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UNITED NATIONS DEVELOPMENT PROGRAMME

DEVELOPMENT FUTURES SERIES

MARCH 2021

UNDP Global Policy Network Brief

Putting Fragility at the Center of Iraq's Recovery from the COVID-19 Pandemic and the Oil Crisis

by Zena Ali Ahmad and Barbara-Anne Krijgsman¹

In a post-COVID-19 Iraq, it will be impossible to achieve the Sustainable Development Goals (SDGs) or an inclusive development trajectory without tackling the multiple dimensions of fragility in the country. The fragility landscape in Iraq is challenging at best with all dimensions scoring on the high end of the scale. There is a strong imperative to work across the humanitarian, development and peace (HDP) nexus with UNDP as Fragility Integrator, together with all stakeholders, to sustainably address priority drivers and their effects on the social contract and ensure no one is left behind. This policy brief provides recommendation of how to create the enabling environment towards a fragility-based post-COVID-19 recovery.

Fragility occurs over a spectrum of intensity and all countries and societies exhibit fragility at some point and to some extent. In extremely fragile contexts, however, such as in Iraq, the various drivers of fragility are continuously fed to create a perfect and continuous storm. At the same time, capacities and systems for resilience have continuously been depleted instead of being built up over the decades. As a result, a simple shock is sufficient to pull institutions and swaths of the population in a downwards spiral of poverty and inequality, increasing the likelihood that the pool of people left behind will significantly augment. Overall, if not addressed, fragility exacerbates humanitarian needs, decreases the likelihood of sustained peace and reverses development gains over time.

Although the COVID-19 virus does not discriminate, the measures that are taken to contain it do. The pandemic is hitting the world's poorest and most vulnerable people hardest, with significant implications for marginalised groups, as well as women and girls. Prior to the pandemic, estimates showed that by 2030, as many as two-thirds of the world's population would live in fragile and conflict-affected settings. Prior to the pandemic, these settings saw significant increases in poverty rates, while non-fragile settings saw poverty decline steadily, to about 5 percent.² UNDP estimates that COVID-19 could drive the number of people living in extreme poverty globally to over 1 billion by 2030, with a quarter of a billion pushed into extreme poverty as a direct result of the pandemic.³ It is expected that these numbers will be highest in fragile contexts.

In the Arab region, the economic output is estimated to have contracted by 5.0 percent in 2020 with only modest recovery anticipated for 2021 and 2022. This is even more pronounced in some of the region’s conflict countries which are anticipated to experience an estimated 13 percent economic contraction. Overall, the pandemic is expected to increase the number of people below the \$5.50 per day poverty line in the region by tens of millions by the end of 2021.⁴

Iraq is no exception: the past year has not been just plagued by COVID-19, but also by political turmoil and a significant drop in oil revenue due to diminished economic activity linked to the global pandemic. A recent study found that, as a result of the pandemic and its associated socio-economic impacts, losses to jobs alongside rising prices have caused the national poverty rate to climb to 31.7% from 20% in 2018.⁵ This means that approximately 4.5 million Iraqis (or 11.7% of the population) are anticipated to have been pushed below the poverty line in 2020. As shown in UNDP’s Socio-economic Impact Assessment policy paper series,⁶ these

complex multiple shocks will impact not only specific sectors but also have long-term repercussions for socio-economic development in the country. The series further advocates that to Build Forward Better, policies and programmes catalysing recovery must address the drivers of multi-dimensional crises and lay the foundation for a people-centred and equitable recovery. Ultimately, in a post COVID-19 Iraq, it will be impossible to meet the SDGs and attain an inclusive development trajectory without tackling fragility and its main drivers.

This Policy Brief is a continuation of the discussion UNDP Iraq started with its Fragility Paper “*The Impact of the Oil Crisis and COVID-19 on Iraq’s Fragility*” (Arabic version) which was published in August 2020. It looks at the concept of “fragility” in Iraq and its centrality to socio-economic recovery, drawing on evidence-based analysis to link research to development practice. As such, this brief is future-oriented and provides policy recommendations on how to address fragility in Iraq’s post-COVID-19 recovery.

