of household members demonstrate a strong correlation with the living

Figure 11



standards of the household. Table 6 shows the most important characteristics with the closest linkages to living standards. Deprived households are shown to be strongly characterized by a high number of children. Forty-three percent of individuals under 15 years of age live in households with low living standards, compared to 39% in households with medium living standards and 34% for high-level standards. In contrast, the opposite trend is noticed for individuals aged 34-64. Thus, deprived households have a higher percent of members not engaged in economic activities and fewer members aged 34-64.

Deprived households are also characterized by high rates of individuals – 42% -who never enrolled in school. In households with medium living standards, however, only 29% of their members never enrolled in school, and only 23% for households with high living standards. The high rate of household members who never enrolled in school in deprived households is caused both by the high percentage of children below school age, and by the low level of enrolment in

Figure 12

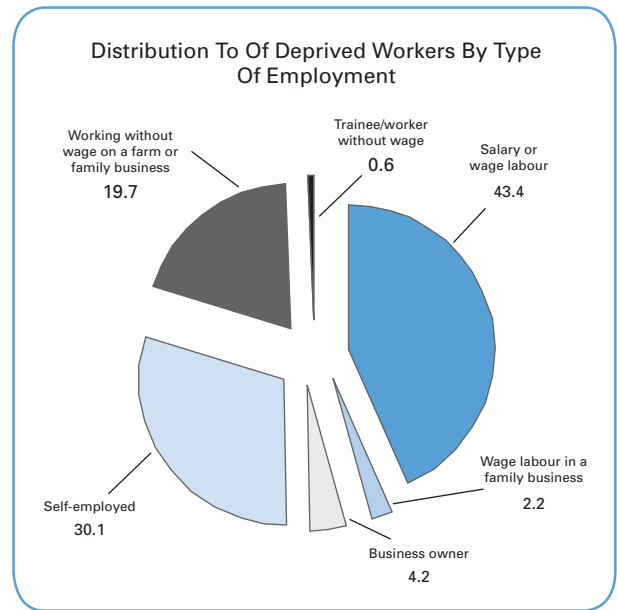
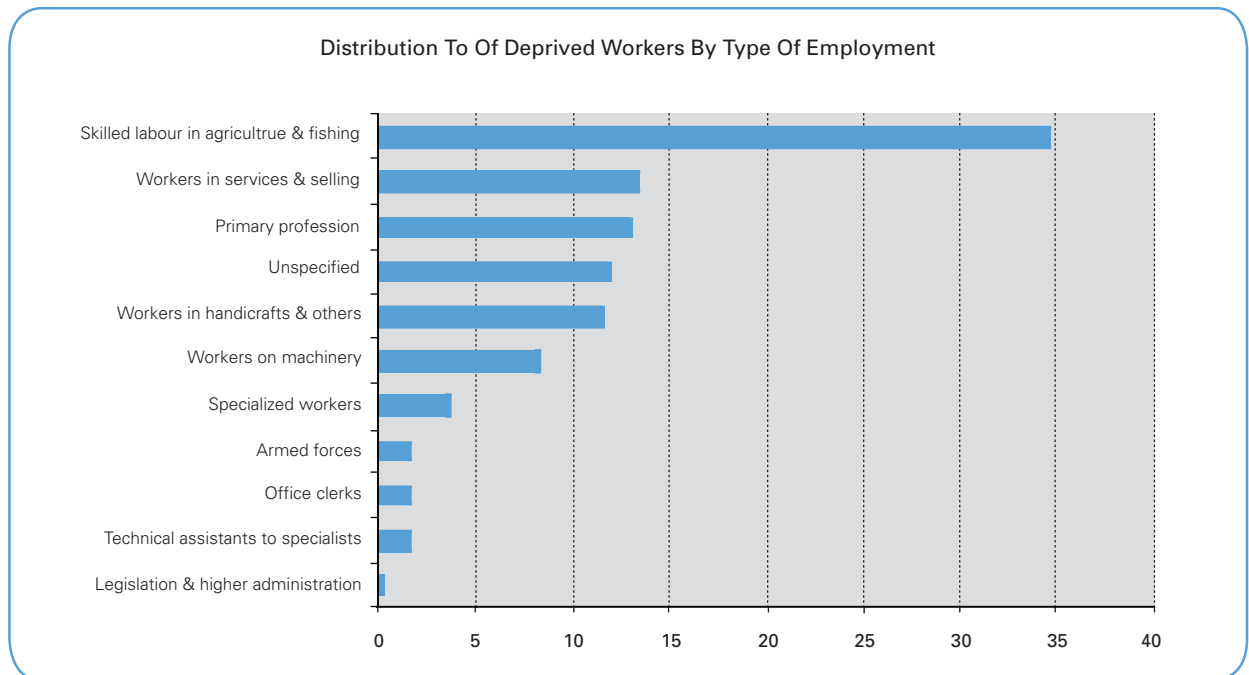


