



IMPACT OF THE OIL CRISIS AND **COVID-19** ON IRAQ'S FRAGILITY

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I. FOREWORD

The United Nations Development Programme (UNDP) has produced a fragility analysis for Iraq to explore how the COVID-19 pandemic and diminishing oil revenues affect the country's fragility. The analysis applies a multidimensional concept of fragility based on the methodology developed by the Organisation for Economic Co-operation and Development (OECD).

This policy paper summarizes the fragility analysis to inform current and future policy decisions and strategic priorities of the Government of Iraq, the United Nations system and donor partners. The paper draws on various sources within and outside the United Nations, the latest available at the time of writing.

UNDP is grateful to all United Nations entities in Iraq for their inputs to the paper, most notably the Food and Agriculture Organization of the United Nations (FAO), the International Organization for Migration (IOM), the International Labor Organization (ILO), the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF), the United Nations Entity for Gender Equality and the Empowerment of Women (UN WOMEN), the World Food Programme (WFP) and the World Health Organization (WHO)

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The paper is the first of a series of policy papers on the impact of the COVID-19 pandemic in Iraq. UNDP will present additional thematic papers in the coming months, including on the macroeconomic consequences of the crisis, the implications for social protection, the effects on social cohesion and socioeconomic fallout in households.

II. INTRODUCTION

The consequences of the COVID-19 pandemic are especially severe for people in fragile countries where health systems, government structures and social safety nets are weak. The impacts both highlight and deepen social inequalities.

Fragility intensifies poverty, and undermines opportunities for individuals and societies to escape it. A recent World Bank report stated that about half of the world's poor live in fragile and conflict-affected situations. By 2030, as many as two-thirds may live in such settings. Fragile and conflict-affected countries have seen significant increases in poverty rates, while those that have never been in these situations have seen poverty decline steadily, to about 5 percent.¹ Considering that this report was developed prior to the COVID-19 pandemic, it is likely that these estimates will be negatively affected.

Progress towards stability and achieving the Sustainable Development Goals (SDGs) could be compromised if international aid is significantly diverted to the COVID-19 response; if the private sector, particularly medium, small and microenterprises and the informal economy, does not get economic relief; and if access to markets is restricted by containment measures and closed borders. Economic stability is likely to suffer if fragile countries take on further debt to refinance broken health systems, lose important tax revenue, or, for oil-producing countries, see fiscal space significantly erode due to falling oil prices.

In fragile contexts, such as Iraq, high levels of conflict, coupled with the COVID-19 outbreak and the drop in oil revenues, can further increase extreme poverty. Dramatic falls in foreign direct investment, trade and economic growth will devastate livelihoods, raise prices, disrupt essential services such as education and health care, and severely damage the broader macroeconomic environment.

It will be impossible to meet the SDGs and attain an inclusive development trajectory without tackling fragility and its main drivers. The analysis in this paper draws on a literature review of relevant reports to understand the drivers of Iraq's fragility. The recommendations put forth are meant to inform the Government of Iraq and other stakeholders on strategies to build back better from the pandemic while leaving no one behind.²

III. DIMENSIONS OF FRAGILITY

Fragility occurs over a spectrum of intensity. All countries and societies exhibit fragility at some point and to some extent. For this analysis, fragility is framed using the five fragility dimensions of the OECD. Its methodology³ is rooted in a multidimensional framework, and conceptualized as a combination of risks and coping capacities across economic, environmental, political, security and societal dimensions. The methodology offers a comprehensive and universally relevant perspective because it recognizes that each context has its own unique combinations of risks and coping capacities.

Figure 1: Multidimensional fragility in Iraq



More specifically, fragility dimensions relate to the following risks:

- **Economic fragility:** Vulnerability to risks stemming from weaknesses in economic foundations and human capital, including macroeconomic shocks, unequal growth, and unemployment among youth and women.
- **Environmental fragility:** Vulnerability to environmental, climatic and health risks that

affect citizens' lives and livelihoods. These include exposure to natural disasters, pollution, and disease epidemics and pandemics.

- **Political fragility:** Vulnerability to risks inherent in political processes, events or decisions; lack of political inclusiveness; low levels of transparency; corruption and an inability to accommodate change and avoid oppression.
- **Societal fragility:** Vulnerability to risks affecting societal cohesion that stem from both vertical and horizontal inequality, including inequality among culturally defined or constructed groups, and social cleavages.
- **Security fragility:** Vulnerability to violence and crime, including political and social violence.

Iraq's ranking is high on a number of fragility metrics, such as the Sustainable Security Index (152 out of 155),⁴ the OECD Fragility Report (one of the 27 chronically fragile countries),⁵ and the Fragile States Index (in the top 20 fragile states),⁶ to name a few (see Figures 2 and 3 for additional metrics).

Figure 2: Severity of fragility dimensions in Iraq⁷

ECONOMIC	SEVERE FRAGILITY
ENVIRONMENT	HIGH FRAGILITY
POLITICAL	HIGH FRAGILITY
SOCIETAL	SEVERE FRAGILITY
SECURITY	SEVERE FRAGILITY

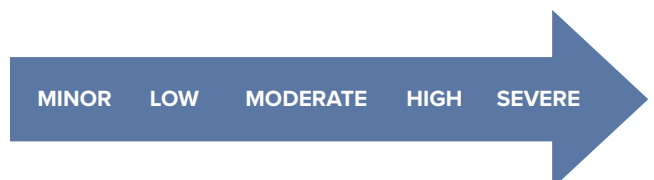
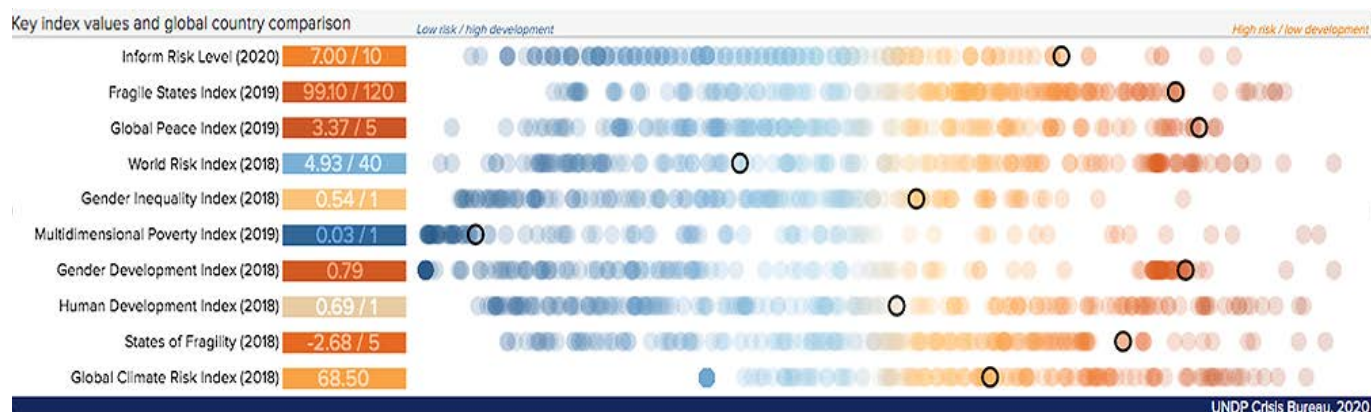


Figure 3: Iraq in fragility indicators⁸



The sections below analyse the different dimensions of fragility in Iraq. Annex I provides an overview of scenarios for each dimension.

IV. ECONOMIC FRAGILITY

Iraq's economy is dominated by oil. It is the world's third largest oil exporter⁹ with an 8.3 percent market share worth US\$83.3 billion in 2019. It holds the world's fifth largest proven reserves of petroleum at 144.2 billion barrels.¹⁰ Iraq is also one of the most oil-dependent countries in the world. The hydrocarbon sector accounts for about 60 percent of gross domestic product (GDP), 99 percent of exports and more than 90 percent of central government revenue.¹¹

Iraq's current political and economic setting displays many characteristics of a rentier state, where economic, social and political relations are all shaped by the dominance of resource wealth.¹² While each national context varies, this tends to result in state-society relations where:

- Politics focuses on elite competition for access to oil wealth, while maintaining a minimal level of acquiescence from the population by distributing cash or in-kind benefits to households, thus reducing the incentive for long-term investment in high-quality universal public services and a productive, diversified economy.
- Corruption is high, as rentier states use subjective political criteria to distribute shares of resource wealth to secure the loyalty of particular groups.

- Accountability to citizens is low, as state revenue is overwhelmingly derived from resource wealth rather than general taxation. This also reduces citizen engagement with the State.

Iraq's economic and social development has stagnated in recent decades. Before 1991, despite other major shortcomings of the Government, health care covered over 80 percent of the population. The country had a well-developed water and sanitation system, with 90 percent of people having access to safe drinking water.¹³ This all changed following the First Gulf War in 1991. Iraq's non-oil industry and agriculture, in particular, suffered heavily during the subsequent United Nations-mandated sanctions of the 1990s.¹⁴ This left the public sector by far the largest employer in the country. State-owned enterprises came to dominate many sectors and have enjoyed broad privileges, crowding out private firms. Economic decision-making has been driven by short-term needs and elite rent-seeking. Fiscal institutions remain weak and unequipped to deal with the complexities of an oil-dominated budget, leaving the Iraqi economy highly vulnerable to the sudden decline in oil prices.

Years of conflict have also added to burdens on the national budget. The World Bank and the Government of Iraq estimated losses from the war with the Islamic State in Iraq and the Levant (ISIL) at close to \$46 billion, with needs resulting from the

conflict totalling approximately \$88 billion. Box 1 provides detailed losses and needs by sector. The Kuwait Conference in 2018 confirmed pledges for \$30 billion,¹⁵ but this left a substantial gap of \$58 billion that is still present today.

Figure 4: Overview of losses and needs from the war with ISIL¹⁶

By 2017, due to the conflict, cumulative real losses to non-oil GDP stood at \$107 billion, equivalent to 72 percent of the 2013 GDP and 142 percent of 2013 non-oil GDP (based on the assumption that the non-oil economy would have continued to grow at the pre-conflict rate of 8 percent).