I. State of Fragility in Iraq

UNDP Iraq framed its fragility analysis using the five fragility dimensions of the Organisation for Economic Co-operation and Development (OECD). This framework presents a clear multidimensional perspective based on the idea that fragility is a combination of risks and coping capacities across various dimensions and recognizes that each country has its own unique combinations of risks and coping capacities.

Figure 1: The multidimensionality of Fragility in Iraq



Source: UNDP. 2020. *Impact of the Oil Crisis and COVID-19 on Iraq’s Fragility*.

The fragility landscape in Iraq is challenging at best with all dimensions scoring on the high end of the spectrum, as figure 2 indicates

Iraq's economic and social development trajectory has been overshadowed by conflict and turmoil in recent decades, and the impact of COVID-19 is expected to worsen the status quo. With Iraq's fiscal position dramatically worsened and the basic needs of the population increasing, the socio-economic conditions are deteriorating. For one, the pandemic has impacted income, employment and poverty, with indications of rising social inequalities. Iraq's private sector employees are at much greater risk of falling into poverty than those who work in the public sector, particularly in low-income work and the informal sector, as well as female-headed households; social safety nets are insufficient to address the increasing basic needs of the most vulnerable groups in society; and social cohesion could be further affected if it is perceived that some groups receive more support from the Government than others.

Efforts to move away from fragility and recover from COVID-19 can be achieved only through a strong state-society trust. In the case of Iraq, this should include an enhanced social contract based on a participatory process that strengthens accountability and transparency measures for public and private institutions; spearheads social and economic policies with a concrete impact on individuals and communities, especially the most vulnerable; and improves service delivery for citizens. Strengthening the social contract between citizens and the State should be the baseline for Iraq's recovery.

Addressing these structural challenges and making additional investments to protect against economic and societal vulnerabilities in the face of COVID-19 will be crucial to end the twin crises of the pandemic and the fall in oil revenue faced by Iraq,

Figure 2: Severity of Fragility in Iraq



Source: UNDP. 2020. Impact of the Oil Crisis and COVID-19 on Iraq's Fragility.

Note: The level of fragility for the Societal dimension was downgraded from "severe" to "high" in the new 2020 States of Fragility Report by the OECD, which differs from the original UNDP Iraq report.

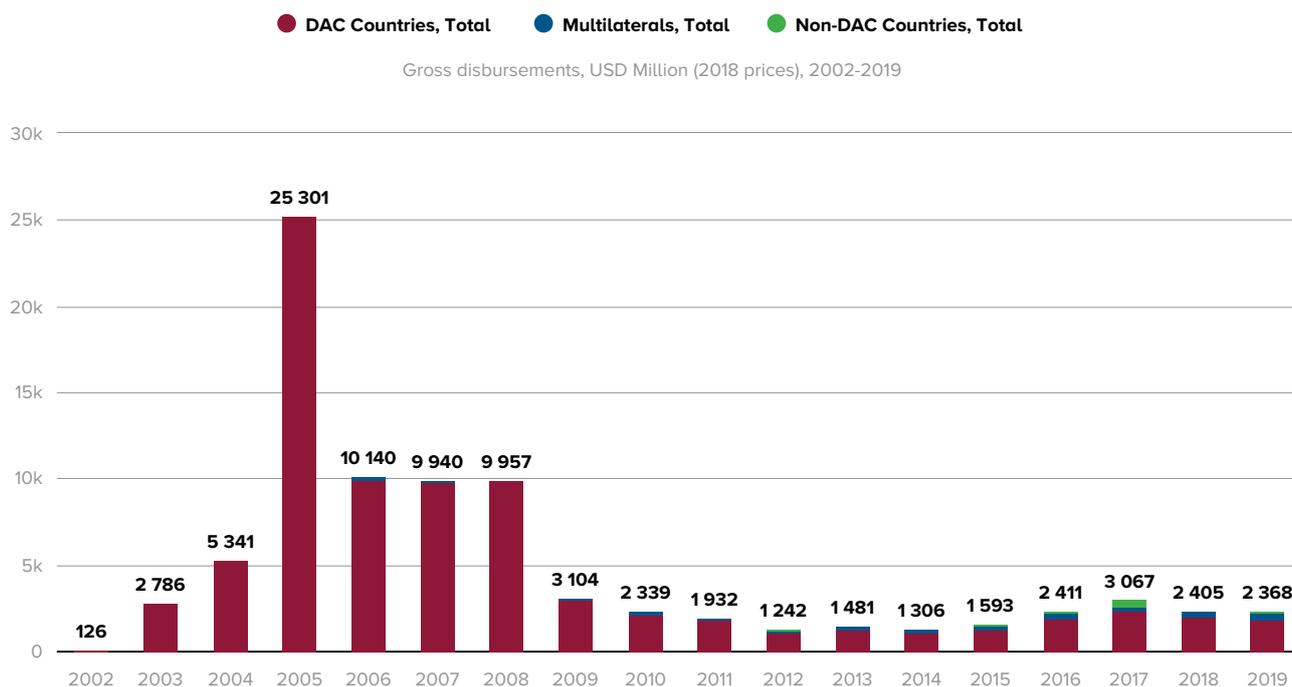
yet it is clear that there will be little fiscal space to do so. As a result, other dimensions of fragility that have been weak and have similarly worsened as a result of the pandemic — notably environmental and security dimensions — will be ever more difficult to address with further fiscal constraints.

