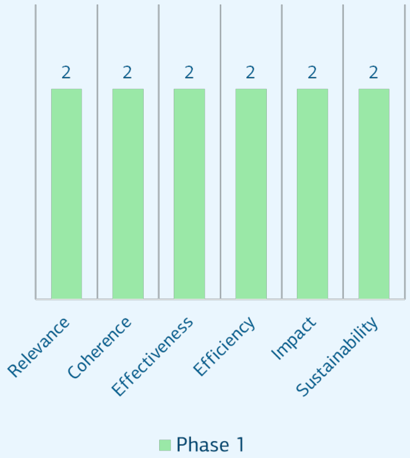
Ex-post evaluation
Economic reconstruction, Iraq

Title	Economic reconstruction through employment and revitalisation of the local economy
Sector and CRS code	73010 Short-term reconstruction
BMZ number	2018 49 587
Commissioned by	Federal Ministry for Economic Cooperation and Development
Recipient and executing agency	International Organisation for Migration
FC financing volume and instrument	EUR 10.0 million; budgetary grant
Project duration	2018-2020 **Reporting year** 2025 **Year of random sample** 2024

Overall rating

successful



1: very successful – **6:** completely unsuccessful

Project objectives and implementation

The objective at the outcome level was to promote employment in selected project areas. The objective at the overarching development policy level was to contribute to the economic revival of Iraq. The measures included a cash-for-work programme to provide short-term financial support to those in need, and vulnerable households were to benefit from vocational training and on-the-job training. In addition, small and medium-sized enterprises received investment grants. This was intended to contribute to the creation of short-term, medium-term and long-term employment. The target group was internally displaced Iraqis, refugees returning voluntarily from abroad and vulnerable residents of Iraqi host communities.

Key findings

The project is considered successful. The following points were particularly relevant for the appraisal:

- The project was well coordinated with UN initiatives, government institutions and Technical Cooperation, including a coordination mechanism to avoid duplication and promote synergies (coherence).
- The concept correctly identified the core problem of low employment as an obstacle to economic recovery and provided for a sensible portfolio of components to include various target groups. Unfortunately, the special promotion of women was not taken into account from the project beginning, so that the target of a 30 per cent share of women in the respective components was not achieved (relevance/effectiveness).
- The objectives were achieved and 800 jobs were created. In addition, the project contributed to the preservation of 835 further jobs (effectiveness).
- The EDF component in particular, but also the ILA component for promoting long-term jobs, show initial signs of sustainable structures (sustainability).

Conclusions

- To adequately promote women's participation, it is necessary to consistently consider the potential gender impact from the outset.
- Supporting small and medium-sized enterprises (SMEs) can be a key factor in creating sustainable jobs.
- Surveys of target groups as part of a monitoring system or mid-term evaluation can demonstrate the use and usefulness of the project, thus enabling evidence-based implementation.

Contents

List of abbreviations

BMZ	Federal Ministry for Economic Cooperation and Development
BSP	Business Support Package
CfW	Cash-for-Work
DAC	Development Assistance Committee
EDF	Enterprise Development Fund
EPE	Ex-post evaluation
EUR	Euro
FC	Financial cooperation
FC E	FC Evaluation
GDP	Gross domestic product
GIZ	German Society for International Cooperation
HDI	Human Development Index
IDP	Internally displaced persons
ILA	Individual Livelihood Assistance
ILO	International Labour Organisation
IOM	International Organisation for Migration
IQD	Iraqi dinar
KfW	Kreditanstalt für Wiederaufbau
MoLSA	Ministry of Labour and Social Affairs
MoMD	Ministry of Migration and Displacement
MoP	Ministry of Planning
MP	Module proposal
MV	Module proposal
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
OJT	On-the-job training
PA	Project appraisal
PCR	Final completion report
PP	Project proposal
SME	Small and medium-sized enterprises
TC	Technical cooperation
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USD	US dollar

Overview

General conditions and classification of the project

After the end of the Iraq War in 2011 with the withdrawal of US troops from Iraq, armed conflict broke out in 2014 between the central government and the so-called Islamic State (IS). In 2015, the Iraqi army and the *Syrian Democratic Forces* were able to push back IS. In 2019, the last areas occupied by IS were also liberated.

The project aimed to promote the reconstruction of the country after the armed conflict and the accompanying humanitarian crisis by creating jobs and supporting the local economy. The lack of employment opportunities is a major obstacle to development in Iraq. The project was implemented in regions with a high number of internally displaced persons, returnees and people in need. The main aim was to create medium to long-term income opportunities for the target group. However, short-term employment measures were also financed.

Brief description

To contribute to Iraq's economic recovery by creating jobs and stimulating the global economy, measures were put in place to secure and/or create long-term, medium-term and short-term employment. The target group benefiting from these measures included Iraqi internally displaced persons, refugees voluntarily returning from abroad and vulnerable residents of Iraqi host communities.

As part of this project, the Cash-for-Work (CfW) programme provided short-term financial support to 1,131 people to alleviate poverty and/or debt among vulnerable beneficiaries and their families. In addition, vulnerable households were strengthened by providing 1,924 individuals with individual income assistance (ILA) through vocational training, on-the-job training (OJT) and support in setting up or expanding micro-enterprises. In addition, 150 small and medium-sized enterprises (SMEs) received financial support through the Enterprise Development Fund (EDF), resulting in the creation of 800 long-term jobs.

Breakdown of total costs

	Phase 1 (plan)	Phase 1 (actual)
Investment costs (total) in EUR million	10,0	10,0
Own contribution in EUR million	0,0	0,0
External funding in EUR million	10,0	10,0
of which BMZ funds in EUR million	10,0	10,0

Table 1: *Breakdown of costs*

Map of the project region

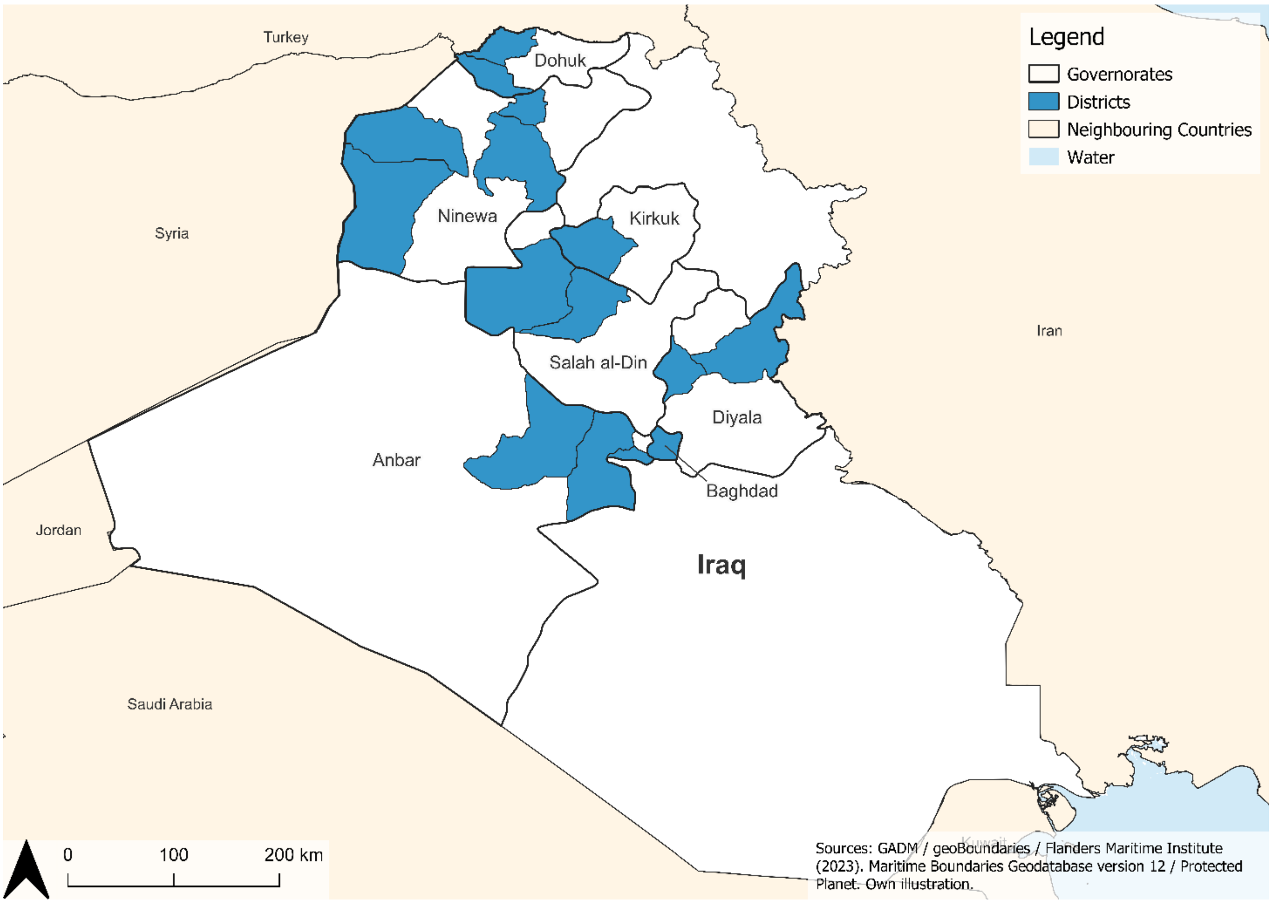


Figure 1 *: Caption*
Source*: Muster, Max (2025)*

Project-specific strengths and weaknesses of the project

The strengths include in particular:

- The project achieved or even exceeded most of its target indicators.
- The implementation was of high quality and a monitoring system with target group surveys made it possible to assess the satisfaction of the target groups.
- A mid-term evaluation enabled evidence-based management of the project/programme.
- Good coordination with UN initiatives and government institutions, as well as a coordination mechanism, prevented overlaps with other donors.
- Good coordination with TC made it possible to exploit synergies and also avoid overlaps.
- Meaningful allocation of funds to three differentiated measures to meet the various needs of the target groups.
- Support for SMEs proved to be a key factor in creating sustainable jobs.
- The EDF was successfully established and expanded both in terms of content and geography in the subsequent project phases.

The weaknesses include in particular:

- The focus on women was not taken into account from the outset, but was corrected well after the project had started, with the result that the target proportion of women of 30% was not achieved; gender impact potential was not fully exploited.

- CfW measures only have a short-term effect and are of limited sustainability, as no sustainable professional skills were taught.
- Pure qualification measures (ILA) show no demonstrable direct effect on employment opportunities.

General conclusions/lessons learned

- To sufficiently promote the participation of women, it is necessary to consistently take gender impact potential into account from the project design.
- Supporting small and medium-sized enterprises (SMEs) can be a key factor in creating permanent jobs.
- Surveys of target groups as part of a monitoring system or mid-term evaluation can demonstrate the use and usefulness of the project, thus enabling evidence-based implementation.
- The EDF component in particular had a broad impact, as the approach was also introduced in other countries (impact).

Assessment according to OECD DAC criteria

Relevance

1. Alignment with policies and priorities

The project was part of the special initiative "Addressing the root causes of migration and reintegrating refugees". The aim of the special initiative was to improve living conditions in the countries of origin to reduce migration and offer people prospects in their home countries. The various measures of the initiative, including economic development, were implemented by various partner organisations, including the FC, and aimed to find both short-term and long-term solutions to the challenges of migration. The special initiative was part of the BMZ's comprehensive strategy on migration and flight. This strategy aims to develop holistic solutions for migration and flight and comprises several key approaches, which are reflected in the project structure. With the proposed objectives of the project/programme's measures, namely short-, medium- and long-term employment promotion for economic reconstruction and the definition of the target group as internally displaced persons, returnees and people in need, the project was in line with the BMZ's objectives.

In terms of planning and objectives, the project contributed to two of the six relevant quality characteristics of the BMZ, namely 1) human rights, gender equality and inclusion, and 3) poverty reduction and reduction of inequality. The latter is illustrated by the creation of short-term, medium-term and long-term employment measures, which are an important component of poverty reduction strategies. The former can be derived from the right to a dignified life, which includes the right to an adequate income. By subsequently integrating a focus on women, the measure also contributed to gender equality and the inclusion of women within the target group.

Iraq has various national development plans aimed at economic growth and employment. These development plans include measures to support SMEs, as they play an important role in creating jobs and promoting economic growth. These objectives and measures are also reflected in the project/programme.

2. Alignment with the needs and capacities of stakeholders and beneficiaries

The project identifies internally displaced persons, returnees and vulnerable population groups as its target group. The development policy needs of these target groups are diverse. In addition to various other components such as security and protection, access to basic services, reconstruction and infrastructure, social integration and participation, economic support is one of the most important pillars. Many internally displaced persons and returnees have lost their sources of income, and the economic situation in the return areas in the post-conflict period has a negative impact on their opportunities to earn a sustainable income. In view of this economic fragility, economic support programmes, such as access to finance, training and employment promotion, are necessary to improve the economic situation. The project builds on these identified needs of the target group.

The supported communities were selected based on the following criteria: 1) severity of living conditions in the community, 2) concentration of internally displaced persons (IDPs), and 3) concentration of returnees. The project also used various indices to select the appropriate communities, including the Return Index and the Fragility Index[1] of the International Organisation for Migration (IOM), to ensure that conflict-affected areas and population groups that were highly vulnerable due to socio-economic and displacement-related factors were specifically targeted. The aim was to identify communities where support measures were most needed and where project activities would have the greatest impact.

The target group consisted of internally displaced Iraqis, refugees returning voluntarily from abroad, and vulnerable residents of Iraqi host communities that are home to particularly large numbers of internally displaced persons and returnees. A large part of the target group belongs to poorer segments of the population. Within the target group, priority was given to people in need with the best chances of finding employment that is sustainable in terms of sustainability, especially in areas with large numbers of internally displaced persons or returnees. Marginalised groups such as young people, minorities and people with disabilities were given special consideration. From 2020 onwards, the focus on the inclusion of women in the project was strengthened and the target group was adjusted in favour of women. For the CfW component, local community groups assisted in selecting the appropriate municipalities to ensure that local knowledge contributed to directing funds to the areas most affected.

The allocation of available funds to staggered measures was sensible and tailored to the different needs of the target groups: the CfW component was easily accessible and served a short-term need for liquid financial resources. The Individual Livelihood

[1] The IOM Return Index is a tool that considers various factors to perform an appraisal of the possibilities and conditions for migrants to return to their countries of origin. It considers aspects such as security, economic conditions, human rights, political stability and social integration to provide a comprehensive picture of the prospects for return.

The IOM Fragility Index is a tool for appraising the fragility or vulnerability of states or regions. It analyses various factors such as political stability, security, economic conditions and social tensions that can influence a country's stability and development (IOM, 2023).

Assistance and Enterprise Development Fund components targeted employment promotion measures and grant-based financing for small businesses, thus meeting medium- and long-term financial needs.

3. Appropriateness of design

The overall objective of the programme/project was to contribute to Iraq's economic recovery. When looking at the reconstruction of a country after a war from a purely economic perspective, employment promotion is a key pillar that contributes to the economic reconstruction of a country. It helps to reduce unemployment, increase household income and boost purchasing power, thereby stimulating demand for goods and services.

Job creation was one of the top priorities for reconstruction after the 2003 invasion. Surveys conducted by Oxford Research International in 2004 showed that most Iraqis considered unemployment to be a serious problem (Matsunaga, 2019). The project thus correctly identified the core problem of low employment rates.

The CfW, ILA and EDF measures were aimed at providing short-term financial support (CfW) and medium- and long-term employment promotion (ILA and EDF). In this respect, the project was intended to contribute both to a short-term increase in purchasing power and to long-term employment promotion, with the declared goal of creating 800 jobs. Consequently, various approaches to employment promotion were conceptually selected as instruments to contribute to the economic reconstruction of Iraq. To tailor the design and respective approach of these measures as effectively as possible, IOM conducted a total of 18 labour market analyses in the target regions (not part of the project/programme). The results of these labour market analyses helped to tailor the ILA components and EDF grants specifically to each target region. The project was based on a limited sustainability requirement, with short-term and non-systemic interventions.

The reconstructed target system in Figure 2 is verifiable insofar as indicators were formulated at the outset, remained unchanged throughout the project period and were subject to appraisal at the end. It should be noted, however, that most of the original indicators must be assigned to the output level and not to the outcome level.