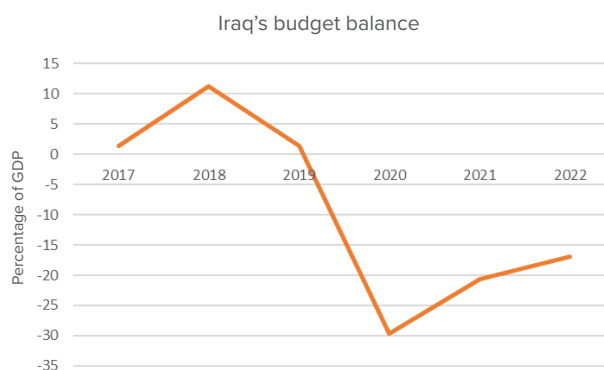
Sector	Damage Cost IQD Billion (US\$ Million)	Needs (IQD Billion)	Needs (US\$ Million)	Share of Total Needs
Social Sectors				
<i>Housing</i>	18,746 (16,077)	20,615	17,441	19.8%
<i>Health</i>	2,710 (2,324)	5,159	4,365	4.9%
<i>Education</i>	2,763 (2,369)	5,391	4,561	5.2%
<i>Social Protection</i>	n/a	7,532	6,373	7.2%
<i>Cultural Heritage and Tourism</i>	1,000 (858)	2,028	1,716	1.9%
Productive Sectors				
<i>Agriculture</i>	2,425 (2,080)	4,010	3,393	3.8%
<i>Water Resources</i>	134 (115)	245	207	0.2%
<i>Industry and Commerce</i>	5,955 (5,107)	12,506	10,580	12%
<i>Finance and Markets</i>	61 (52)	10,938	9,254	10.5%
Infrastructure Sectors				
<i>Power</i>	8,173 (7,009)	10,770	9,112	10.3%
<i>Oil & Gas</i>	4,969 (4,262)	8,520	7,209	8.2%
<i>ICT</i>	466 (400)	761	644	0.7%
<i>Transport</i>	3,257 (2,794)	4,681	3,960	4.5%
<i>WASH</i>	1,604 (1,375)	2,886	2,442	2.8%
<i>Municipal Services</i>	102 (88)	149	126	0.1%
Cross-cutting Sectors				
<i>Governance</i>	868 (745)	1,619	1,370	1.6%
<i>Environment</i>	85 (73)	6,498	5,498	6.2%
Total	53,318 (45,727)	104,309	88,248	100%

Shortly before the COVID-19 pandemic, an improved security situation and a recovery in oil prices reduced some of Iraq's economic vulnerabilities. Fiscal and current account surpluses in 2018 and 2019 allowed the Government to accumulate fiscal buffers. Gross international reserves reached \$65 billion by the end of 2018.¹⁷ Nevertheless, while headline macroeconomic figures looked positive as a result of strong oil exports, other parts of the economy remained anaemic. Public investment was typically poorly executed, and favoured the oil sector above citizen welfare or a productive non-oil economy. Iraq's labour force participation rate was one of the lowest in the world at 48.7 percent in 2019, with approximately 58 percent of the workforce in the private sector, overwhelmingly in informal jobs.¹⁸

The Government responded to popular demonstrations in late 2019 by further expanding public sector employment, with the public sector wage bill growing by 13 percent in 2019 alone.¹⁹ But Iraq's vulnerability to oil price fluctuations becomes particularly clear when considering that the 2020 budget was prepared on an assumption of \$56 per barrel, whereas prices in 2020 are forecast to average around \$30 a barrel.²⁰ Furthermore, Iraq's share of the production cuts in the April 2020 OPEC+²¹ agreement was a million barrels per day, further reducing expected public sector revenues.

A drop in oil revenue of this magnitude generates a significant fiscal deficit, putting Iraq at strong risk of a major financial and economic crisis. According to some projections, Iraq's net income will drop 65 percent in 2020 compared to the previous year.²² Forecasts have been progressively downgraded by all major institutions, and all now show an enormous budget deficit of 29 percent of GDP in 2020, and a continued deficit in 2021 (Figure 5). With 60 percent of Iraqi government spending in the first quarter of 2020 on the relatively rigid wage and pensions bill, the country is in a weakened position from which to confront the challenges of COVID-19.

Figure 5: Iraq's budget balance and forecast (2017-2022)²³



Iraq faces an immediate challenge to finance its deficit. It is already in discussion with providers of external assistance, and with domestic and international market actors for options to access finance.²⁴ Direct financing of the deficit is currently ruled out by legislation, but the Central Bank of Iraq could, in principle, sell foreign exchange to provide funds for as long as reserves last. Accumulating arrears to suppliers is a further temporary option to bridge a short-term financing gap, but risks paralysing the private sector, given the public sector's central role in the economy.

Major reductions in government spending will be needed, even if financing is identified. The new Government, having launched an ambitious reform programme, has already indicated that it is planning sharp cutbacks in spending on politically sensitive bonuses and perks for favoured civil servants.²⁵ Major cuts to the public sector wage bill, pensions and the Public Distribution System of subsidized essential goods might be politically difficult, however. They will also be potentially undesirable from a social point of view given their importance to the welfare of low-income households. Furthermore, generalized cuts in expenditure could lead to a reduced response to COVID-19. Postponing investment in essential social and public services will undercut accessibility and social cohesion while exacerbating inequality and socio-economic exclusion.²⁶ The Government has yet to fully elaborate its response. It is currently operating under the prolongation of the 2019 budget, since the 2020 budget has been cancelled. Efforts are now focused on preparing the 2021 budget.²⁷

The decline in oil prices leaves Iraq facing significant challenges with regard to its external sector and balance of payments. As noted above, in 2018 and 2019, strong exports of oil allowed the Central Bank to slightly increase its foreign exchange reserve holdings. Yet the size of the negative balance of payments—estimated at 18 percent of GDP in 2020 and 10 percent in 2021—suggests that maintaining current levels of imports will use up virtually all foreign exchange reserves over the coming 18 to 24 months.²⁸

This poses two macroeconomic threats: exhaustion of foreign reserves and/or a loss of confidence in the Iraqi dinar. First, if foreign exchange reserves are exhausted before oil demand and oil revenues recover, a scramble for dollars will send the real exchange rate soaring and result in widespread shortages of imported goods. This will also open additional avenues for corruption through currency spreads on the parallel market. The pressure to float and devalue the local currency may become overwhelming.

COVID-19 is likely to increase economic fragility

Spending on anti-crisis measures will be critical for reducing economic vulnerabilities in the face of COVID-19, yet it is clear that there will be little fiscal space for these. Health-driven lockdowns only increase the services needed, including income support and other social protection programmes for families outside the formal sector who have been prevented from earning a living; financial support for small-scale entrepreneurs so that they can avoid bankruptcy; and education services with aid to families so that children can successfully return to school. In these areas and more, government programmes are critical to limiting the damages from the pandemic, yet with the fall in oil revenue, these programmes will likely not be fully provided, which will worsen vulnerabilities.

Fostering private sector development at the scale and pace required to generate revenue to fund public services independent of the oil sector is a long-term ambition. Such a reform is necessary to fully insulate Iraq from the impact of oil price fluctuations. While steps in this direction can be taken now, they will only pay off outside the time-

Second, and building on the first issue, there is a risk of widespread loss of confidence in the value of the dinar. To date, Iraqis have relied on macroeconomic stability, despite years of troubles, to become comfortable with their dinar holdings. If there is a perception of loss of value and confidence due to the lack of convertibility to dollars, or through the risk of inflation based on concern that the Central Bank will finance the Government's deficit directly, households may simultaneously attempt to drop their dinar holdings by buying goods or dollars. Prices would rapidly increase on the basis of a self-fulfilling cycle of inflation and devaluation. International experience suggests that, without a strong government policy response, there will be a loss of confidence in the dinar before reserves run out entirely. At that point, a situation of very high inflation, if not hyperinflation, will set in, with deleterious impacts on the purchasing power and welfare of the poorest households.

Frame of the current crisis. Furthermore, the ability to formulate and implement sound policies that permit and promote private sector development is increasingly difficult. Without an appropriate environment for enterprise creation and expansion of the private sector, the Iraqi economy will remain highly vulnerable to economic shocks.²⁹

The predominantly informal private sector is already suffering. An initial survey of small and medium enterprises showed an average reduction in production of 52 percent in April 2020, rising to 68 percent in construction and manufacturing, and 61 percent among food-related industries.³⁰ The effective shutdown of many small and medium businesses puts at risk not only their collective role as major employers in the economy, but also their long-term viability. Should a large share of these enterprises ultimately fail as a result of losses during the lockdown, the backbone of the non oil economy will be severely affected, reducing recovery and growth prospects for years to come.

Unsurprisingly, the labour market is already facing serious challenges. As noted, even before COVID-19, Iraq's overall labour force participation rate was among the lowest in the world. Reports suggest that the average reduction in the number of employees in small and medium enterprises compared to the typical number of employees during the month of April was 63 percent overall, and as high as 76 percent among construction and manufacturing companies.³¹ Key job-rich sectors are being severely hit, notably services, which constitute half of the non-oil economy, and include trade, banking, transport and religious tourism.³² Casual day labourers, who already were a highly vulnerable group, have been unable to get work as the result of closures and face additional hardships.

The informal sector is not reached by current social protection schemes for workers. As a result, benefits like unemployment insurance are not available for the most vulnerable labour groups. This support is only for public sector or formal sector employees, limiting its ability to soften economic shocks on those most impacted by the current crisis. While the Public Distribution System may provide some direct assistance to poor households through heavily subsidized essential goods, it is not intended to be a full income replacement scheme.

The continued economic marginalization of the next generation may pose an increased threat to social stability and exacerbate underlying tensions. The latter were already clearly visible in the October 2019 demonstrations. The impact of unemployment on the young and marginally skilled is particularly worrying. Youth are more at risk of recruitment by armed groups when their expected income from the formal or informal labour market is less than from terrorist or illegal activities.

The income shocks created by COVID-19 could also result in rental and mortgage arrears, and the threat of eviction. This will increase homelessness and overcrowding as people move in with family

or expand already densely populated informal settlements. Due to the dire living conditions in informal settlements, residents are already exposed to a greater risk of contracting COVID-19. The Government's ability to control the growth of informal settlements is weak. The Informal Settlements Law, meant to become the legal framework on informal settlements when it went to Parliament in mid-2019, is still pending.

Other issues arise for Iraqi migrant labourers in Iran, Kuwait and elsewhere. They remain highly vulnerable, and are largely stranded in their host countries. In the immediate term, they will suffer from job losses, expired labour visas or residency permits, and strict quarantine measures. In the short term, their remittances—which peaked at over \$1 billion in 2017—will be substantially reduced, negatively affecting households in Iraq that rely on these funds for basic living costs.³³ In the longer term, the Government might not be equipped to provide such workers with financial support, adequate health care and other essential services to reintegrate into Iraqi society, in the event that they return to the country en masse.