A separate examination of each dimension of fragility, however, renders it difficult to capture the complexity of fragility, which is more than the sum of political, security, environmental, societal and economic fragilities. To be sure, a successful development intervention requires a clear understanding of the multidimensional drivers of fragility. In the case of Iraq, this includes their interconnectedness as well as their reaction to shocks and stresses. This understanding must be at the heart of all strategies and programmes.

II. What does a fragility based post-COVID-19 recovery approach in Iraq mean in practice?

1. **UNDP as Fragility Integrator.** Using its convening power, **UNDP must position itself as a Fragility Integrator across the development, humanitarian and peacebuilding pillars.** In country, this should be done through its presence in the capital, where ways to overcome fragility can be concretely reflected in the strategies and programming to support the national Government. This Integrator function should also trickle down to the governorate level through engagement in joint data sharing, collection, analysis and program collaborations based on comparative advantage. Such initiatives should be encouraged and supported at the capital level. Needs for such approaches will vary per Governorate due to their socio-economic standing.
 - a. For the United Nations Systems specifically, the currently envisaged update of the Common Country Assessment (CCA) should provide an entry point for a multidimensional analysis building on key fragility drivers. The United Nations Sustainable Development Cooperation Framework (UNSDCF), the Iraq Country Strategic Preparedness and Response Plan Against COVID-19 (SPRP) and the United Nations Socio Economic Response Plan (SERP) should demonstrate such complementarity in their analyses and priorities. The same considerations apply to the Humanitarian Response Plan (HRP) and its Humanitarian Needs Overview (HNO) and any peacebuilding engagement strategy in country. Ideally this policy coherence should include and be sought after by development partners, IFIs, NGOs and the government.
 - b. For the Government, the development of the current National Recovery Strategy is the opportunity to establish a multidimensional approach that focuses on key drivers of fragility and their impact on the overall social contract.
2. **Focus on the building blocks for a strong social contract.** Strategies, plans and related analysis should focus on key drivers of fragility and their effects on the social contract. This should support the understanding of the correlation and/or causal relations between these and should also identify entry points for support. The success of such work often depends on national ownership, and so major agents of change need to be brought on board.
3. **Policy coherence across the humanitarian-development-peace spectrum.** There is a **strong imperative to work across the humanitarian, development and peace (HDP) nexus** with all stakeholders to sustainably address priority drivers of fragility across dimensions for post-COVID recovery. This should be based on comparative advantage and through complementary interventions as well as joint planning and analysis (see point 6).
 - a. For the United Nations Systems specifically, the currently envisaged update of the Common Country Assessment (CCA) should provide an entry point for a multidimensional analysis building on
4. **Forge strategic partnerships with key HDP actors in country.** Leverage how ODA is invested in Iraq by key HDP actors. This is crucial, considering that the bulk of ODA in the country flows through bilateral aid programmes and not through the multilateral system. Figure 3 shows that, in 2019, the multilateral system received only 20 percent of the USD2.2 billion invested in Iraq.⁷ Further analysis indicates that, since 2015, humanitarian investments significantly outweigh development investments which indicates that key drivers of fragility are highly insufficiently addressed.⁸ Key partners in this respect would be the top 5 bilateral donors to Iraq, being the United States, Japan, Germany, the EU and the United Kingdom⁹ as well as IFIs (including the Islamic Development Bank). Large NGOs should be considered not only as implementing partners but also as strategic partners.