4. Adaptability – response to change

Between October 2019 and March 2020, massive protests took place in Iraq, leading to a change of government. These protests were directed against corruption, poor governance and the inadequate provision of public services. The change of government had no significant impact on the project, which continued to operate in the affected communities. In 2020, access to certain project areas became even more difficult as tensions between Iran and the United States increased, leading to sporadic military attacks on Iraqi soil. As a result, several activities had to be temporarily suspended to mitigate security risks. Overall, however, the project was able to cope well with these challenges, so that no adjustments to the schedule or objectives were necessary.

However, the schedule had to be adjusted in response to the COVID-19 pandemic: from March to August 2020, the Iraqi government imposed strict nationwide restrictions on mobility and gatherings. These restrictions made operating conditions more difficult for small and medium-sized enterprises and exacerbated the overall economic situation in Iraq.[2] In response to these restrictions, the project revised its implementation methods and digitised the announcement, application and selection processes as far as possible. Thanks to the project/programme's rapid response and the swift adjustments made, the schedule only had to be extended by three months at no extra cost.

[2] IOM Mid-Term Evaluation Report: Together with the Food and Agriculture Organisation of the United Nations (FAO) and the International Trade Centre (ITC), IOM Iraq conducted another study in the second half of 2021 to better understand the impact of the Covid-19 pandemic on small and medium-sized enterprises (SMEs). Published in December 2020, the study surveyed 893 SMEs in 15 governorates (Anbar, Babylon, Baghdad, Basrah, Diyala, Dohuk, Erbil, Karbala, Kirkuk, Missan, Najaf, Ninewa, Salah al-Din, Sulaymaniya and Thi-Qar). The results of the study showed that approximately half of the SMEs surveyed had to reduce their production by an average of 50%. While revenues from medical services had risen significantly, most other sectors recorded average profit declines of 32%. This had a direct impact on the employment figures of these companies, with paid job offers declining to varying degrees (3-30% decline) and salaries for jobs that initially remained in place being cut by an average of 36%.

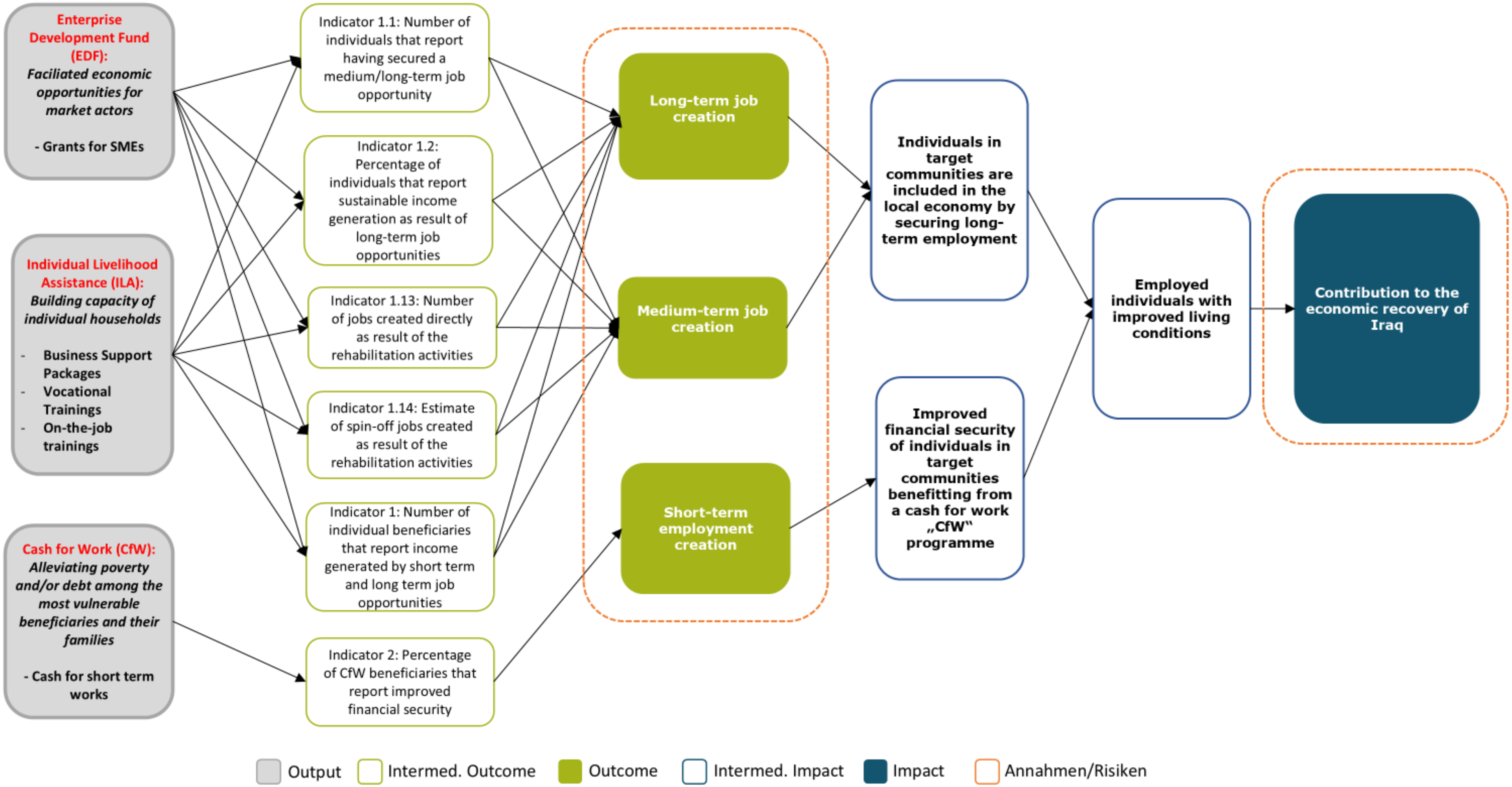


Figure 2: *Theory of Change*

Source: *Own illustration.*

Rating summary of relevance: successful (2)

The project correctly identified employment promotion as one of the key pillars of economic reconstruction. The package of measures proposed by CfW, ILA and EDF included both short-term measures to increase income and medium- and long-term measures to promote employment. The project was not designed to bring about systemic change, but rather to provide short- and medium-term support, which is reflected in the selection of the above-mentioned instruments. The target areas were selected based on indices for identifying particularly affected communities. Conceptually, gender impact potential was not fully exploited, as women were underrepresented in the target group. The project coped with political unrest, security risks, a change of government in Iraq and the Covid-19 pandemic largely without adjusting its objectives or timetable.

Coherence

5. Internal coherence

The project is part of the BMZ special initiative "Combating the causes of flight, reintegrating refugees". From the outset, the concept focused on close coordination with TC. During the same period, TC was active in several projects in Iraq that served the same target group and aimed to restore social infrastructure, strengthen local administrations and promote employment. Monthly meetings and a *coordination framework* were established as the basis for coordination, in which the data on those in need collected under the project was compared with the data from TC, particularly in the areas of target municipalities, selection criteria, implementation approaches and geographical focus. This avoided overlaps and duplication and allowed synergy effects to be exploited. A corresponding coordination mechanism was agreed between IOM and the German Society for International Cooperation (GIZ) and later refined.[3] Through this mechanism, a total of 118 Iraqi returnees who had returned to Iraq from various European countries were placed in the project by GIZ. It is not known how many people in need the project itself referred to TC.

In addition, the project complemented other FC projects that contributed to infrastructure reconstruction. Between 2003 and 2020, there were a total of 20 other completed projects/programmes with either the same focus on employment promotion or on reconstruction in various sectors, such as water supply, agriculture or educational infrastructure. However, the focus of this programme remained on employment promotion, which was appropriate given the core problem.

6. External coherence

At the donor conference in Madrid in 2003, the international community of 38 countries, the European Commission, the International Monetary Fund and the World Bank announced commitments of over USD 33 billion for reconstruction, which continued to grow over time. The US in particular invested considerable sums (USD 66 billion) in reconstruction between 2003 and 2012. The total amount of funds and the number of donors made it necessary to set up a central coordination body. To avoid duplication, reconstruction programmes required prior approval from an established committee, the Iraq Strategic Review Board (Matsunaga, 2003).

At the operational level, the project also acted in a manner consistent with the activities of other donors and institutions. The selection of companies was made in consultation with local authorities in order to avoid overlap with other initiatives. Due to the large number of other donor organisations and projects in related fields, the project was under pressure to innovate, which was successfully addressed mainly by the EDF component and resulted in a sustainable financing instrument.