World Bank simulations showing the impacts of lower income and higher food prices on poverty suggest a range of outcomes. A rapid recovery would make the increase in poverty a short-term shock, from which a large share of households would recover within 6 to 12 months as the crises ends and the economy restarts.³⁴ But there is a clear risk that temporary job losses will become permanent, and the newly poor will be trapped in long-term poverty. Under some models of income reduction and food price rises, the poverty rate could potentially double from around 20 percent to around 40 percent of the population.³⁵

Prior to the COVID-19 pandemic, estimates showed that close to 20 percent of the Iraqi population lived under the national poverty line of 110,881 dinars per month (approximately \$93.14)^{36, 37} and that 3.9 percent lived in extreme poverty (under \$1.25 a day).³⁸ A recently published assessment found that the pandemic could spur national poverty rates to go as

high as 31.7 percent.³⁹ Globally, approximately 10 percent of people live in extreme poverty. The number of extremely poor people living in fragile contexts is projected to grow by approximately 13 percent.⁴⁰

The COVID-19 crisis has created new risks and exacerbated existing ones for an already

vulnerable economy. Addressing myriad challenges would be an enormous task for the most dynamic and well-resourced of governments. In Iraq, the new Government represents an opportunity to tackle existing challenges, in tandem with and as solutions to the vulnerabilities emerging from the crisis.

V. ENVIRONMENTAL FRAGILITY

In the Arab region, Iraq is among the countries most vulnerable to climate change. It faces a unique set of environmental challenges. Natural and anthropogenic drivers of environmental degradation comprise climate change, oil spills, poor land and natural resource management, rapid population growth, urbanization and civil unrest. These have contributed to the loss of essential provisioning, supporting, regulating and cultural ecosystem services for livelihoods and communities.⁴¹ Examples of lost ecosystem services include rangeland vegetation to graze livestock, water catchment processes, flora and fauna biodiversity (including agricultural landraces) and cultural landmarks (such as the marshlands in southern Iraq).⁴² Overall, environmental degradation increases exposure and vulnerability to disaster risk.

Water is a key issue for Iraq, particularly given the decline of the Tigris and Euphrates rivers. Water security and agriculture depend on these transboundary rivers, both of which originate in Turkey, where riparian development is out of

Iraq's control and may affect overall water flow. Iran has spent the past few decades constructing dams impacting water security in the Kurdish⁴³ and southern parts⁴⁴ of Iraq.

The adverse effects of climate change combined with upstream infrastructure development will further undermine Iraq's precious marshlands ecosystem and the many livelihoods that depend on it. This will exacerbate unemployment, degrade the environment, increase rural to urban migration and informal settlements, deepen inequality and chronic poverty, and fuel transboundary tensions and domestic instability.⁴⁵ With agriculture an important source of livelihoods for 25 percent of the Iraqi population, ongoing environmental degradation and desertification will undermine food production and the sector's profitability. Unsustainable production and consumption patterns are seen in high energy intensity and low shares of renewable energy in the energy mix. These patterns threaten food, water and energy security.⁴⁶

COVID-19 is likely to increase environmental fragility

The direct impacts of COVID-19 on environmental fragility have not yet been fully studied and understood. Environmental improvements resulting from the COVID-19 response, such as lower greenhouse gas emissions, may be reversed by a rapid expansion of polluting economic activities once lockdown and other measures have ended, unless there is a clear focus on equity, environmental health and a just transition to a green economy. Some initial global trends that could play out in Iraq are as follows.^{47, 48}

- Guaranteeing global health security requires an all-hazards approach to preparedness, from infectious disease outbreaks, to extreme weather events, to climate change.
- Ensuring access to the environmental determinants of health, such as clean air, water and sanitation, and safe and nutritious food, is an essential protection against all health risks. The WHO estimates that avoidable environmental risks cause about a quarter of the global health burden.

- Early action saves lives. Delays in responding to clear evidence of threats, whether from pandemics or climate change, increases human and socioeconomic costs.
- Inequality is a major barrier in ensuring health and well-being, especially for the most vulnerable in society. Social and economic inequality manifest in unequal health risks. In Iraq, internally displaced people (IDPs) are particularly exposed to natural hazards and health risks, and are less able to adapt, absorb and recover from adverse circumstances, thus increasing their vulnerability.⁴⁹
- Investments in renewable energy or climate action policies may be delayed through the pandemic's impact on public and private budgets.

- COVID-19 has vastly increased the use of plastic—gloves and masks, plexiglass dividers in stores and offices, and disposable shopping bags. This adds to waste and pollution.

As the COVID-19 crisis evolves, it may increase environmental fragility in Iraq in ways including a rise in illegal fishing as some of the most affected groups no longer have the economic means to access food supplies. Declining production of agricultural and fisheries products may cause substantial growth in unemployment,⁵⁰ with the potential for extreme hardships for post-harvest processing workers in the agricultural and fisheries sectors, many of whom are women heads of households who have low incomes and no social safety nets.⁵¹

VI. POLITICAL FRAGILITY

In recent decades, Iraq's political system has been weakened by a concessional democracy system, with a sectarian quota that in principle should be good in a multi-ethnic and multi-sectarian country, but in practice has hampered meaningful governance reforms. Even at the subnational level, the country has not been able to finalize decentralization and governorate reforms, particularly within disputed areas. The post-war public sector suffers from a bloated public administration, limited accountability and transparency, and low efficiency. Levels of corruption are high, access to justice and the rule of law is limited, and public participation in governance processes is meagre.⁵² COVID-19 and the crash in oil prices heighten the importance of non-oil revenue, and could accelerate the drive to secure state assets and institutions across Iraq's provinces in order to control roads, checkpoints, border crossing points and local commerce. This in turn may compound corruption.

Growing discontent led to large demonstrations and clashes with security forces and armed groups in October 2019. These erupted across the central and southern population centres, leaving many dead or injured.⁵³ The protesters, many of whom were youth, demanded governance reforms, including early elections based on a modern election law, anti-corruption measures, access to quality essential services and decent livelihoods. On 7 May 2020, Iraq executed a peaceful transition of power with the confirmation of Mustafa Al-Kadhimi as the new Prime Minister. This came after a political deadlock left the country without an established Government for six months. As part of an ambitious reform programme, the Prime Minister stated that one of his first priorities is to address the COVID-19 pandemic and the demands of the demonstrators. The current Government has 18 months to act before the next elections, slated for the end of 2021, or potentially early 2022.

COVID-19 is likely to increase political fragility

A wide state-society trust gap remains the greatest challenge to Iraq's COVID-19 response and recovery efforts, including to effectively manage a possible second wave of the pandemic. Profound public distrust of the country's health system and non-health public service sector prevents people

from seeking treatment and help from public sector entities.⁵⁴ COVID-19 and the response to it are likely to exacerbate underlying drivers of social tension and conflict, and produce new vulnerabilities and tensions, such as stigmatization due to disease, loss of a broad cadre of trusted elderly leaders,

conflict around access to health care, and a new wave of displacement with ISIL increasing attacks during lockdown and exploiting opportunities for further recruitment. Further, limited access to quality public sector COVID-19 response services may empower non-formal institutions and non-state actors, which may aggravate existing deficits in state-society trust.

In the worst-case scenario, if the crisis continues unmitigated for 12 months or longer, widespread unrest could emerge as the social fabric and conflict mitigation systems break down.⁵⁵ Groups in areas already affected by low levels of social cohesion are highly likely to be disproportionately affected by COVID-19, as their resilience and coping strategies are weaker. If the crisis continues beyond six months, new tensions and vulnerabilities are likely to arise. Real-time monitoring of community tensions and grievances as well as indicators of social exclusion or discrimination are essential to address drivers of further instability as a matter of priority.

The current Government only has 18 months to respond to the complex challenges ahead. This limited time scale does not necessarily provide space to develop and enact needed policies. Other severe pressures come from a contracting economy and weak government effectiveness in staunching corruption and providing quality essential services in an efficient and safe manner. Exacerbation of the COVID-19 crisis through movement restrictions and the Government's minimal footprint could potentially result in cascading effects that heighten risks of political violence and instability.

Corruption cuts across several layers of Iraqi politics and society. The country ranks at 162 of 183 countries in the 2019 Corruption Perception Index.⁵⁶ Despite efforts to establish the institutional and legislative base to address corruption, it remains acute. In Iraq, as in many rentier states, subjective political criteria define the distribution of resource wealth to secure the loyalty of particular groups.⁵⁷ A National Democratic Institute survey⁵⁸ found that 82 percent of Iraqis were concerned or very concerned about corruption at the highest levels of the Government, and 83 percent perceived corruption to be getting worse. It appears clear

that corruption in state institutions is systematically undermining the general public's faith in the Government and destroying its legitimacy, worsening the broken state-citizen relationship.

Of particular relevance to the COVID-19 response is a 2012 survey undertaken by the United Nations, which showed that almost half of bribes are paid to speed up an administrative procedure, while a quarter are to receive a better quality service. In absolute terms, bribes are most often paid to nurses in public health facilities, public utilities officers and public officers.⁵⁹

Alongside state mechanisms, Iraqis often rely on tribal mechanisms, community leaders, local non-governmental organizations (NGOs) and community-based organizations, or other local figures to mediate disputes. COVID-19 is likely to undermine access to these due to movement restrictions, group limitations and government closure. The same constraints have already affected a number of local peacebuilding mechanisms, including mediation and reconciliation processes undertaken by the United Nations as well as NGOs and civil society groups, especially for the return of IDPs. With the spread of COVID-19 likely to exacerbate existing tensions and vulnerabilities within and between communities, there will be an increasing need for methods to resolve disputes peacefully.⁶⁰ Investing as early as possible in options for dialogue and peaceful dispute resolution would mean these methods could channel grievances and foster political participation, and provide an outlet for pressures that may otherwise boil over into violence.

The impact of COVID-19 on social cohesion is likely to be significant. Just when social capital—the networks of relationships among people who live and work in a particular society, enabling that society to function effectively—is most needed, the pandemic will considerably strain social cohesion, widening existing fault lines and creating new ones.⁶¹ Fractures in social cohesion pre-date COVID-19, and it is currently too soon to comprehensively assess pandemic impacts on social relations. But the Government and international community must pay close attention to these issues in an already

fragile post-conflict country.⁶² Regular monitoring and assessments are needed along with measures to strengthen social cohesion.