Figure 13



schools. The same trend applies to individuals who did not finish primary school. However, the opposite pattern appears for individuals who obtained a school certificate, with a positive relationship appearing between the degree of educational certificate obtained, and the larger percentage of individuals residing in households with high living standards.

The percentage of individuals with intermediary school certificates residing in households with high living standards is double that of those living in deprived households, four times higher for holders of secondary school certificates and seven times higher for all degrees above a secondary school certificate.

Distribution of Deprived Workers according to the Work Status and Characteristics

More than half of the deprived workers are employed in the private sector (52%), with 22% working for the family, 27% employed in the government sector and around 9% in other sectors. The rate of poverty among workers in the government sector is less than for other sectors; government employees form 30% of all workers, but only 17% are deprived.

Poverty is more likely among workers without wages who work with the household. Although they make up only 10% of the total workforce, they form 20% of deprived workers. The self-employed make up 30% of total deprived workers, and 27% of the total workforce. However, salaried and wage workers and business owners are represented more highly in the total workforce than in the deprived workforce.

Deprivation is concentrated in the category of skilled laborers in agricultural and fishing, who form 35% of the deprived workers compared to 16% of the total workforce. Workers in primary occupations form the next highest amount of the total deprived workers at 13%, (compared to 10% of the total workers).

7. General Economic Framework and Historical Progress

In Conclusion

In Iraq, there are more than 27 million Iraqis, half of them are children and young adults not yet 20 years of age. These Iraqis live in a region of great importance and in a time of history where Iraq and its people are exposed to the contradictions and trials of globalization, with its resulting security, political, economic and societal expressions. Iraq is also influenced by historic, local, and current factors.

All of this is weighing upon Iraq to a degree unprecedented in contemporary world history since the end of World War II. Iraq and the Iraqi people are living today in a deeply complex political and security crisis, with no easy or quick solutions on the horizon. And a high percentage of the people of Iraq are living under different types of poverty and financial and

human deprivation, despite the huge economic and natural resources of the country.

The Iraqi people today are not capable of investing in these resources. They are incapable of using them to fulfill their current and future needs. They are prevented both by the complex, inherited burdens from the former regime, and by the newly created burdens standing in the way of Iraqis, their resources and future. Success in building a new future for the Iraqi people depends on the success of the Iraqi people in overcoming these challenges and in achieving comprehensive and sustainable development, establishing security, welfare, and progress. They must be aided first by the help of their Arab neighbors, and second with the help of the international community. To do so, however, requires reaching a comprehensive understanding of the factors that have hindered the development process in the past, and which are still hindering it today. This important step is vital to planning a suitable and effective strategy to achieve sustainable development and justice for all Iraqis.

The old development rhetoric that dominated Iraq in the past has lost its practical credibility. Hence, a new and precise theoretical perspective for Iraq's economic mechanisms should be established to stipulate policies benefiting the Iraqi people. The Iraqi economy, in its current incarnation, is completely detached from the conditions that dominated it in the 1970s. The deterioration suffered by the economy during the past 25 years was deeply and profound felt. On the international level, intense changes were witnessed in the social and economic theories governing the global economy.