Nationwide coordination of the project took place at the strategic level, primarily with the following government institutions: the *Ministry of Migration and Displacement (MoMD)*, the Kurdish *Ministry of the Interior*, the *Joint Crisis Coordination Centre, the Ministry of Planning (MoP), the Ministry of Labour and Social Affairs (MoLSA)* and the *Ministry of State for Women Affairs*. The project should be viewed in distinction to other UN projects (by UNDP and UNICEF) in Iraq, in particular the *Funding Facility for Immediate Stabilisation* and the *Iraq Crisis Responses and Resilience Programme*, which promoted employment solely through labour-intensive infrastructure. The project also fits into the *UN Recovery and Resilience Programme*.

The selection of IOM as the project executing agency contributed to the coordinated alignment of activities with other UN and non-governmental organisations. The IOM has an institutional focus on supporting migrants and displaced persons and promoting safe and orderly migration. In 2018, it drafted the *Iraq Humanitarian Response Plan* to respond to the humanitarian needs of the population in Iraq affected by conflict, displacement and other crises. The annually updated plan aims to support the most vulnerable populations, particularly internally displaced persons, returnees and host communities in need (OCHA, 2018). The project was also derived from strategies and plans developed by the IOM together with the government as part of the *Recovery and Resilience programme* for the goal of reconstruction. With the aim of promoting short-, medium- and long-term employment for economic inclusion and improved financial security, and by defining the target group as internally displaced persons, returnees

[3] From phase III of this project onwards, this coordination mechanism also became part of the respective financing agreements.

and vulnerable populations, the project is in line with the objectives of *the Iraq Humanitarian Response Plan* and thus of the IOM, as well as with the strategic objectives of the IOM itself.

Rating summary of coherence: successful (2)

The project is characterised by close coordination with other UN initiatives and government institutions in Iraq, which supports coordinated and targeted implementation. Overall, the project demonstrates good networking. The establishment of a coordination mechanism with the TC for the mutual placement of returnees, avoidance of overlaps and promotion of synergies is a positive development.

Effectiveness

7. Achievement of objectives

The objective adjusted within the framework of the EPE was to promote employment in selected project areas.

The following indicators were used to measure the outcome objective:

Indicator	Status at time of review	Target value at EPE (review)	Actual value at PCR	Actual value at EPE
(1) Number of persons who state that they have found medium/long-term employment (M/F)	Baseline value not available	**Target value:** 2,700 (1,890 men / 810 women) (end of 2020) **Revised target** (reduction to 2,550 persons) 2,550 (1,785 men / 765 women) ILA: 1,750 EDF: 800	Total 2,724 - ILA: 1,924 (1,423 men/501 women) - EDF: 800 jobs (695 men/105 women) 82 (81% men/88% women) measured at mid-term evaluation	Target value achieved
(2) Percentage of people who report sustainability in income generation due to long-term employment opportunities (M/F) (PA)	Baseline value not available	Target value: 60% (end of 2020)	71% (71% men and 70% women)	Target value achieved
(3) Number of jobs created directly by rehabilitation measures	Baseline value not available	800	800 jobs created and appraised.	Target value achieved
(4) Estimate of jobs created by the redevelopment measures	Baseline value not available	472	492	Target value achieved
(5) Percentage of CfW beneficiaries reporting improved financial security	Baseline value not available	85 %	74	Target value achieved
(6) Number of individual beneficiaries reporting income from short- and long-term employment opportunities (M/F)	Baseline value not available	Total 3,675 (2,573 men/1,102 women) - ILA: 1,750 - EDF: 800 jobs created - CfW: 1,125	Total 3,855 - ILA: 1,924 (1,423 men/501 women) - EDF: 150 selected SMEs (136 men and 14 women) 800 jobs created (realised: 250 / contractually secured 550). (695 men/105 women - CfW: 1,131 (853 men/278 women)	Target value partially achieved

***Table 2**: Outcome target achievement*

Source: Muster, Max (2025)
Note: Text

These six indicators cover various dimensions of the outcome target of promoting employment, such as the number of (long-term) jobs created the percentage of the target group that has achieved sustainability in terms of income through the measure, and the percentage of the target group that has benefited from improved financial security. Most of these target values were either met or exceeded.

8. Contribution to the achievement of objectives

The project was divided into three components that contributed to short-term, medium-term and long-term employment promotion: *cash-for-work*, *individual livelihood assistance* and the *Enterprise Development Fund*. These components and the objectives achieved are illustrated in more detail below.

Cash-for-Work (CfW): A total of 34 CfW measures were implemented, providing short-term income to 1,131 people (including 278 women). The beneficiaries of the CfW measures worked for at least 40 days and received IQD 25,000 (approx. USD 17) per day[4] . While 64% of men stated that the amount paid to CfW beneficiaries was generally sufficient to cover household needs, only 12% of women confirmed this.

The CfW measures mainly involved cleaning streets and public buildings such as schools, hospitals and public spaces. In addition, rubble from damaged or destroyed houses was removed and sewers were cleared of waste and repaired. These measures were selected in consultation with the respective municipalities. Members of the various ethnic and social groups in the municipalities were represented in these consultations and made suggestions regarding particularly needy residents of the municipalities who should benefit especially from these measures. Families who had lost their income due to the Covid-19 pandemic (loss of employment, serious illness, etc.) benefited particularly from this job offer. This approach ensured a high level of acceptance and support in the municipality for the implementation of the CfW measures. A survey conducted as part of the final report on the project showed that 100% of CfW beneficiaries expressed satisfaction with the work offered (target value: 80%). 74% stated that their financial situation had improved because of participating in the measure (target value: 80%). This figure confirms that the CfW measure contributed to the achievement of the project/programme's objectives, even though the target value was slightly missed.

Almost all beneficiaries stated that the CfW component achieved the intended results. A large proportion of beneficiaries (93%) completed the work assigned to them. Only a few respondents had to leave the work due to family health problems or school commitments. The amount paid to CfW beneficiaries was generally considered sufficient to cover household needs. Only 24% felt that the amount should have been higher.

Individual Livelihood Assistance (ILA):

This measure combined various components designed to help beneficiaries enter the labour market and secure longer-term employment opportunities. These included a) *Business Support Packages* (BSPs), a grant of USD 1,500 (or goods of the same value) and special training/courses designed to enable beneficiaries to start a micro-enterprise or run an existing business more effectively; b) *vocational training* that taught technical skills and qualifications that were highly relevant to the local labour market; and c) *on-the-job training (OJT)*, i.e. the provision of internships through which beneficiaries could learn new skills and, in the best case scenario, be taken on by companies.

This measure reached a total of 1,924 people (including 501 women) across all three components. The project worked with a committee of community representatives to select suitable beneficiaries for employment measures. Of the beneficiaries of these ILA measures, 72% were returnees, 12% were internally displaced persons and 16% were residents of the respective host communities. These figures clearly show that the measure reached the intended target group. 97% of ILA beneficiaries were satisfied with the support measures (target value: 80%). This very high satisfaction rate for the support services is most likely due to the contribution of this measure to the achievement of the project/programme's objectives.

ILA beneficiaries generally gave positive feedback on their satisfaction with the support (78% very satisfied and 9% satisfied) and stated that they had improved their professional knowledge in various specialist areas while benefiting from financial support. BSP beneficiaries were also very satisfied with the advisory services (77%). In summary, the measures lay the foundations for improved employment prospects through both training and advisory support, as increasing knowledge and skills are important prerequisites for sustainability in employability.

Enterprise Development Fund (EDF):

[4] Exchange rate as of 25 February 2022, https://www.oanda.com, last accessed on 28 November 2025

The EDF provided small and medium-sized enterprises (SMEs) with access to investment capital. This was granted in the form of grants, with the primary objective of creating additional and long-term jobs. The component was primarily aimed at SMEs that had been active in the retail, manufacturing, construction, transport, agriculture and other key sectors prior to the conflict and needed support to resume their activities. 150 SMEs received grants from the EDF, including 14 women-led businesses. The 150 companies contractually committed to creating a total of 800 jobs, which ideally should be long-term. These jobs had to be verified by the companies over a period of six months. By the end of the project phase, 250 jobs had already been created. To ensure that the companies complied with their contractual commitments, milestones were agreed upon which had to be achieved and verified before a further tranche of the IOM grant was paid out. The aim was thus to create the remaining 550 jobs after completion of this phase. Furthermore, the grants helped to preserve 835 jobs that would otherwise not have been able to continue.