With the access of international organizations limited due to lockdowns and insecurity, civil society and local communities will make critical contributions to addressing social cohesion issues. Youth-led organizations and youth activists can play important and heightened roles in peacebuilding. Yet movement restrictions, a securitized approach to COVID-19 and a reduction in funding as the public health response takes precedence make it likely that support for social cohesion will suffer.⁶³

Public support for civil society has generally increased since the October 2019 protests. The perception that these groups are either beholden to ethno-sectarian agendas or lack capacity has declined. Groups have been active in public cleaning campaigns, food distribution and awareness raising, among other actions, indicating that civil society could have a significant part in the post-COVID-19 recovery. The Government has even called on civil society institutions, religious organizations and charities to assist in the pandemic response.⁶⁴ Lessons learned from the

Ebola response in West Africa affirm the vital role of civil society in providing information to citizens, fostering state-society relationships, promoting civic engagement and government accountability, and analysing data to understand the impact of government measures, and provide guidance on local norms and cultural aspects of the disease.

In Iraq, the surge in local civil society provision of aid to vulnerable families and advocacy for social solidarity, as well as other community-driven initiatives to combat COVID-19, creates an important space to foster and facilitate dialogue on existing and emerging issues. It could open scope to invest in trusted local community members to facilitate community entrance and engagement. For Iraqi civil society to seize this opportunity, however, and fulfil its potential in improving all aspects of democratic society, including voice and accountability, it must address several interrelated, pre-COVID-19 challenges. These relate to financial independence, participation and representation, the legal and institutional environment as well as engagement in democratic reforms and human rights issues.⁶⁵ All of these issues may be further complicated by the political, societal, economic and security dimensions of the COVID-19 crisis.

VII. SOCIETAL FRAGILITY

Successive wars and the ISIL occupation of large swathes of territory before its defeat in 2017 left the country short of much needed investments in essential infrastructure and services. The delivery of almost all services is impeded by a lack of infrastructure reconstruction and rehabilitation, and limited human capital. With some notable exceptions, health care, education, electricity, housing, water and other sectors cannot deliver quality services at pre-2014 levels or cope with Iraq's growing population. The nascent private sector is unable to fill the gaps.⁶⁶

Where some progress has been made, such as a decrease in the under-5 mortality rate and an increase in delivery by skilled birth attendants and institutions, significant disparities continue to

impair access to essential services, especially for the poorest and most vulnerable individuals and communities.⁶⁷

A large gap exists between social protection requirements and the State's ability to satisfy them, particularly with Iraq's vulnerable population expanding across demographic and economic groups and regions. The social protection system is challenged to respond to both increasing demand and growing risks. Currently, the system has four main schemes: the state-employee retirement system, social security for workers, the ration card system and the social protection network.⁶⁸ In practice, the reach of these programmes is limited. The pension system for state employees covers just over 46 percent of wage earners. Less than

5 percent of households are likely to receive the ration card system's full benefits.⁶⁹ Overall, social protection in some form covers only 17.3 percent of the poor,⁷⁰ amid mounting concerns that the COVID-19 pandemic could boost the poverty rate from 20 percent to 31.7 percent. An additional 5.5 million people would fall under the poverty line, for a total of 11.4 million.⁷¹

Iraq is especially at risk of outbreaks and epidemics of common, emerging and re-emerging communicable diseases due to underinvestment in services and infrastructure, war damages, poor management, corruption, poor-quality health services, and brain drain and years of emigration by doctors and health professionals. The same issues now apply to the COVID-19 crisis. The country reported its first confirmed cases on 22 February 2020 in Najaf. As of 27 July, 912,698 tests nationwide detected 10,032 positives (12 percent). Among people who had tested positive, 75,217 had recovered (68.3 percent) and 4,362 had died (3.96 percent).⁷² Infection was increasing as this paper was published.

The pandemic is challenging even much more robust health care systems in the world's developed countries. It could have devastating effects in Iraq. Insufficient investments in health sector institutions, capacities and technical equipment are already hindering the response. The Iraq Strategic Preparedness and Response Plan against COVID-19⁷³ was launched in March 2020 as the main government strategy to tackle the pandemic. Medium- to longer-term priorities related to health are expected in an update of the National Action Plan for Health Security finalized in 2019.

Water, sanitation and hygiene systems and services have seen significant damage as a result of war and the lack of rehabilitation. Although significant efforts have been made to restore services, the bulk of infrastructure is still either partially damaged, destroyed or otherwise in need of rehabilitation. This affects households' daily use of water,⁷⁴ especially outside the ISIL-liberated governorates and in the Kurdistan Region of Iraq. Across all governorates, 85.7 percent of households have access to water.⁷⁵ Safely managed water,⁷⁶ however,

is only accessible to 40 percent; around 24 percent have safely managed sanitation.⁷⁷ These shortfalls will impede containment of COVID-19.

Iraq's education system has significantly deteriorated over the last 40 years, declining in terms of access, equity and quality. Despite efforts to sustain the system, several years of crisis contributed to out-of-date policies and regulations.⁷⁸ Only 2.4 percent of children attend early childhood education, which implies that a large proportion lack readiness to enter primary school.⁷⁹ The primary school enrolment rate continues to be high at 91.6 percent, but there is a drastic reduction in net enrolment at the lower secondary level age (12 to 14 years) to 57.5 percent. The share is even worse at the upper secondary level, at only 33 percent.⁸⁰ Concerns around girls' safety on their journey to school and the introduction of practices such as early marriage have resulted in higher drop-out rates for girls, and their underrepresentation in primary and secondary schools.⁸¹ Recent alarms over the state of the education system have highlighted shortages of teachers and a lack of funding. Needs remain significant among at least 2.5 million children, including 775,000 children residing in and out of IDP camps.⁸²

Successive wars, civil unrest and years of economic sanctions, coupled with water scarcity, have stifled agricultural production in Iraq. Farmers face shortages of quality seeds and fertilizers, and livestock keepers are forced to sell or abandon their animals. Some have seen herds and flocks diminish from disease. More recent positive trends in the last two cropping seasons saw above average crop yields. The 2019 season achieved close to record cereal production, while the 2020 season saw wheat production rise 4.7 percent over 2019. The Government has placed import restrictions on 33 commodities to promote local production.⁸³

The 2019 yields went far in meeting domestic food needs in addition to the distribution of imported cereals channelled to vulnerable households through the Public Distribution System. While this system is not currently sufficient to meet all food needs of the Iraqi population, it has been key to maintaining and improving the food security of vulnerable people.⁸⁴ The latest estimates indicate that 1.77 million Iraqis need food security assistance,⁸⁵ with high food prices preventing many

poorer people from supplementing government rations with fresh, nutritious food. With food security deteriorating, large numbers of IDPs are putting an additional burden on host communities, in particular as a large share have fled towards cities in the Kurdish Region of Iraq.⁸⁶

The needs of IDPs overall, both in and out of camps, as well as returnees, remain high. As of April 2020, about 1.4 million people were still displaced as a consequence of the ISIL insurgency; 78 percent have been displaced for more than three years.⁸⁷ Among 4.7 million individual returnees, 11 percent have gone back to locations with poor living conditions that are not conducive to return, as of March 2020.⁸⁸ Many returns have triggered social tensions and grievances within communities,⁸⁹ but families and IDPs perceived to be affiliated with ISIL are increasingly stigmatized and targeted, as demonstrated in a number of areas across the northern and central governorates.⁹⁰ These same groups often have fewer avenues to

resolve such disputes, since they have less access to government or traditional structures for social support, mediation or governance.⁹¹

A lack of sustainable employment is the main challenge reported by displaced groups. It remains the root cause of protection issues, such as child labour and child marriage.⁹² IDPs in Iraq have one of the lowest labour force participation rates.⁹³ High shares of those living outside of IDP camps borrow money to meet their daily needs, which reduces their resilience and recovery options.⁹⁴

Close to 290,000 refugees live in Iraq, of whom 86 percent are Syrian and 14 percent originate from other countries.⁹⁵ The majority are housed in camps or host communities, a situation that continues to impose additional strains on day-to-day life both for refugees and host communities.

COVID-19 is likely to increase societal fragility

The impact of the pandemic on access to essential social services, in an already strained environment, is a major issue, especially for vulnerable households bearing the brunt of shocks. The pandemic is expected to weaken access to quality health services, exacerbating existing inequalities.⁹⁶ A recent survey reported that approximately 700,000 households faced challenges accessing health facilities.⁹⁷ As of June 2020, there were signs of restricted access to water, electricity and waste management services, among others.

The shortfalls will only grow if lockdown measures are prolonged or if the government budget and capacity become more strained. Social protection programmes are a significant budget item, representing 15 percent of the 2019 government budget, up from between 7 per cent and 12 percent from 2007 to 2015. Considering the macroeconomic challenges and restricted fiscal space from declining oil revenues, it is highly likely that these programmes will be curtailed, even though recovery will only be sustained and future crises mitigated if Iraq can progressively build temporary relief measures into comprehensive, shock-

responsive social protection systems, including social protection floors.⁹⁸ The ways in which the Government prioritizes fiscal expenditures will have a significant impact on accessibility to social services and social protection schemes.

Social protection

Since the outbreak of the pandemic, the Iraqi Government has provided one-off schemes such as the 'Minha' programme, which provides a temporary monthly grant to those affected by the nationwide curfew and other restrictions, with a focus on people working in the informal sector. Other schemes have included a three-month deferral of payments for loans from the Government's Housing Fund and from the Central Bank for medium, small and microenterprises.⁹⁹ These are standalone measures, however, and it is uncertain how they will address the longer term needs of the most vulnerable. With fiscal space shrinking and needs ballooning, alternatives will need to be sought to meet social protection needs. The Government will need to find ways to mobilize external resources to enhance access to affordable health care, close gaps in social

protection and extend financial protection. It must also take measures to support enterprises in retaining workers, thereby preventing unemployment, and to provide income security to unemployed workers, especially in the informal sector.¹⁰⁰

Food security

There are not yet clear indications of major food insecurity. The June 2020 update of the Humanitarian Response Plan states that “domestic cereal production is on track and that there are sufficient wheat stocks to cover its food needs at least until autumn 2020.”¹⁰¹ The Government has exempted farmers and other agriculture supply chain actors from movement restrictions, thus safeguarding food production. Food prices for basic commodities have stabilized following price increases in March and April, a spike associated with consumer hoarding practices at the onset of movement restrictions and curfews.¹⁰² Currently, the main concerns relate to price variations noted among governorates and across commodities,¹⁰³ which could affect the purchasing power of the most vulnerable groups. If the COVID-19 crisis continues, consumer hoarding of food products may restart at a much higher pace, particularly if this is also driven by a general lack of confidence in the Iraqi dinar and the subsequent decision to invest in goods, including necessary food products.

