

Request for proposals

Qualitative research on the barriers faced by workers and firms in accessing social security in Federal Iraq and Kurdistan Region of Iraq

Background

The total labour force of Iraq is estimated to be around 9 million workers¹, with a total labour force participation of 49% in Federal Iraq and 40% in the Kurdistan Region of Iraq (KRI)². Significantly, female labour force participation in Iraq is estimated at 20%³. Jobs in the **public sector** are estimated to account for some 39 percent of the labour force, and can be considered as a form of social security due to the strong job security and generous social insurance to which workers in the public sector are entitled. Yet the public sector requires significant federal budget (approximately 40% of the Kurdistan Region of Iraq (KRI) government budget is dedicated to paying worker wages⁴) which is very high by global and regional standards. In turn, the sector is considered relatively unproductive and employs few young workers.

The **private sector** on the other hand is estimated to account for roughly 40 to 50 percent of the total labour force⁵, a large share (40%) of which are estimated to be self-employed. In recent years, the private sector has not been able to absorb the large number of young labour market entrants, which results in high levels of youth unemployment levels – indeed, while national unemployment rates stand at 16%, youth unemployment reaches 36%⁶.

In the private sector economy, oil contributes over half of GDP, but employs only 1 percent of the labour force – mainly in the formal sector. Instead, construction represents the largest employment sector, followed closely by agriculture in which many of the 20% percent of economically active women work. Both sectors are largely **informal**. Indeed, while there are no recent accurate estimates of informal sector employment in Iraq, the latest World Bank reports suggest that some two-thirds of workers in Iraq are likely to be informal⁷. In particular, women with low levels of education and skills are often self-employed and concentrated in typically informal private sector activities.

Informal work is characterised by decent work deficits, including low wages, limited rights at work, and weak job and income protection. These deficits have been clearly demonstrated by the disproportionate impacts of the COVID-19 crisis, as a recent study found that workers without contracts or on verbal contracts (and therefore likely to be informal) were more likely to have seen a reduction in working hours – and thereby income - than those on written contracts⁸.

One of the decent work deficits relate to the limited social security coverage for private sector workers. Indeed, only some 600'000 private sector workers are registered with the Department of Pensions and Social Security for Private Sector Workers (DPSS), which means that between 84 and 87 percent of private sector workers are not registered with the social security scheme in the country. Even here, there is a lack of information about the extent to which registered workers and their employers effectively contribute to social security and are therefore entitled to the benefits currently provided under the scheme.

¹ European Asylum Support Office (2019), *Country of Origin Information Report Iraq: Key Socio-Economic Indicators*, EASO

² ILO (2017), *IRQ – ILO – ILO Estimates and Projections – ILO Modelled Estimates, July 2017*, ILO and Kurdistan Regional Statistics Office (2018), *Estimated Impacts of the 2014 Twin Crises in Iraq*, KRSO

³ ILO (2017), *IRQ – ILO – ILO Estimates and Projections – ILO Modelled Estimates, July 2017*, ILO

⁴ European Asylum Support Office (2019), *Country of Origin Information Report Iraq: Key Socio-Economic Indicators*, EASO

⁵ IMF (2017), *Iraq – Selected Issues: IMF Country Report 17/252, August 2017*, IMF

⁶ World Bank (2018), *Jobs in Iraq: A Primer on Job Creation in the Short-Term*, World Bank

⁷ World Bank (2017), *Iraq: Systematic Country Diagnostic*, World Bank and World Bank (2018), *Jobs in Iraq: A Primer on Job Creation in the Short-Term*, World Bank

⁸ Kebede et al (2020), *Rapid Assessment of the Impact of COVID-19 on Vulnerable Populations and Small-Scale Enterprises in Iraq*, ILO and FAFO

The Social Security Law No. 39 of 1971 establishes the provisions of the Social Security System for private sector workers in Iraq. This currently largely covers wage employees, and provides relatively limited benefits, with employers remaining liable for maternity, work injury and disability, and no unemployment benefit. However, the Draft Social Security Law is currently in parliament which will extend both the provision and legal coverage of the social security scheme. Indeed, the Draft Law envisages the coverage not only of self-employed workers, but also informal workers, and will effectively establish maternity, work injury and disability benefits, as well as an unemployment benefit.

This Draft Law represents a key milestone bringing Iraq closer to meeting the ILO's Social Security (Minimum Standards) Convention. However, de facto coverage of currently unregistered workers will not be achieved without sustained, concerted and proactive efforts. Extending coverage of social security to informal workers is not only crucially important to address the decent work deficit and ensure the income protection of a large share of the Iraqi workforce, it also represents a key instrument in the re-establishment of a social contract to promote future peace and social cohesion. Iraq is also currently experiencing a "demographic window of opportunity", as youth represent a large share of the population. Extending social security coverage to the large informal workforce can therefore also contribute to bolstering the fiscal position of the social security scheme.