Figure 3: Iraq ODA by donor



Source: OECD. 2020. *States of Fragility: Iraq*. Paris.
<http://www3.compareyourcountry.org/states-of-fragility/countries/Iraq>

Note: The increase in funding from 2015-2017 can be attributed to the rise of ISIL.

5. Joint planning and programming to address the multidimensional aspects of fragility

- a. **Establish the evidence base through joint data and analysis.** Data collection and analysis must take place across the dimensions of fragility and identify ways to mitigate composite risk. In practice, this means that: 1) fragility or conflict assessments need to be an integral part of HDP analysis and planning, 2) efforts need to be made to facilitate data compatibility to ensure that findings can be compared across dimensions, and 3) lessons learned need to be reported to enable a stronger evidence base to addressing the key drivers of fragility.

- b. **Joint assessments.** As Integrator, UNDP should advocate for and facilitate joint needs assessment across the HDP pillars as a way to better identify opportunities for complementary strategies and programming. Joint Programmes should be multi-dimensional programmes that span fragility dimensions, address key fragility drivers and examine the connectors between the different dimensions of fragility.

6. **Operational systems need to adapt to multi-dimensional strategies and programming.** Financing mechanism that supports a multi-dimensional approach across the HDP nexus spectrum.

III. How has UNDP Iraq integrated fragility in its response?

In light of the above, UNDP Iraq has originated a number of steps to address or integrate fragility through initiatives such as the following:

1. Launch of a number of joint analyses with other UN agencies such as:

- a. The Socio-Economic Impact Analysis series focuses on a number of fragility dimensions to yield a deeper understanding of the impact of the COVID-19 pandemic and key fragility drivers. The studies were undertaken in collaboration with other UN agencies.
- b. The Stabilisation Forecast was published together with IOM to provide insights on some key drivers of fragility over a 6-month period.

2. Integration of a fragility approach in strategies, plans and programming such as:

- a. Anchoring national recovery frameworks such as the Government of Iraq National Recovery Plan and the United Nations Socio-Economic Recovery Plan in a multidimensional analysis and prioritising key vulnerabilities.
- b. Launch of a process for a Reimagined Social Contract with the aim to identify fundamental issues of Iraqis for a strengthened Social Contract and how to catalyse it.
- c. Launch of a large-scale Durable Solutions strategy with IOM and joint programme with UN Agencies and non-governmental

- d. Spearheading of a UN system wide approach to address the needs of specific vulnerable groups such as the families with perceived affiliation to ISIL to ensure an integrated, joint and principled approach for these specific fragile groups.

3. Fragility-based multi-dimensional UNDP programming launched such as:

- a. The Stabilization approach which UNDP has been implementing is multi-dimensional and was designed as a set of holistic interventions across fragility dimensions working to safeguard against targeted drivers of fragility such as, amongst others, risk of violent conflict, government effectiveness, socio-economic vulnerability, and gender inequality. This builds on the premise that stabilisation priorities and needs fall across the humanitarian, development and peacebuilding spectrum and therefore need an HDP nexus approach.
- b. Are-based programming and implementation has been developed, integrating stabilization, livelihoods, municipal strengthening, social cohesion and security sector reform while mainstreaming sustainability considerations (human rights, gender, and climate change) to reduce fragility.
- c. All programming is currently informed by a comprehensive conflict analysis that highlight drivers of fragility. All programme staff have been trained on the methodology.

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