Recent data found that 93 percent¹⁰⁴ of surveyed households had acceptable food consumption scores. Of these, 14 percent resorted to negative coping strategies, with the majority relying on less expensive foods. Around 2 million households reported challenges in accessing markets due to travel restrictions.¹⁰⁵ Limited movement combined with the closure of shops, businesses and services, including financial institutions and government offices, resulted in layoffs and lost income, while raising concerns among people of increasingly not being able to meet basic food needs.

Displaced populations

A recent survey of returnees, refugees and IDPs across six governorates¹⁰⁶ found that 74 percent had difficulties meeting essential needs due to curfews,

lockdowns and other measures that reduced economic activity and have particularly impacted vulnerable groups, including casual and low-income workers. One primary concern has been the loss of jobs, with price increases for food and household items compounding these worries. In an April 2020 assessment, key informants in 88 percent of subdistricts reported that daily labourers, IDPs and older people¹⁰⁷ were more severely affected by the lockdown than others. These same concerns led 49 percent of respondents to refuse to take COVID-19 related measures such as social distancing, wearing masks and staying indoors.¹⁰⁸ Refugee needs across Iraq remain vast and similar to the ones of displaced groups, aside from their legal status.

Gender-based violence

Violence against women and girls, most notably domestic violence, has been consistently prevalent in Iraq,¹⁰⁹ with clear indications that the COVID-19 pandemic has now exacerbated the problem.¹¹⁰ This is due in part to women’s confinement and movement restrictions, which have also, given women’s societal responsibilities as caregivers, imposed additional burdens from domestic and family chores.

A recent survey found that 65 percent of gender-based violence service points reported an increase in one or more types of violence in their areas of intervention. They also reported an overall 50 percent reduction in response services.¹¹¹ The most vulnerable and at-risk groups included female-headed households, adolescent girls, underage mothers and families perceived as affiliated to extremist groups.¹¹²

Essential social services

Essential social services have been widely affected by measures to contain COVID-19. Suspension of classes and feeding programmes in schools will likely impact student retention, learning and nutrition. A lack of clean water and adequate sanitation services will make it more difficult to comply with COVID-19 hygiene measures prescribed by the Government. On a more positive note, most essential social services continue to function in IDP and refugee camps and areas with a high density of displaced populations, albeit at limited capacity.¹¹³

Health

In Iraq, where community and individual health are already severely challenged by conflict, displacement, concurrent disease outbreaks and frequent natural disasters, the added burden of COVID-19 is expected to be profound. Demographic factors, such as age and gender; population concentrations of IDPs and refugees; and poor living conditions are other factors to consider. Risks are compounded by a significant shortage of essential medical staff, medicines, medical supplies and equipment, which in some cases has made health care workers and security personnel highly vulnerable to COVID-19. A disproportionate effect on people 50 years of age and above has been obvious, as they accounted for close to 95 percent of deaths from the pandemic as of 13 July 2020.¹¹⁴

According to the Health Inform Index 2019, Iraq ranks poorly in access to health care, with a score of 6.5 out of 10.¹¹⁵ COVID-19 is expected to further weaken access to quality health services, particularly for vulnerable groups, which would exacerbate existing inequalities. The latest data for the Human Development Index indicate an overall loss of 19.8 percent in human development due to inequality in Iraq,¹¹⁶ with a 15.9 percent loss due to increasing inequality in life expectancy.¹¹⁷

In addition to direct impacts on individual and community health, COVID-19 has caused major disruptions to a variety of essential health services, as the priority has been to reduce the loss of life from the pandemic. As a result, immunization services have been interrupted or are suboptimal, for instance, increasing the risk of vaccine-preventable disease outbreaks. Reduced accessibility to health services and disruptions in wider health supply chains are likely to result in greater non-COVID-19 mortality rates. Loss of income due to the economic impact may further increase existing financial barriers to health care.

Education

School closures left all enrolled children and adolescents without access to learning. Some level of uncertainty still surrounds reopening. Closures have been particularly severe for more vulnerable groups, exacerbating existing inequalities. On the Human Development Index, the loss in human development due to pre-existing inequality in education was already 29.7 percent.¹¹⁸ The current generation could lose necessary life skills and tools to successfully navigate the transition to adulthood and sustainable livelihoods.

Water, sanitation and hygiene, and waste management

As the COVID-19 crisis evolves, water, sanitation and hygiene, and waste management shortfalls are expected to generate a number of impacts. These encompass difficulties in maintaining the required hygiene guidelines to contain and prevent the transmission of COVID-19 in households and health facilities, increased methane emissions from inappropriately disposed organic waste¹¹⁹ and inadequate disposal of the large volume of medical waste from COVID-19 treatments. A rise in unrecyclable waste leading to land, soil, air and water pollution could further undermine food security and coping capacities.¹²⁰

Access to justice

Due to the in-person nature of many judicial processes, the formal justice system may not effectively function in a shutdown. At the same time, restrictive measures to limit exposure to COVID-19 can disproportionately affect the rights of specific populations. This is likely to result in an upsurge in legal needs such as referral pathways for survivors of domestic violence; legal documentation for IDPs, refugees and migrants to access already scarce health and other essential services; justice pathways for workers facing unfair dismissals and unlawful furlough schemes; access to legal counsel for detainees; etc. Since lack of access to justice will propagate impunity and human rights abuses, practical action to ensure equal access with a specific focus on vulnerable and at-risk groups will be essential.

VIII. SECURITY FRAGILITY

Iraq struggles with protracted insecurity and political instability stemming from complex dynamics at the national and governorate levels, and interacting with instability at the regional and international levels. In the centre and north of the country, the rise and fall of ISIL has fragmented the state security sector into an increasingly unaccountable array of armed forces. This has given rise to reported abuse and violence against civilian and vulnerable populations, including IDPs. Despite Iraq's declared victory over ISIL in December 2017, and the decline in combat operations since the liberation, insecurity has remained constant throughout much of the previously occupied territories. Where there has been a generally sharp reduction in terror-related attacks against civilians and Iraqi Security Forces within population centres since then,¹²¹ small-scale attacks attributed to ISIL sleeper cells are reported almost weekly in certain governorates.¹²² By one estimate, ISIL still has between 14,000 and 18,000 members in Iraq and Syria.¹²³

Daily popular anti-government protests began in Baghdad and throughout the southern provinces in early October 2019, only to be halted by the COVID-19 outbreak. During that time, hundreds of protesters, mostly disadvantaged and marginalized youth, flooded the streets to call for access to jobs and services, an end to corruption and the removal of the existing Government. They were met by a violent crackdown, including by non-state actors, which left many protesters dead or injured.^{124, 125, 126}

COVID-19 is likely to increase security fragility

In April 2020, ISIL launched new offensives in Iraq and Syria as the COVID-19 pandemic distracted coalition and local security forces; ISIL also sought to energize fighters and followers to instigate bolder attacks.¹³¹ This happened while a large number of Iraqi security forces were redeployed to urban locations to impose curfews and assist with COVID-19 response efforts. Further opportunity came as coalition forces reduced counterterrorist activities and paused training missions

Following the resignation of the Cabinet in early December 2019, months of deadlock over the appointment of a new Prime Minister demonstrated the extent of divisions among political parties and the degree of external influence over Iraqi politics, and plunged the country into political uncertainty. After Mustafa Al-Kadhimi was confirmed as the new Prime Minister in 2020, he put forward an ambitious government agenda to protect peaceful protestors and prosecute groups responsible for their killing, tackle economic challenges, combat corruption, facilitate early elections through a new electoral law, reassert state control over non-state actors, and protect the sovereignty and security of the country.

Iraq's disputed internal boundaries remain points of contention between the federal Government and Kurdish regional authorities. Violence and insecurity in the past have resulted from disagreements over political, security as well as resource issues, not least due to vast oil and gas reserves in these areas. These issues are also affected by the presence of diverse ethnic and religious communities, and non-state security actors, as well as the interests of international and regional actors.¹²⁷

Other prominent concerns include escalating regional and global tensions that play out in Iraq through proxies. Tensions in north-east Syria have impacted Iraq's western border, adding to uncertainty and fragility.^{128, 129} Such crises may thrive under the COVID-19 pandemic and potentially create another long-term vector of contagion.¹³⁰

to avoid large gatherings of military personnel.¹³² ISIL seems to have lost significant popular support, however, and the newly appointed Prime Minister has vowed that paramilitary groups that threaten the rule of law will be brought to justice.¹³³ Such steps will be vital for the State to maintain control and avoid local armed groups competing with state security forces and with one another.

The mixing of the medical response and a securitized lockdown has created notable clashes among medical teams, police and citizens. The last are desperate to earn a living and feed their families. In many poor areas, such as in Baghdad and Basra, families are refusing to turn over family members, especially women, for quarantine as they feel it resembles a form of arrest. Perceptions of the securitized nature of the lockdowns appear to have further frayed relations between citizens and state security forces,¹³⁴ particularly in working-class neighbourhoods of major cities. While the local police have engaged more actively with communities in a non-confrontational manner (e.g., in Anbar and Ninewa),¹³⁵ this is not the case everywhere or with all law enforcement entities. It is vital to ensure that security forces enforce lockdown measures with respect for rule of law, human rights and human dignity, as not doing so is likely to stir more violent conflict.¹³⁶

The lack of trust between citizens and the State has led the former to avoid measures put in place by the Government in relation to COVID-19. This meant that stricter measures were adopted, such as curfews, and the police and other security resources brought in to enforce them.¹³⁷ For recovery and response measures to succeed, state-society relations, public buy-in and public trust will be essential, and need to be restored.

The crisis has posed myriad challenges to the justice system. Curfews and lockdown measures have interrupted day-to-day functions of the judiciary, judges, prosecutors and lawyers, leading to predictable postponements and delays, including in court hearings and case filling, as well as access to lawyers for persons detained for curfew breaches and other alleged offences. As the crisis erodes economic and social stability, and where a lack of access to independent justice opens doors to abusive behaviours and impunity, a functioning judiciary is more essential than ever. The COVID-19 response must involve appropriate local solutions to ensure due process and guarantee access to justice for all.