The grants ranged from USD 5,000 to USD 40,000, based on the needs, business plans and agreed investment targets of the SMEs. Each company had to make its own contribution, which could be in the form of goods or cash investments and amounted to 50-100% of the grant amount. Among other things, the business plans had to show realistically and plausibly how many additional jobs would be created by these grants.

The selection of municipalities and beneficiaries for the individual measures was based on a fixed concept that was established at the beginning of the project and slightly adjusted during the project (see Relevance 2. Alignment with the needs and capacities of the beneficiaries and stakeholders**)**.

All business owners surveyed who had received EDF grants confirmed that they had previously faced challenges in establishing or maintaining their businesses, particularly a lack of financial resources, trained staff, and necessary materials and equipment. In addition, the security situation had a negative impact on the working environment. Some business owners pointed to limited access to development funds as a further problem. In terms of the effectiveness of the measure, both business owners and employees agreed that the project had helped to restart closed businesses, expand production and positively influence living conditions in the community by creating jobs.

Over 70% of beneficiaries benefited from sources of income that are sustainable and reported improved living conditions – both figures significantly exceeding the original targets of 60%. These successes are particularly remarkable given the challenging economic situation resulting from the COVID-19 pandemic. The ILA and EDF components successfully reached their intended target groups: The EDF component created 250 new jobs and secured 835 existing ones, while measures under the ILA component enabled 1,924 beneficiaries to improve their professional skills. In the case of the CfW measures, however, it is unclear whether sustainability in employment promotion was achieved. It seems plausible, however, that this measure did not have any long-term impact on employment.

The project was integrated into the existing structures of the IOM country office in Iraq, with accounting, monitoring and reporting being handled by existing units. A dedicated IOM project team was responsible for the project to ensure close monitoring. In addition, national staff were recruited through a personnel service provider, who were subject to fewer mobility restrictions during the COVID-19 pandemic. This organisational structure proved to be appropriate and was retained in the subsequent phases of the project/programme. In addition, the IOM project management team was very open to feedback and criticism, proactive in problem solving and transparent in the implementation of the project, which in phase I was characterised throughout by a trusting relationship and constructive exchange between IOM and KfW. The structure of the project in several overlapping phases, each with a stable financial basis, made it possible to react quickly to new circumstances. This structure also created opportunities to test new approaches and methods and, if successful, to integrate them quickly.

However, the fragile security situation on the ground, with the associated travel restrictions and high security requirements for the staff involved in the project implementation, posed challenges during implementation.

9. Quality of implementation

Data from a mid-term evaluation of the project, which included quantitative and qualitative methods such as field visits, document analyses, focus group discussions, interviews with key individuals and telephone interviews with beneficiaries and non-beneficiaries, show a very high acceptance rate and very high satisfaction rates among beneficiaries: Overall, 97% of respondents said they were satisfied with the employment support services, exceeding the target of 80% for this indicator. Respondents also confirmed that they would highly recommend the services to friends, neighbours or family members. The satisfaction level among beneficiaries of the ILA component was 98% (94% among male respondents and 100% among female respondents), exceeding the target of 80%. The target of 80% satisfaction among CfW beneficiaries was also exceeded. Here, 100% of respondents stated that they were satisfied with the financial support they received. %. All beneficiaries surveyed reported that the selection processes were fair and transparent. It can therefore be concluded that the measures were very well received by the beneficiaries and that the defined targets were not only met but largely exceeded. This not only speaks for successful implementation, but also for the high usefulness of the support services and thus a significant contribution to the achievement of the project/programme's objectives.

The project also conducted an external evaluation between April and June 2021 with the aim of providing an independent and comprehensive assessment of the programme's performance in relation to the objectives defined in the results framework. The evaluation methodology included a desk analysis, qualitative data collection through *key informant interviews* and in-depth interviews, and quantitative data collection through surveys of beneficiaries and non-beneficiaries, and delivered the following results for the individual components:

CfW: The survey on the CfW component shows that 52% of beneficiaries consider the activities to be "very relevant" to their households, with 74% emphasising the relevance to their skills. Some participants felt that the support was only partially relevant or not sustainable enough, as they would like to receive a regular monthly payment. However, almost all (97%) confirm that the CfW measures achieved the desired results, and 93% have completed their assigned work in full. The majority were satisfied with the support; there were only isolated complaints about late payments or changes of location. The workload was considered reasonable by 73%. Female beneficiaries often preferred shorter working hours to fulfil family obligations. Most were satisfied with the staffing levels on site and the safety measures, although a minority rated the conditions as average or poor. With regard to payments, 66% received them on time, while some experienced delays of up to two months. Overall, almost all confirmed that they had received the agreed amount.

ILA: Most respondents were registered with the BSP and gave an appraisal of the individual learning and work support as very relevant to their needs, as it contributed to their household income. Beneficiaries appreciated the professional experience and knowledge they gained, which helped them in their job search, as well as the BSP's assistance in starting or expanding a business. Overall, 78% of respondents were very satisfied with the support, which also helped them to deepen their professional knowledge in various specialist areas. The vocational training courses covered numerous practical areas, including IT, security technology, plumbing, catering, tailoring, baking, hairdressing and the repair of electrical appliances and vehicles. The advisory services were appraised as very helpful by 77%.

Initially, ILA beneficiaries received either cash or vouchers (including electronic vouchers) to purchase necessary equipment for their businesses. Most of these vouchers were worth between approximately $1,000 and $1,500. Most beneficiaries (97%) reported having no problems redeeming the vouchers. However, certain difficulties were reported with suppliers who sold materials at higher prices or refused to take back defective items. After some beneficiaries complained about the limited number of suppliers accepting the vouchers and their inappropriate treatment, the project switched to cash-based payments. There was also isolated feedback from ILA beneficiaries that the payments were too low. The project addressed this in subsequent phases and sought to increase payments under the ILA component to close the gap with the EDF (grants from USD 5,000).

The training courses offered through *community resource centres* received high satisfaction ratings (90% with at least four out of five points) and were described as relevant and well organised. Female beneficiaries largely found the training times acceptable, but some would have preferred shorter times to better fulfil their family obligations. The trainers were perceived as supportive and responsive to questions. COVID-19 protective measures were implemented during the training sessions; 85% did not see this as affecting the effectiveness of the training, but 15% reported being affected by lockdowns.

Around 40% of ILA beneficiaries received cash or e-vouchers to purchase equipment for their businesses, almost half of them in the form of vouchers worth between USD 1,000 and USD 1,800. This modality was appraised as satisfactory by 94%, although there were delays in distribution due to the pandemic. About half of those surveyed found the prices of the selected suppliers to be in line with the market, while 33% found them to be more expensive. The vouchers could be redeemed without any problems by 97%. Since 2020, support has been provided mainly in the form of cash payments.

EDF: All business owners surveyed confirmed that EDF support was relevant and tailored to the needs of their households and communities. Many reported that their businesses had previously struggled with financial difficulties, such as purchasing high-quality equipment or hiring staff. The support played a key role in stabilising small and medium-sized enterprises in the post-war period, creating jobs and improving the quality of life of entrepreneurs and their employees. Employees also emphasised the importance of the grants in reducing unemployment and creating long-term employment opportunities for men and women in their communities.

Overall, the appraisal of the support was very positive among business owners, as the project activities were implemented efficiently within the agreed time frame. Employees reported that the subsidies improved working conditions through new high-quality equipment and led to an increase in the number of employees – for example, at the hairdressing salon in Diyala, where the number of employees tripled from one to three. Most business owners described the EDF grant payments as punctual and reliable.

The beneficiaries described the information provided by the project as good and satisfactory. Beneficiaries of the ILA measure stated that the selection process was perceived as fair, comprehensible and transparent. The beneficiaries of the EDF measures stated that the application and selection process was perceived as transparent and professional throughout. Only the duration of the entire process seemed too long to some respondents and representatives of local administrations, although they appreciated the accuracy of the process steps.