Context of the assignment

The Government is strongly committed to extending social security coverage to informal workers, as exemplified by the legal extension of coverage under the Draft Social Security Law to informal workers. The ILO has committed to providing technical support to the Government of Iraq in these efforts as part of the *Social Protection Programme: Leveraging Effective Response and Accelerating Reform*. Understanding the determinants behind the lack of social security in the informal economy is essential to develop policy solutions to extend coverage, but there are currently significant gaps in the evidence on the characteristics of informal workers, and on the barriers they face in accessing social security.

Thus, to ensure that efforts to extend coverage are based on robust evidence, the ILO has several ongoing activities to fill the evidence-gap on these issues, including:

- The ILO concluded an informality diagnostic which shed light on the legal (and to some extent practical) barriers faced by workers and employers in the formalisation process, and mapped the range of governmental and non-governmental actors involved in this process as well as relevant policy approaches.
- A Labour Force Survey will be published in the coming months, data for which was collected in 2021.
- An assessment of the institutional capacity of the DPSS to implement the reforms introduced in the Draft Social Security Law is planned.

This assignment will complement the Informality Diagnostic by providing further evidence on barriers to access to social security specifically.

Objectives and scope

The overall objective of the assignment is to generate evidence on the social security needs of informal workers and the barriers they face in registering with, contributing to, and accessing entitlements from the Social Security Scheme for Private Sector Workers.

The assignment will cover three specific employment sectors, with a particular focus on one employment type within each, namely:

- Own-account or family workers, as well as casual workers in the agricultural sector: the agricultural sector represents the largest employment sector in rural Iraq and is typically an intractable sector to which to extend social security coverage, not least because of the seasonality of work and the high prevalence of own-account or family workers in the sector. In Iraq, the agricultural sector is also a large employer of women, together with the services sector. Covering the agricultural sector will therefore also provide an opportunity to identify the barriers faced by women workers in accessing social security.
- Casual workers in the construction sector: along with the agricultural sector, the construction sector represents one of the largest employment sectors in the country and will continue to do so in the medium term as World Bank estimates from 2018 of the cost for reconstruction post-conflict rises to US\$88 billion⁹. This sector is largely dominated by male workers. As with the case of agriculture, social security coverage in the sector is typically hard to achieve, particularly due to the often-complex sub-contracting arrangements, a high level of casual labour, and a wide variety of occupations. The construction sector is also characterised by a relatively high risk of work-injury. With the introduction of Work Injury Benefits in the Draft Social Security Law, extending coverage to this category of workers will be a key priority.
- Self-employed workers in the retail sector: the Draft Social Security Law will, for the first time, extend the de jure coverage of the Social Security Scheme to self-employed workers. As self-employed workers are not currently entitled to access the social security system, it would be important to understand the key characteristics of self-employed workers to be able to identify effective and sustainable approaches to ensuring their registration and continued contribution to the scheme.

The same research is expected to be conducted both in Federal Iraq and in KRI.

Tasks and Outputs

The consultant(s)/consultancy firm is expected to complete the following tasks and outputs:

1. Draft and submit **an inception report** outlining proposed research methodology for the qualitative data collection, including data collection tools.
2. Conduct **qualitative data collection** (focus-group discussions and in-depth interviews) with workers, self-employed workers and employers in the three sectors as outlined above across both KRI and Federal Iraq. A minimum of 80 FGDs and IDIs are expected, divided between the categories of respondents outlined in the table below. Bidders are invited, however, to present adjustments with a clear justification for the total number of interviews proposed.

		Federal Iraq	KRI
Construction	Employers	X	X
	Workers	X	X
Retail	Self-employed	X	X
Agriculture	Own account/ family workers	X	X
	Casual workers	X	X
	Employers	X	X

⁹ World Bank (2018), *Iraq: Reconstruction and Investment*, World Bank

3. Conduct **analysis** of the qualitative data and compile detailed and structured research findings in 6 **research notes** (3 sectors X 2 regions) in English.

Timeline

The assignment is expected to be completed within the following timeframe.

Activity / Output	Timeline/Deadline
Inception phase	Week 1 – 2
Data collection and analysis	Week 3 – 11
<i>Research notes submission</i>	<i>End of week 11</i>

Required background qualifications, experience and competencies

The consultant(s)/consultancy firm should have the following experience, expertise and competencies:

- Proficiency in English, Arabic and Kurdish.
- Extensive qualitative research experience in the area of social security in Iraq (both Federal and KRI) as demonstrated by publications.
- Higher university degree or above (PhD preferred)
- Very good knowledge of relevant stakeholders involved in the formalisation process in Iraq (Federal and KRI).
- Familiarity with the ILO and its mandate, and the ILO’s Social Security (Minimum Standards) Convention 102.
- Proven ability to analyse complex national social security issues and data sets; to deal with multiple stakeholders and to prepare reports and publications of a high quality, technically sound.
- Ability to work together with international experts as well as convene local data collectors.

Technical and financial proposals for this assignment are to be sent by email to Ms Nathalie Both (bothn@ilo.org) and Mr Firas Alkaram (alkaram@ilo.org) by June 23rd 2022, with the subject line “Qualitative Data Collection for Policy Papers”.