At the core of the dispute over internal boundaries is access to and ownership of economic resources, with a set of issues that directly relate to challenges to the rule of law. Kirkuk's oil reserves are among the largest of the country, representing a significant source of revenue; similarly, Makhmur and Sheikhan are rich in oil and gas. The conflict over control of the territories has been aggravated and polarized by nationalist claims and identity politics used by politicians and community leaders to rally citizens and justify territorial claims.¹³⁸ In such a situation, and given an ethnically heterogeneous society, a strong rule of law allows different ethnic groups to have confidence in and abide by the rules of society, and is associated with enduring peace.¹³⁹

Rising tensions between Iran and the United States of America as a strong ally of Iraq are occurring against a backdrop of uncertain relationships with neighbouring countries as well as anticipated negotiations on the presence of the United States. Iraq remains fragile to proxy wars,¹⁴⁰ making it less resilient to regional conflicts and the effects of COVID-19 in general.¹⁴¹ This raises the potential for renewed conflict, particularly as the capacity of the state security apparatus to have a monopoly over violence and control of territory can weaken, and the ability to respond quickly to security instability will be diminished.¹⁴² This will have concrete consequences in the other dimensions of fragility.

Should the pandemic not be contained in the short term, all of the security issues above, coupled with the looming economic crisis and potential delays in public sector salaries, and lack of social protection coverage for most employees, might adversely affect the integrity of law enforcement officers, rendering them open to influence by criminal groups.¹⁴³ This may erode the State's capacity and legitimacy, increase risks to the security of people and property,¹⁴⁴ and by limiting the ability to provide public goods and services, further entrench corruption.¹⁴⁵

The image shows the interior of a building that has suffered significant structural failure. The ceiling has collapsed, leaving a dense network of exposed, rusted steel reinforcement bars (rebar) protruding from the remaining concrete slabs. The concrete is crumbling and broken into large chunks. In the background, through the opening of the damaged structure, other buildings and a clear sky are visible. The overall scene conveys a sense of destruction and the need for policy recommendations regarding building safety and reconstruction.

IX. POLICY RECOMMENDATIONS

This paper has provided evidence that multiple crises currently unfolding in Iraq are likely to increase its overall fragility. The following policy recommendations could help to respond to these challenges.

ECONOMIC

1. Develop macroeconomic solutions based on social inclusion and leaving no one behind, and reaching the furthest behind first, moving beyond a traditional macroeconomic efficiency angle.
2. Support and invest in the informal sector (including medium, small and microenterprises) as the backbone of a diversified non-oil economy, and implement reform strategies to leverage the role of the private sector in spearheading economic growth and the provision of essential social services.
3. Develop COVID-19 containment measures (such as lockdowns) in ways that cushion livelihood losses among those who are most vulnerable. A pro-poor shutdown that enables the continuation of essential businesses and livelihoods, but prevents mass gatherings, could help the Government in leveraging limited health care resources for those who need them most.
4. Use the current moment to review options to diversify the economy and gradually move away from rentier State status.

ENVIRONMENTAL

1. Invest in the preparedness and capacities of environmental agencies.
2. Anchor special provisions in public policies to address the specific needs of displaced people and communities as groups disproportionately affected by environmental and health hazards.
3. Ensure that environmental sustainability measures are integrated at the onset of the COVID-19 response instead of waiting for the pandemic to pass.

POLITICAL

1. Catalyse greater efforts to establish a foundation for state-society trust through an enhanced social contract for Iraq. This can be done by strengthening accountability measures for public and private institutions; spearheading social and economic policies with a concrete impact on individuals and communities, especially the most vulnerable; and improving service delivery for citizens.
2. Ensure that the electoral process (including the Electoral Law) is perceived as fair and transparent, especially considering that early elections and their conditions were negotiated with civil society leaders key to the social movement unleashed at the end of 2019.
3. Implement anti-corruption measures to ensure accountability and transparency.
4. Address the grievances of demonstrators by bringing to justice those who perpetuated violence against them.
5. Foster an enabling environment for civil society to play its role, such as by participating in the development and implementation of government policies, upholding accountability measures and reaching the furthest behind, since civil society seems to have better and more direct access to these groups.
6. Invest in peacebuilding at the national and community levels to increase social cohesion by equitably addressing deep-rooted grievances.

SOCIETAL

1. Scale up the reach and efficiency of existing social protection programmes and investigate the options for social safety nets. Put a major focus on programmes that, at a minimum, provide a basic level of benefits to reduce vulnerabilities and minimize the impacts of shocks such as COVID-19.
2. Ensure that programmes directly target vulnerable groups disproportionately affected by the pandemic, such as women and children, IDPs and casual day labourers. Provide specific

support to programmes preventing gender-based violence and supporting survivors.

3. Support government and private-sector institutions to ensure that all Iraqis have access to essential social services, including for education, justice, water and health, including through specific outreach to the most vulnerable groups. Utility companies should work together to accommodate the provision of services in this period.
4. Ensure that the COVID-19 response does not detract from investment in a cross-section of essential health services as the lack of these could significantly boost morbidity and mortality rates.

SECURITY

1. Support global advocacy to temper regional dynamics and find neutral avenues to solutions for peace in Iraq and the region.
2. Support the Government in its agenda for reform in light of the demonstrations that began in 2019, and to mitigate further social unrest.
3. Increase investments in security sector reform to enable Iraqi security forces to more efficiently address risks posed by armed groups such as ISIL. Pair these with increased social spending at community level to diminish the prominence of ISIL.
4. Work with the Government to enforce lockdown measures that respect the rule of law, human rights and human dignity. Put the community at the centre, and support solutions that avoid impediments to due process, guarantee access to justice in cases of abusive behaviours and diminish impunity.

ANNEX I SCENARIO PLANNING

Three scenarios were developed to identify the best, worst and most likely developments related to the five fragility dimensions in Iraq over the next 18 months. These are the best possible guestimates based on information readily available at the time of writing this policy paper. Each scenario is explained below.

Best case scenario: Existing vulnerabilities will not be further exacerbated by the unfolding COVID-19 crisis, and will not lead to an increase in the needs of the most vulnerable groups.

Assumptions

1. The COVID-19 pandemic does not escalate into a second wave in the autumn.
2. A global recession is contained, thereby gradually increasing demand for global energy, reducing uncertainty and mitigating the effects of global excess oil supply.¹⁴⁶ This leads to a gradual increase in oil revenues, which averts further contraction of fiscal space and enables necessary investments to address key priorities arising from the COVID-19 pandemic.
3. An easing of regional tensions across Iraqi borders with Iran, Syria and Turkey reflects mitigated security and political tensions in Iraq, paving the way for the Government to increasingly focus on development priorities.
4. The Iraqi election scheduled for late 2021 or early 2022 takes place under a new election law, based on wide consensus among the majority of Iraqi factions, thereby meeting one of the basic demands of the demonstrators.¹⁴⁷ A new Iraqi Government is formed promptly after the parliamentary election.
5. The Government and civil society are on a gradual path to move from providing basic services to the population (e.g., early childhood survival, primary education and resilience to recurrent shocks) to providing better quality services, especially to vulnerable population groups (access to quality health care at all

levels, high-quality education at all levels and resilience to unknown new shocks).¹⁴⁸

6. Government effectiveness in addressing the direct consequences of the health crisis and in responding to the socio-economic needs arising from the pandemic is not significantly diminished by the strengthened roles of non-state actors and their foreign sponsors.¹⁴⁹
7. Inequalities within Iraqi society are not significantly exacerbated and return to pre-COVID-19 levels.

Most likely scenario: Existing vulnerabilities will be significantly exacerbated by the COVID-19 pandemic and its impacts in different sectors; this will weaken but not completely destabilize Iraqi society and the Government.

Assumptions

1. Uncertainty remains regarding the evolution of the COVID-19 pandemic with continued concerns regarding a potential escalation into a second wave in autumn.
2. Uncertainty regarding forecasts and indicators of a global recession keep demand for global energy below pre-COVID-19 levels,¹⁵⁰ thereby leading to a mild increase in oil revenues, but not to the level necessary to increase spending on key development and public service projects.
3. Regional negotiations stall, keeping regional tensions high and political factions tense. The focus is on trying to avoid unplanned escalation. Increasing political and security tensions distract the Government to some extent from fully engaging with key development priorities.
4. The Iraqi elections scheduled for late 2021 or early 2022 will most likely take place under an existing/new election law that does not achieve wide consensus among Iraqi factions, and only partially satisfies the basic demands of the demonstrators.¹⁵¹ Furthermore, regional and internal tensions delay formation of a new Government, raising mistrust among demonstrators and civil society.

5. The Government and civil society struggle to set a clear path from providing basic services to the population to providing higher-quality services (access to quality health at all levels, high-quality education at all levels, effective access to present-day technologies and resilience to unknown new shocks).¹⁵²
6. Government effectiveness in addressing the direct consequences of the health crisis is reduced by the strengthened role of non-state actors. While government effectiveness in addressing socio-economic needs arising from the COVID-19 crisis is weakened, non-state actors and their foreign sponsors are not provided space to fill the gap.¹⁵³ Humanitarian needs increase over pre-COVID-19 levels.
7. The pandemic worsens inequalities within Iraqi society, and the Government is challenged to address the demands that subsequently arise.

Worst case scenario: Existing vulnerabilities will be exacerbated due to a prolonged COVID-19 pandemic that includes a second wave in the autumn, with all aspects of life worsening among the most vulnerable groups.

Assumptions

1. The COVID-19 crisis escalates into a second wave in the autumn.
2. A global recession takes place, further reducing demand for global energy, coupled with uncertainty regarding future economic growth and global excess oil supply. This leads to a further reduction of oil revenues.¹⁵⁴
3. An escalation in regional tensions takes place by the end of 2020. This is reflected in exacerbated security and political tensions in Iraq, preventing the Government from focusing on key development priorities.
4. The Iraqi elections scheduled for late 2021 or early 2022 are indefinitely postponed, further fuelling demonstrations and raising tensions with civil society.

5. The Government and civil society are unable to meet needs for basic services, leading to a significant escalation of humanitarian needs.¹⁵⁵
6. Government effectiveness in responding to the direct consequences of the health crisis and in recovering from the socio-economic impacts is significantly weakened, while non-state actors and their foreign sponsors gain strength.¹⁵⁶
7. Inequalities within Iraqi society worsen and reach a critical level.