The target level defined at the start of the project stipulated that 30% of the project/programme's beneficiaries should be women. Within the individual measures, this ratio could not be achieved during implementation; the percentage of female beneficiaries was lower than the target of 30% and thus also lower than the total number of beneficiaries: 24% of those employed in the CfW measures were women. Women benefited from 26% of the ILA measures. 9% of EDF grant recipients were female. During the project, targeted measures were taken to strengthen gender effectiveness, particularly in the EDF component, but also in the CfW component. At the beginning of 2020, a gender analysis in the EDF measure laid the foundation for a special funding window ("EDF Women") designed to give women fair and equal access to grants. Social barriers were taken into account and qualification requirements were adjusted. "EDF Women" was introduced at the beginning of the second project phase to increase the number of female business owners and support women's entry into the market. From the outset, the CfW component focused on female-dominated areas of activity, such as sewing masks and clothing, *beautification projects* and cleaning campaigns in locations suitable for women. During the measure, greater attention was also paid to hiring female employees and promoting gender-balanced teams. It can be assumed that an earlier focus on women would have led to greater gender effectiveness. The project plans to implement targeted measures to promote female participation in future project phases. This can be appraised as a positive outcome of the first phase.

The available data does not differentiate between other particularly disadvantaged or vulnerable groups within the target group. Although the project/programme's selection process stipulated that vulnerable households within the target group should be given special attention, this differentiation was not continued in the subsequent data collection, so that no statement can be made as to whether other disadvantaged groups received special attention here.

10. Unintended effects (positive or negative)

Various risks were identified during the project and mitigated in accordance with the *do-no-harm* principle:

Mine contamination and explosion risks. As part of the project, the IOM continued to work with UNMAS and other mine clearance actors to remove debris and secure all project sites, including those of the CfW component. In addition, CfW beneficiaries were systematically informed about mine risks before the start of the measures.

Gender mainstreaming and protection from sexual exploitation and abuse. IOM promoted gender mainstreaming in the project by taking measures to involve more women in income-generating activities. This led to the development of EDF-Women. IOM plans to implement targeted measures to promote female participation in future project phases and adheres to global guidelines on protection from sexual exploitation and abuse.

Infection prevention and control. IOM implemented various infection prevention measures, including remote working, telephone appraisals and the use of alternative methods to carry out activities. IOM staff were trained in the use of personal protective equipment and social distancing measures. Protective measures were enforced during face-to-face interactions and awareness-raising activities on COVID-19 prevention were carried out.

Occupational safety and environmental protection. IOM placed particular emphasis on activities promoting occupational safety and environmental protection, especially in the context of CfW activities. IOM also promoted environmental awareness among employees of small and medium-sized enterprises in the EDF programme and integrated environmental protection aspects into all phases of cooperation.

Rating summary of effectiveness: successful (2)

The project has either met or exceeded all indicators of the outcome target of promoting employment. The targeted total number of people in need was achieved, and the documented satisfaction of the target group with the measures received also consistently exceeds the planned level. In addition, jobs were created or preserved. The selection process for the individual components was perceived by the beneficiaries as fair and transparent. The target of 30% participation by women in both the individual components and the total number of beneficiaries was not achieved, although the target was only slightly undershot in the CfW and ILA measures. No unintended effects are known.

Efficiency

11. Production efficiency

The project/programme's operating expenses were spent almost as planned. There were slight deviations in individual items, but these had little overall impact on the budget. The expenditure of funds for the individual measures is as follows:

The ratio of direct operational expenses to administrative costs is approximately 68.6% to 31.4% (including 7% management fee for the IOM). This is reasonable in view of the higher administrative costs due to increased requirements for the implementation of the project in a tense environment and the associated security costs. A comparison with other projects with a similar structure has confirmed that both 30% administrative costs in general and 7% management fees are within the normal range; however, the 30% administrative costs are at the upper end of the acceptable range and should not be exceeded, even for a similar security situation. Within the 68.6% operational expenditure, the ILA and EDF measures account for the largest share at 57%, while 11% of operational funds were spent on the CfW measures. The distribution of funds therefore shows that the project focused on medium and long-term employment promotion. The CfW measures served as a short-term financial bridge, but were subordinate to the ILA and EDF measures in terms of the total number of beneficiaries and the expenditure of funds.

The indicator targets underwent only a slight adjustment: the originally assumed costs for job creation under the EDF measure had to be corrected and increased. As a result, the corresponding output indicator could not be fully met, leading to shifts in the number of beneficiaries between the three measures: while the target for the EDF was reduced by one third, the targets for the ILA and CfW were increased by 250 and 150 beneficiaries respectively. The total number of beneficiaries (3,675) thus remained unchanged.

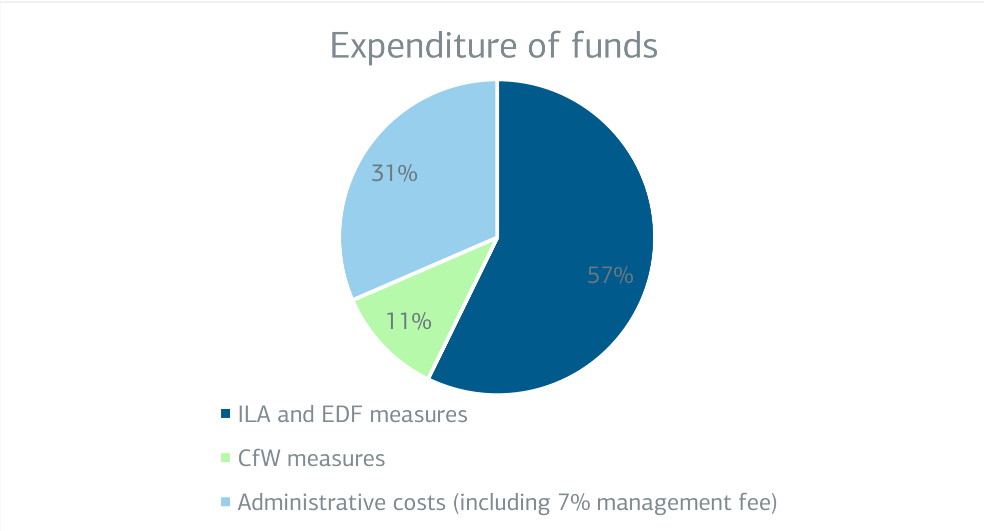


Figure 3: *Use of project funds by component*
Source: *Own illustration.*

Restrictions imposed in the wake of the Covid-19 pandemic made adjustments to the project implementation necessary. These led to a cost-neutral extension of the project by three months

12. Allocation efficiency

The allocation of funds to three components appears to be sensible in that it allowed the needs of different subgroups within the target group to be addressed.

It is questionable whether focusing on one of the measures would have resulted in a higher degree of target achievement. The EDF is the first measure that comes to mind here, as the specific creation of jobs was the immediate focus of the measure and can be seen as a direct result of the expenditure of funds. Focusing on this measure alone could therefore possibly have created a larger number of specific jobs. However, it should be noted that the process of providing jobs is so long that only a third of the targeted 800 jobs could be created during the project period. If more funds had been spent, the difference between the jobs created and those contractually guaranteed would probably have been even greater. The ILA measure suggests an indirect link between employee training and greater opportunities on the labour market. Nevertheless, no direct link can be proven here, which means that spending all or most of the funds on the ILA measure is also questionable. The CfW measures are deliberately very short-term interventions, which therefore only contribute to the objective in the very short term and thus do not justify allocating all the funds to this measure alone.

Overall, it can be said that the distribution of funds among the three measures and the targeted approach to different groups within the target group and their individual needs appear to be very sensible to ensure the highest possible contribution to the achievement of objectives related to promoting employment.

While credit-based financing of the EDF was initially discussed with the BMZ, it was decided to set up the EDF on a grant basis with the idea of changing to a credit-based concept at a later date. This was based on the assumption that in 2018 the Iraqi banking market would neither be interested in nor have established the necessary structures to provide financing similar to that of the EDF for small entrepreneurs. In phase V of the project (December 2022-November 2026), there will be greater exchange with the banking sector and the EDF, and there are repeated considerations to integrate the EDF into the banking system. From a financial perspective, a parallel structure to the local banking system created with the EDF may seem inefficient, but as a grant provider for job creation, the EDF has proven to be effective due to its long history and expansion. The allocation of project funds for the EDF component can therefore be considered efficient.

Rating summary of efficiency: successful (2)

The cost breakdown shows that a significant proportion of the funds was used for direct operational measures, while a relevant proportion was spent on administrative costs, which is considered justified in view of the increased requirements and security costs in the difficult implementation environment. In the operational area, the focus was on measures to promote medium- and long-term employment, while short-term employment measures received fewer funds and beneficiaries. The distribution of funds among the three measures and the targeted approach to different groups within the target group and their individual needs appear to be conducive to a high degree of target achievement.