Given this context, it is difficult to find a logical justification for saying that Iraq has witnessed an emergency situation ever since 1979, and that when the security situation becomes stable and the war is over, the economy and the people's economic welfare will be brought back to normal by applying an efficient reconstruction programme. This is a simplification that contradicts the truth: the Iraqi economy has witnessed a deep transformation and the world, too, has witnessed a similar transformation.

Since 2003, Iraq has undergone economic reforms needed to correct these inherited economic imbalances, those resulting from the current situation and the requirements of integration into the global economy. Many of these reforms were made through direct international interference, which played a decisive role in framing the current and future economic and development choices of Iraq within the current trends of globalization. These reforms tend towards the liberalization of the economy at different levels, reducing subsidies or changing their conditions, supporting the private sector, floating prices and other procedures which all fit under the same title: orientation of the Iraqi economy toward the free market system and private institutions. This implies a major

transformation from the state controlled economy which prevailed until 2003. It means replacing the administrative-political mechanisms of managing the economy and the society by new mechanisms where market forces play a decisive role.

Such a process is not easy. One of the most important problems facing development in Iraq is its uncertain future. Under the current conditions, it is difficult to predict what the situation will entail in the coming year. Iraqis are not certain of their future, because Iraq is still living a transitional and unstable phase. But this uncertainty is also due to a large number of factors influencing the current and future situation in Iraq; complex factors, international, regional and national in nature, interacting to generate various and contradicting dynamics penetrating society and the state, and leaving the future open to all prospects. Hence, when designing a development strategy, it must be acknowledged that this process requires a vision, and that the medium- and long-term plans must both predict and project the extreme difficulties likely to be faced in implementation. Identifying the most important and influential factors in Iraq will reduce the possibilities of making mistakes and falling into the trap of simplistic and unrealistic expectations.

All projections, strategies and interventions at different levels and for various fields should serve one common aim, that of "building a new Iraq" on the principles of peace, human rights, democratic justice, and the rule of law. They should be built for the elimination of all discrimination between men and women, ensuring fair opportunities for young adults, and respect for their capacities and their roles. They should aim at building an Iraqi state capable of managing its natural, human and institutional resources to increase production and productivity. The goal must be to achieve broadly sustainable economic growth which supports the poor and empowers Iraq to interact and participate in the international and regional economy, and to achieve progress, justice and welfare for the Iraqi people.

The aim is to build the state, the society, and the culture in a way that prevents a repetition of the last decades' experiences. This is the purpose of all who work in development, and this aim cannot be achieved without building a real partnership between the international community, the state and the Iraqi community to enhance the capabilities of the Iraqis and the capacities of their national institutions, allowing Iraqis to increasingly play their role in this process.

Success depends on providing the conditions needed for success. The first of these conditions is achieving a dynamic balance between responding to national priorities and responding to the requirements of integration into the global economy. This balance should be determined by mechanisms appropriate to Iraqi society. Past experiences have shown that attempting to achieve this transformation quickly –

through "shock treatment" – is a naïve and immature school of thought, with destructive results.

Iraq requires a realistic and gradual development process that tackles equally the social, political and security concerns which must precede an economic transformation from a centralized state economy to an open market economy. As a step that should occur prior to the required long-term economic reforms, it is important to locate alternatives to the currently applied policies and social arrangements. Progress should be made at the political level, and national accord should be sought to provide better conditions of security stability and economic transformation. Concentrating solely on an economic transformation is not only counter-intuitive to the logic of development, but also ensures that the situation remains unstable and tenuous. As such, the economic transitional period:

1. Must be longer than what the current policies suggest;
2. Should be very well planned;
3. Should include suitable and effective policies, and be aware of the interests of the different social sectors of the society; and
4. Must have a transparent process, based on wide participation.

By concentrating on the Iraqi individual, his or her living conditions and his or her capabilities, this study provides an important contribution to identifying the general trends of a national strategy for sustainable human development. It also contributes to determining the living conditions and the specific needs of different areas. This study provides decision-makers at the national and provincial levels with a comprehensive standard by which development intervention priorities can be established for governorates, and within each governorate, and hence contributes to reducing development disparities caused by a biased provision of services.