Creating linkages across dimensions

By looking at each dimension of fragility separately, it is difficult to capture the complexity of fragility, which is more than the sum of political, security, environmental, societal and economic fragilities. The methodology used here, by adopting the same criteria for scenario development across the five fragility dimensions, follows a coherent multidimensional approach.¹⁵⁷ Since the crisis has multiple interconnected dimensions (health, economic, several social aspects, environmental, political, security), decisions on the allocation of fiscal resources amid a contraction of fiscal space will require a systemic approach, rather than a sector-by-sector sequential approach.

Scenario			
Fragility	Best case: COVID-19 does not undergo a second wave, global recession avoided, oil revenues pick up, political and security tension ease, Government able to direct its efforts at developmental challenge	Most likely: fragilities and vulnerabilities exacerbated, but vulnerabilities of the most vulnerable groups are mitigated by the Government, valid until November	Worst case: second wave of COVID-19 in autumn leading to global recession and further loss of oil revenues, coupled with increased regional geopolitical tensions
Economic	<ul style="list-style-type: none"> • A fall in oil revenue is offset by a combination of external financing and debt relief from external partners, streamlining and reduction of government spending, and modest use of foreign exchange reserves to avoid triggering either political or macroeconomic instability. • The impact of lower government revenues on the provision of essential services is offset by new and more highly targeted social programmes that avoid an exacerbation of socio-economic vulnerability. • Government programmes and policies to support medium, small and microenterprises (loan forbearance, tax abatements, rent deferments, etc.) and informal/unemployed workers succeed in limiting widespread impacts such as unemployment. Idled workers are gradually reemployed. • The Government, with the support of the international community, enhances overall regulatory quality, and takes steps to improve Iraq's Doing Business indicators. This provides an enabling environment for enterprise creation and expansion of the private sector, and averts a high risk of closures among small and medium enterprises. 	<ul style="list-style-type: none"> • Moderate support for expenditure restraint, amid uncertainty regarding a global recession and regional geopolitical tensions, leads to fiscal deficits, but these are managed by the Government. There is some improvement in public financial management with international assistance, and potential Central Bank financing of the moderate deficit does not impact macroeconomic stability. A major loss of confidence in the Iraqi dinar is averted, but uncertainty continues to exert stress on the economy. • Revenue losses lead to expenditure reductions, but, with international support, core social spending is protected. Nevertheless, declines in social benefits start in year two. Non-state actors and their foreign sponsors, however, do not gain space to fill the gap. • High uncertainty related to COVID-19, global growth projections and regional negotiations keep the pressure on medium, small and microenterprises. Uncertainty in oil revenues limits government ability to effectively support these businesses. A new shock to them is averted by effective but limited government interventions, and civil society and international community initiatives. • Government measures are partially successful in reducing unemployment. Poverty and the food insecurity of vulnerable households increase, but with a prompt all-of-society response do not fuel further political and security fragility. • The Government develops policies and regulations to improve its regulatory quality. These face implementation challenges, however, due to uncertainty in regional geopolitical tensions, and economic growth forecasts. This worsens Iraq's Doing Business indicators, but not to the extent that it starts a significant new wave of closures among small and medium enterprises. 	<ul style="list-style-type: none"> • Amid rising regional and national tensions, the Government increasingly relies on rent distribution to secure loyalties. Since the Government is unable to build support for expenditure restraint, continued large fiscal deficits result. Minimal improvement in public financial management with limited multidonor assistance, and recourse to high levels of Central Bank financing of the deficit lead to the loss of macroeconomic stability in the second year. In turn, this produces a loss of confidence in the dinar, causing inflation, currency depreciation and falling real wages. • Revenue losses lead to expenditure reductions, including on core social spending, with real benefits significantly declining in the second year. The gap is filled by non-state actors and their foreign sponsors, further weakening state-society trust and social cohesion, and increasing the risk of conflict. • A second wave of COVID-19 and a global recession combined with heightened regional tensions further diminish oil revenues, leading to substantial depreciation of the exchange rate. Medium, small and microenterprises become even more financially fragile. Import-dependent firms lead a new wave of failures among small and medium enterprises. • An initial wave of unemployment affecting informal day labourers and employees of small and medium enterprises is not reversed. The Government is unable to prevent an exacerbation of poverty as increasing numbers of workers lose employment, especially in the second year. Lower employment worsens food security challenges, and feeds political and security fragility. • The Government is unable, even with outside assistance, to put in place policies and regulations to improve regulatory quality, which significantly worsens Iraq's Doing Business indicators. The enabling environment for enterprise creation is weakened further. The non-oil private sector shrinks, closures of small and medium enterprises skyrocket, and the rentier State is further entrenched with direct negative impacts on corruption and public service delivery.

Scenario	Best case:	Most likely:	Worst case:
Fragility	COVID-19 does not undergo a second wave, global recession avoided, oil revenues pick up, political and security tension ease, Government able to direct its efforts at developmental challenge	fragilities and vulnerabilities exacerbated, but vulnerabilities of the most vulnerable groups are mitigated by the Government, valid until November	second wave of COVID-19 in autumn leading to global recession and further loss of oil revenues, coupled with increased regional geopolitical tensions

Environmental	<ul style="list-style-type: none"> Environmental degradation and safeguards for agricultural production are addressed in key government policies and programmes to tackle risks. COVID-19 response and recovery measures enable IDPs disproportionately exposed to natural hazards, climate change and health risks to adapt, absorb and recover from the crisis. 	<ul style="list-style-type: none"> Key risks from environmental degradation and lower agricultural production are partially addressed by government policies and programmes. Moderate environmental degradation occurs, but without further jeopardizing scarce water resources and agricultural production and livelihoods. The disproportionate exposure and vulnerability of IDPs to natural hazards and pandemics is partially addressed by government policies and programmes, with the help of civil society. IDPs only partially adapt, absorb and recover from the COVID-19 crisis, thereby weakening state-society trust, ongoing stabilization efforts and social cohesion gains. 	<ul style="list-style-type: none"> Key risks from environmental degradation and lower agricultural production are not addressed by government policies and programmes. Severely vulnerable groups resort to unsound and unsustainable environmental practices to secure water, food, shelter and waste management. In addition, the Government prioritizes maximizing rent-seeking revenues at the expense of the environment. The disproportionate exposure and vulnerability of IDPs to natural hazards and pandemics is not promptly and efficiently addressed by government policies and programmes. IDPs are unable to adapt, absorb and recover from the COVID-19 crisis. This weakens state-society trust, and increases the likelihood of a significant deterioration in stabilization and social cohesion gains.
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Scenario	Best case:	Most likely:	Worst case:
Fragility	COVID-19 does not undergo a second wave, global recession avoided, oil revenues pick up, political and security tension ease, Government able to direct its efforts at developmental challenge	fragilities and vulnerabilities exacerbated, but vulnerabilities of the most vulnerable groups are mitigated by the Government, valid until November	second wave of COVID-19 in autumn leading to global recession and further loss of oil revenues, coupled with increased regional geopolitical tensions

Political	<ul style="list-style-type: none"> The state-society trust gap is addressed in a multistakeholder fashion, partly through investing in improved public services, contributing to the creation of a new social contract between citizens and the State. Iraq's rent-seeking institutions are reformed/kept under control partly as a result of reduced regional geopolitical tensions, thereby contributing to a renewed social contract between citizens and the State. The prompt easing of the COVID-19 crisis, coupled with increased oil revenues, allows renewed options for dialogue and peaceful dispute resolution, channels for grievances and participation in political processes, all of which act as outlets for pressures. Reduced regional tensions and reduced inequalities in access to essential public services further improve the situation. Movement restrictions and a securitized approach to COVID-19 with potential for damaging social cohesion promptly end as the pandemic eases, and regional tensions are significantly reduced. Improved state-society trust, reduced regional tensions and an improved social contract allow civil society to have a more participative and central role in public life. In turn, it can fulfil its potential role in the COVID-19 response. 	<ul style="list-style-type: none"> The state-society trust gap remains the same given the inability to invest in improved public services due to uncertainty in the unfolding COVID-19 crisis, limited rent revenues and regional geopolitical tensions. Iraq's rent-seeking institutions cannot be effectively mitigated, in view of uncertainty in the regional political situation and COVID-19 systemic risks. Uncertainty regarding the COVID-19 crisis, coupled with limited oil revenues, closes space for dialogue and peaceful dispute resolution. This uncertainty is compounded by regional geopolitical tensions, with associated impacts on security and political stability in Iraq. The potential for movement restrictions and a securitized approach to COVID-19 to damage social cohesion continues to be managed in a reactive and ad hoc manner. Civil society challenges are exacerbated, but civil society continues to fulfil its role in the COVID-19 response. 	<ul style="list-style-type: none"> The state-society trust gap is significantly exacerbated due to a lack of funding for investment in public services, driven by a global recession, dwindling oil revenues and increased regional geopolitical tensions that spill over into Iraq. This affects political and security fragilities, worsening the social contract and increasing sectarianism. Iraq's rent-seeking institutions become more prominent and entrenched in view of rising regional tensions and dwindling state revenues The space for dialogue and peaceful dispute resolution during the COVID-19 crisis is extremely limited due to factors such as a second wave of the pandemic occurring in the autumn, global recession, a further fall in oil revenues and exacerbated regional geopolitical tensions. Movement restrictions and a securitized approach to a second wave of COVID-19 are detrimental to social cohesion. The effects are not sufficiently mitigated by multistakeholder support in view of weakened state-society trust and increasing regional geopolitical tensions. Civil society challenges are exacerbated through rising national and regional tensions, hindering civil society from fulfilling any meaningful role during the COVID-19 crisis.
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Scenario			
Fragility	Best case: COVID-19 does not undergo a second wave, global recession avoided, oil revenues pick up, political and security tension ease, Government able to direct its efforts at developmental challenge	Most likely: fragilities and vulnerabilities exacerbated, but vulnerabilities of the most vulnerable groups are mitigated by the Government, valid until November	Worst case: second wave of COVID-19 in autumn leading to global recession and further loss of oil revenues, coupled with increased regional geopolitical tensions
Societal	<ul style="list-style-type: none"> Higher demand for social protection services is met, meaning that access to non-COVID-19 quality health services, water and sanitation, justice and education is not significantly impacted. This averts an exacerbation of inequality as measured by the Human Development Index and in terms of horizontal inequalities. The socio-economic vulnerability of IDPs and returnees as well as gender inequality (including gender-based violence) are not exacerbated by government programmes and policies. The COVID-19 crisis and related containment strategies have negative global impacts on people along the food supply chain. Iraq's major trading partners continue to export to it, however, allowing the Government to continue to support food safety net programmes such as the Public Distribution System. Access to non-COVID-19 essential health services is not significantly impacted. This averts an exacerbation of inequality as measured by the Human Development Index and in terms of horizontal inequalities. 	<ul style="list-style-type: none"> Higher demand for social protection services due to the COVID-19 crisis is coupled with low oil revenues that impact government expenditure. Demand is only partially met by government policies and programmes. This worsens unemployment in the private, seasonal and informal sectors, and constrains access to non-COVID-19 quality health services, water and sanitation, justice and education. It leads to a rise in the Gini index, horizontal inequalities and human rights abuses, and a moderate rise in violence against girls and women, but not to levels that threaten political stability and social cohesion. Increased socioeconomic vulnerability among IDPs and returnees is only partially mitigated by COVID-19 response and recovery measures. This leads to rising social inequalities in unemployment, housing and access to essential services. State-society trust suffers, but non-state actors and their foreign sponsors do not gain space to fill the gap. Iraq's major food-trading partners maintain critical exports. Food safety net programmes are weakened, however, due to reduced oil revenues affecting Iraq's ability to purchase commodities. This does not significantly increase the likelihood of instability and conflict. Access to non-COVID-19 quality health services is impacted, particularly for the most vulnerable groups. This exacerbates horizontal inequalities, but without affecting stabilization and social cohesion gains. 	<ul style="list-style-type: none"> Higher demand for social protection services due to the COVID-19 crisis is coupled with diminishing oil revenues that impact government expenditure, and cannot be met by Government policies and programmes. This significantly undermines the existing social protection framework, leading to worsening unemployment in the private, seasonal and informal sectors, as well as to gaps in access to non-COVID-19 quality health services, water and sanitation, justice and education. A rise in the Gini index and horizontal inequalities, and escalating violence against girls and women ensue, with detrimental effects on stabilization and social cohesion gains, increasing the likelihood of conflict and violence. The socioeconomic vulnerability of IDPs and returnees significantly worsens due to the COVID-19 crisis. Rising social inequalities result, further eroding state-society trust. Non-state actors and their foreign sponsors seize the opportunity to fill the gap, recruiting vulnerable individuals, particularly youth. Iraq's major food-trading partners are unable to maintain exports, significantly impacting food safety net programmes that are already weakened due to diminishing oil revenues. Food security is further threatened by food hoarding practices due to a second wave of COVID-19 and the loss of confidence in the Iraqi dinar. The Government is unable to improve the food security of low-income families and those whose livelihood depends on daily and seasonal employment. This erodes state-society trust, and increases the likelihood of instability and conflict. Access to non-COVID-19 quality health services significantly worsens, particularly for the most vulnerable. This deepens horizontal inequalities and deficits in state-society trust, with detrimental effects on stabilization and social cohesion gains.