Impact

13. Overarching developmental changes

Iraq is a large country with a population of more than 40 million in 2020. The labour force in Iraq is characterised by a large public sector, widespread informal employment and low participation of women. The Iraqi economy is heavily based on oil production. Cereals, mainly wheat and barley, are Iraq's main agricultural products. The working-age population (aged 15 and over) living in regular households consisted of approximately 26 million people in 2021, of whom approximately 3.4 million were affected by underemployment or unemployment. This documented unemployment was addressed by the project with the aim of promoting employment.

According to estimates by the International Labour Organisation (ILO), unemployment in Iraq has doubled from 8% in 2012 to over 16% in 2020.[5] This development was independent of the project, as the investment volume of the project was too small to influence parameters such as the overall economic unemployment rate. However, the data show that the project was active during a critical period (2018-2020).

[5] The ILO's modelled unemployment rates are based on imputations from econometric models. The data do not represent actual economic developments and are used in this report for guidance purposes only.

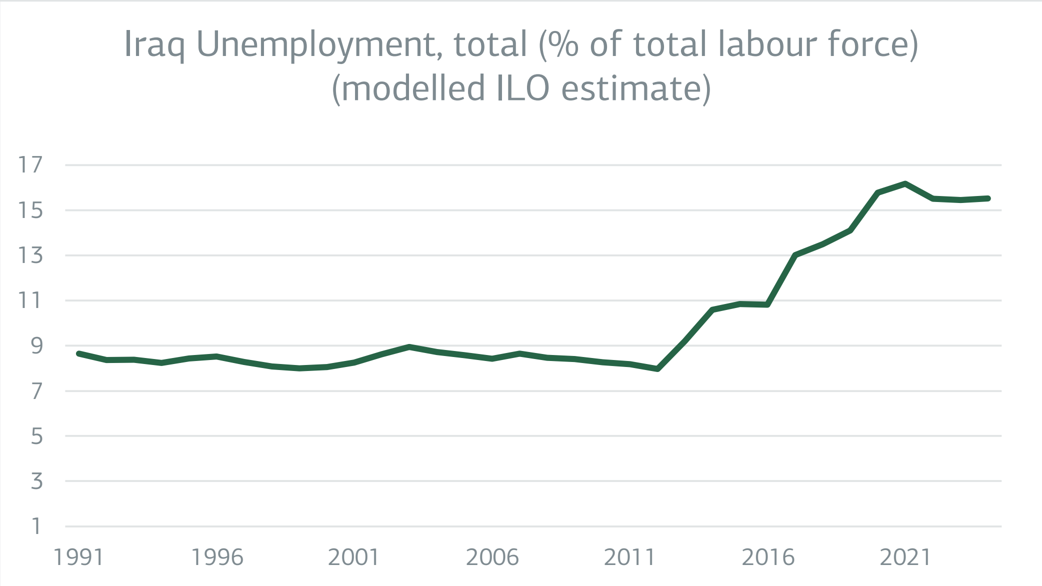


***Figure 4**: Development of the unemployment rate in Iraq*
***Source**: ILO Modelled Estimates database (ILOEST, 2025*

14. Contribution to overarching intended developmental changes

The following indicators were used to measure the impact objective:

Indicator	Status at time of review	Target value at EPE (review)	Actual value at PCR	Actual value at EPE
(1) Percentage of employees who report improved living conditions due to the reconstruction of war-damaged businesses and municipal infrastructure	Not specified	Target value: 60% (end of 2020)	"Progress during the reporting period": 71% (71% men and 70% women)	No data available

***Table 3**: Impact target achievement*
***Source**: Own illustration*

The target value was for 60% of the working population to report an improvement in their living conditions because of the restoration of war-damaged businesses and municipal infrastructure. No current information was available at the time of the evaluation. However, a final report assumes a value of 71%. It can therefore be assumed that this target was not only achieved but probably exceeded at the time of the evaluation. This documented improvement in the living conditions of individuals is an indication of a positive contribution to the economic recovery of the country as a whole.

CfW: CfW beneficiaries stated that they had used the funds received primarily for basic household needs such as food, healthcare and clothing, as well as to repay debts and loans. They reported that the support had noticeably improved their living situation by primarily ensuring basic needs were met, followed by the repayment of loans and covering healthcare expenses. According to IOM surveys, there has been a significant increase in weekly income for both female and male beneficiaries following CfW support.

Furthermore, the activities brought about positive changes in public spaces through rehabilitation, cleaning and maintenance work. When asked whether the CfW measures contributed to the social cohesion of internally displaced persons and returnees, 86% of IDP and returnee beneficiaries responded that the project had helped them to reintegrate into the community and feel part of it. Some beneficiaries commented that the IOM team was sufficiently supportive in creating a cooperative environment between IDPs and the host community. It was also mentioned that the cash assistance helped some IDP beneficiaries meet their children's needs and that they now feel happier. However, 14% of these participants stated that no change was noticeable. The host community also said that the support had contributed to the recovery of IDPs and improved their conditions.

ILA: The ILA measure provided for a wide range of uses of the funds, from which participants benefited as follows: 89% were able to secure income through the support they received. 62% used the aid to generate income for their businesses, 59% saw an increase in their monthly income, 32% were able to pay off debts and 35% were able to meet their basic household needs. In terms of integration into host communities, the vast majority (93%) of IDPs and returnees confirmed that the financial support had helped them feel part of the wider community. They explained that with additional resources, they had expanded their customer base and developed their social network. They said they had become more active members of the community. Beneficiaries from the host community also expressed similar sentiments in their responses.

EDF: All business owners and employees surveyed agreed that EDF support had significantly improved their financial situation and living conditions. For business owners, the grant enabled them to purchase new equipment, hire additional staff and save money. Beneficiaries reported increased economic activity and a revival of local production. One beneficiary emphasised that the measure was gender-responsive, appealing to both women and men. Both returnees and internally displaced persons saw the project as an important aid to economic recovery, especially for those whose business infrastructure had been severely damaged. Beneficiaries from the host community also said that the support contributed to better living conditions by strengthening returnees through job creation – in a region where many people live in poverty and urgently need employment.

The development of the unemployment rate in Iraq between 2018 and 2022 does not allow any conclusions to be drawn about a positive impact of the project (see Figure 4). While there was a significant increase in the unemployment rate between 2018 and 2021 (from 13.5% in 2018 to 16.2% in 2021), the curve only flattens out to 15.5% after 2021. Unemployment is defined here as the proportion of the working-age population that is out of work but available and looking for employment. However, the creation of 800 jobs (of which only 250 had been created by 2022) cannot be statistically proven in relation to an unemployment figure of 1.703 million. Through the concrete creation of jobs, the project has contributed to preventing unemployment, albeit to a limited extent.

Various sources assume that the Iraqi economy grew after 2020. Following a decline in GDP in 2020 due to the pandemic and the associated economic challenges, the Iraqi economy recovered partially in the following years, particularly due to rising oil prices and a stabilisation of the political situation. GDP grew by 2.8% in 2021 and 7% in 2022, but fell by 2.9% in 2023.[6] However, the project/programme's contribution to GDP cannot be quantified. The EDF component had a broad impact, as the EDF established itself as a successful model and was replicated, adapted and expanded in several countries in the subsequent phases of the project/programme. After being piloted in Iraq in 2018 as part of this project, the EDF has evolved and expanded over the years to accommodate different socio-economic contexts both in Iraq and worldwide. According to the IOM, the strength of the EDF lies in its systematic structures, which are divided into different processes to ensure accountability and flexibility and to enable adaptation and further development.

Since its inception in Iraq, the EDF has been launched in other countries, including Pakistan, Turkey, Lebanon, Somalia, Ecuador and Ethiopia. Further expansion is planned. In addition, the segmentation of the EDF has expanded: after *EDF Women* was also piloted in Iraq, there are now further focuses on specific segments with *EDF Agriculture, EDF Culture, EDF Green, EDF Innovation, EDF Tameer* and *EDF Lite*.

15. Contribution to overarching unintended developmental changes

No overarching (intended) developmental changes were identified in the evaluation.

Rating summary of impact: successful (2)

The project has improved the living conditions of individuals, supported businesses in creating jobs and thus contributed to the economic recovery of the entire country. Beneficiaries of all three measures confirmed that the services had improved their living conditions, created and secured income, and thus stabilised or improved their financial situation. The EDF component also had a broad impact by being replicated and expanded in several countries in the subsequent phases of the project/programme.