Scenario			
Fragility	Best case:	Most likely:	Worst case:
	COVID-19 does not undergo a second wave, global recession avoided, oil revenues pick up, political and security tension ease, Government able to direct its efforts at developmental challenge	fragilities and vulnerabilities exacerbated, but vulnerabilities of the most vulnerable groups are mitigated by the Government, valid until November	second wave of COVID-19 in autumn leading to global recession and further loss of oil revenues, coupled with increased regional geopolitical tensions
Security	<ul style="list-style-type: none"> The redeployment of large numbers of security forces to impose curfews and assist with COVID-19 response efforts is short-lived. This, coupled with prompt government action to swiftly address emergent security gaps, suppresses a resurgence of militant group attacks. Lockdowns are practised with utmost respect for rule of law, human rights and human dignity, thereby avoiding an increase in the risk of violent conflict, and improving the likelihood that COVID-19 recovery will succeed. Challenges to the justice system, rule of law and government effectiveness are counterbalanced by key government policies and programmes to prevent impediments to due process and access to justice for all. These also ensure that different ethnic groups have confidence in and abide by the rules of society, thereby averting a worsening situation and instability in areas with disputed internal boundaries. Despite rising regional tensions, the new Government, with international support, succeeds in forging formal alliances. Iraq therefore avoids being the site of proxy wars, and improves its resilience to regional conflicts and to the effects of the COVID-19 crisis in particular 	<ul style="list-style-type: none"> The redeployment of large numbers of security forces to impose curfews and assist with COVID-19 response efforts is not short-lived. The Government is challenged to effectively address emergent security incidents, leading to a resurgence of militant group attacks that is condemned by Iraqi society and does not lead to an escalation of violence. Lockdowns are not practised with sufficient respect for rule of law, human rights and human dignity, thereby increasing violent incidents and altercations between citizens and security forces. This decreases the success rate of COVID-19 recovery and response measures. The challenges to the justice system, rule of law and government effectiveness are not fully counterbalanced by key government policies and programmes. Non-state actors and their foreign sponsors, however, do not gain space to fill the gap. Deterioration in rule of law practices increases tensions among different ethnic groups, but these do not escalate into violence and armed conflict. Stalled regional negotiations cast a shadow over plans for the new Government to forge formal alliances, driving continued uncertainty in the political, economic and security dimensions of fragility. 	<ul style="list-style-type: none"> The redeployment of large numbers of security forces to impose curfews and assist with COVID-19 response efforts is not short-lived. The Government is unable to effectively address emergent security incidents, which leads to a full resurgence of and attacks by militant groups. Lockdowns lead to increases in violent incidents and altercations between citizens and security forces with significant human rights breaches. This results in a complete breakdown of relations between citizens and security forces. The challenges to the justice system, rule of law and government effectiveness are not counterbalanced by key government policies and programmes. The confidence of different ethnic groups in the State and security is further eroded. Non-state actors and their foreign sponsors take the opportunity to fill the gap. Rising regional geopolitical tensions prevent the new Government from forging formal alliances. This exacerbates proxy wars in Iraq as well as its fragility to regional conflicts and the effects of COVID-19.

ANNEX II OECD 2018 FRAGILITY FRAMEWORK FOR IRAQ¹⁵⁸

ECONOMIC FRAGILITY

Iraq is experiencing severe fragility in the economic dimension. Indicators contributing to poor performance include: 'regulatory quality', 'women in labour force' and 'not in employment, education or training (NEET)'. These areas merit greater attention to improve Iraq's performance in this dimension. Iraq performs moderately to well on the following indicators: 'remoteness', 'education', 'males in labour force', 'food security', 'socio-economic vulnerability', 'GDP growth rate', 'unemployment rate', 'aid dependency', 'general government gross debt' and 'resource rent dependence'.

Indicator	Iraq
severe ●●●●● minor	
Overall ⓘ	●
Remoteness ⓘ	●
Regulatory quality ⓘ	●
Education ⓘ	●
Males in labour force ⓘ	●
Women in labour force ⓘ	●
Food security ⓘ	●
Socio-economic vulnerability ⓘ	●
GDP growth rate ⓘ	●
Unemployment rate ⓘ	●
Aid dependency ⓘ	●
NEET ⓘ	●
General government gross debt ⓘ	●
Resource rent dependence ⓘ	●

ENVIRONMENTAL FRAGILITY

Iraq is experiencing high fragility in the environmental dimension. Indicators contributing to poor performance include: 'rule of law', 'government effectiveness', 'uprooted people' and 'natural hazard exposure'. These areas merit greater attention to improve performance. Iraq performs moderately to well on the following indicators: 'food security', 'core civil society index', 'prevalence of infectious disease', 'environmental health' and 'socio-economic vulnerability'.

Indicator	Iraq
severe ●●●●● minor	
Overall ⓘ	●
Rule of law ⓘ	●
Food security ⓘ	●
Core civil society index ⓘ	●
Government effectiveness ⓘ	●
Prevalence of infectious disease ⓘ	●
Uprooted people ⓘ	●
Environmental health ⓘ	●
Natural hazard exposure ⓘ	●
Socio-economic vulnerability ⓘ	●

POLITICAL FRAGILITY

Iraq is experiencing high fragility in the political dimension. Indicators contributing to poor performance include: 'voice and accountability', 'political terror', 'regime persistence' and 'perception of corruption'. These areas merit greater attention to improve performance. Iraq performs moderately to well on the following indicators: 'decentralized elections', 'restricted gender physical integrity value', 'judicial constraints on executive power' and 'legislative constraints on executive power'.

Indicator	Iraq
severe ●●●●● minor	
Overall ⓘ	●
Decentralised elections ⓘ	●
Voice and accountability ⓘ	●
Restricted gender physical integrity value ⓘ	●
Judicial constraints on executive power ⓘ	●
Legislative constraints on executive power ⓘ	●
Political terror ⓘ	●
Regime persistence ⓘ	●
Perception of corruption ⓘ	●

SOCIETAL FRAGILITY

Iraq is experiencing severe fragility in the societal dimension. Indicators contributing to poor performance include: 'voice and accountability', 'gender inequality', 'uprooted people', 'horizontal inequality' and 'urbanization growth'. These areas merit greater attention to improve performance. Iraq performs moderately to well on the following indicators: 'access to justice', 'core civil society index' and 'Gini coefficient'.

Indicator	Iraq
severe ●●●●● minor	
Overall ⓘ	●
Access to justice ⓘ	●
Core civil society index ⓘ	●
Voice and accountability ⓘ	●
Gini coefficient ⓘ	●
Gender inequality ⓘ	●
Uprooted people ⓘ	●
Horizontal inequality ⓘ	●
Urbanisation growth ⓘ	●

SECURITY FRAGILITY

Iraq is experiencing severe fragility in the security dimension. Indicators contributing to poor performance include: 'rule of law', 'government effectiveness', 'formal alliances', 'armed security officers per 100,000', 'battle-related deaths per capita (log)', 'impact of terrorism', 'violent conflict risk' and 'level of violent criminal activity'. These areas merit greater attention to improve performance. Iraq performs moderately to well on the following indicators: 'restricted gender physical integrity value', 'control over territory', 'police officers per 100,000', 'deaths by non-state actors per capita' and 'homicide rate'.

Indicator	Iraq
severe ●●●●● minor	
Overall ⓘ	●
Restricted gender physical integrity value ⓘ	●
Rule of law ⓘ	●
Government effectiveness ⓘ	●
Formal alliances ⓘ	●
Control over territory ⓘ	●
Armed security officers per 100 000 ⓘ	●
Police officers per 100 000 ⓘ	●
Battle-related deaths per capita (log) ⓘ	●
Impact of terrorism ⓘ	●
Violent conflict risk ⓘ	●
Deaths by nonstate actors per capita ⓘ	●
Level of violent criminal activity ⓘ	●
Homicide rate ⓘ	●

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