[6] Trading Economics, Iraq GDP Annual Growth Rate, https://tradingeconomics.com/iraq/gdp-growth-annual

Sustainability

16. Capacities of beneficiaries and stakeholders

The framework conditions and challenges of the Iraqi labour market limit the capacities of both employees and employers.

On the part of employees, for example, prejudices against refugees and internally displaced persons can make it difficult to access employment and social participation. The lack of or lack of recognition of qualifications and vocational qualifications restricts access to formal labour markets and thus often leads to limited access to further training and qualification measures. Legal and administrative hurdles, such as lack of registration, can make legal employment difficult. In addition, the uncertain security situation in Iraq restricts mobility and represents a further obstacle to finding employment.

On the employer side, SMEs in Iraq often find it difficult to obtain bank loans. Companies are generally considered high-risk borrowers due to regulatory restrictions, lack of credit history and high economic uncertainty as a result of political instability and the security situation. In addition, many SMEs, especially those run by women, do not have sufficient collateral or formal financial documentation that banks require for lending. This limited availability of credit hinders SMEs' investment and expansion opportunities, as without sufficient financing they cannot invest in new technologies or markets, and above all in personnel, which ultimately severely impairs their growth potential and competitiveness.

17. Contribution to supporting sustainable capacities

CfW: CfW beneficiaries are divided on the extent to which the programme's results will be sustainable. As illustrated in the chart, half of CfW beneficiaries believe that the project has brought about positive changes in their respective communities that are likely to remain six months after the site visit. However, the other half noted that the duration of the work was too short and that there is a continuous need for maintenance of public spaces. Approximately 87% believe that the project has improved conditions in the community. In addition, 91% of CfW beneficiaries would like to continue living in their place of residence, with only 9% planning to look for work elsewhere due to difficult living conditions. More than half (52%) stated that they had not acquired any new professional skills during their work – an expected result, as most CfW activities involve unskilled work, and the learning effect varied depending on the task.

ILA: Most ILA beneficiaries reported that they had acquired knowledge in specific areas, particularly small business management, customer relations, marketing, investment and livestock farming. Around 60% cited small business management as one of the two most important skills they had acquired, followed by logistics and marketing at 30%. The beneficiaries also stated that the project had strengthened their "independence". A group of 18 beneficiaries (10 BSP start-ups, 7 BSP expansions, 1 vocational training) stated that they had not learned any new skills because they had not participated in any relevant training.[7] In contrast to the responses from CfW beneficiaries, 95% of ILA recipients stated that they could use the knowledge acquired through the project – again, an expected result considering the objective of the ILA (expansion of knowledge and skills). The high approval rate speaks for the clear success of this measure. In addition, BSP beneficiaries provided positive feedback: 61% of BSP start-up beneficiaries and 71% of BSP expansion beneficiaries expected their businesses to continue to grow.

EDF: By establishing the EDF and awarding grants conditional on job creation, the project has helped to address the limited availability of credit for SMEs. The EDF Women window also considered the specific challenges faced by women. In a survey, EDF grant recipients stated that they were not aware of any comparable programme to support SMEs in Iraq. The availability of and/or access to credit and other government assistance remains very difficult or non-existent for SMEs.

All participants confirmed that their businesses were running smoothly and were equipped with the necessary tools and machinery. The beneficiaries reported that support for local businesses had noticeably stimulated the commercial market by creating new jobs. Among EDF beneficiaries – both business owners and employees – there was a clear expectation that funding would continue in the coming periods. This could be interpreted as a sign of dependence on grant-based funding.

Overall, this project phase I laid the foundations for creating sustainable structures, particularly through the EDF measure. However, sustainability will only be achieved in the subsequent phases; when viewed in isolation, phase I shows only limited sustainability. IOM also stated that it intended to take more comprehensive measures to rehabilitate not only the economic markets in Iraq but also the physical economic infrastructure in the subsequent phases, which would lead to more comprehensive and holistic economic recovery efforts, but this too would only be realised in the subsequent phases of the project.

The CfW measures are, by their nature, designed to have a short-term impact and are therefore not exposed to any future risks. The ILA measure is primarily aimed at knowledge transfer and expansion, so the question of future risks does not really arise here either. The EDF measure is designed as a long-term measure, so this is where future risks are most likely to be considered. The main question here is the stability of financing. The EDF website lists the Iraqi government, which finances the fund through

[7] IOM Final External Evaluation Report

state budget funds or special grants, as well as international organisations, bilateral development aid, private investors, foundations and NGOs as sources of financing for the fund in Iraq. Although no information is available on the proportions contributed by the various sources, the large number of financing sources does provide a certain degree of security. In addition, there have been discussions for some time about integrating the EDF into the local banking market in the long term, which would establish the fund in a fixed system, but no concrete steps in this direction have been taken at this stage.

As the implementing agency, the IOM is an established and recognised organisation with a long history, which has demonstrated the stability necessary to implement the project measures in the long term. However, the IOM is also subject to risks: like many international organisations, the IOM is dependent on contributions from member states and other donors. Fluctuations in funding can affect its programmes and projects. In addition, the IOM operates in a constantly changing political environment, and changes in the migration policies of individual countries or in international cooperation have a direct impact on the organisation's stability.

18. Durability of impacts over time

The project had limited sustainability aspirations, with short-term and non-systemic interventions. With regard to the EDF, the SME owners surveyed stated that even after the grants had expired, the future and sustainability of the companies was assured, and the continued existence of jobs was not at risk. The SME employees surveyed were satisfied with their pay and working conditions.

It remains unclear whether setting up a fund to distribute grants in parallel with the local banking market is sustainable. An alternative to setting up an isolated fund would have been, for example, to support SMEs through lending by the banking market, which in turn would have required support for the financial sector as a measure of the project/programme. It should be noted here that several parallel projects, some of which were also financed by KfW in cooperation with the ILO, were active with precisely this focus, and that in later project phases there were discussions about whether the EDF could be integrated into the local banking market.

Discussions were held on promoting the systematic strengthening of the local private sector more strongly, for example through adjustments to the EDF and ILA components. The main aim was to better align the EDF offering with specific business sectors to increase the effectiveness of the measure. At the time of the evaluation, the sustainability of the EDF's impact is considered to be a given and is regarded as stable due to its expansion into several countries.

The appraisal of the effects of EDF Women financing is viewed as long-term. These financing offers, developed specifically for women, ensure that women have access to financial resources that would otherwise be difficult for them to obtain. The main objective of the EDF is to support women-led businesses by providing easy access to capital. In addition, the fund also helps women seeking employment who face cultural, economic or social barriers to entering the labour market. EDF Women also supports start-ups and female entrepreneurs in the early stages in collaboration with local incubators and training centres. Supporting women in the workforce goes beyond economic empowerment and promotes their participation in decision-making processes and leadership positions.

The ILA component is also to be refined to close the gap between ILA (grants of USD 1,500) and EDF (grants of USD 5,000 and above). The beneficiaries of the ILA measure stated that the support services had a significantly positive impact on most of them and strengthened their confidence and interest in entrepreneurship. The appraisal of the sustainability of the measure for individual micro-enterprises was different, but predominantly as "good".

Based on discussions with the relevant ministries (MoP, MoLSA and MoMD), it also became clear that **CfW** measures are no longer considered appropriate, at least not as a stand-alone measure, but should only be justified in conjunction with infrastructure measures. The focus in the subsequent project phases should be more on long-term jobs and income opportunities. Regarding the assessment of the sustainability of the measures, the beneficiaries of the CfW measure stated in the final evaluation that the activities only very rarely led to long-term employment.

Rating summary of sustainability: successful (2)

Overall, the project shows initial signs of sustainable structures in phase I, despite limited sustainability requirements. Full sustainability is only expected in the subsequent phases. The CfW component is considered to be effective in the short term but only sustainable to a limited extent, as many beneficiaries did not acquire new professional skills, and the duration of employment was perceived as too short. In contrast, the ILA component and the EDF show stronger signs of sustainability, particularly through the promotion of entrepreneurship and long-term jobs. The EDF is appraised as particularly promising as it supports local businesses, stimulates the trade market and specifically promotes women, which contributes to economic and social empowerment.

Overall assessment: successful (2)

The project correctly identified employment promotion as one of the key pillars of economic reconstruction. The package of measures from CfW, ILA and EDF included both short-term measures to increase income and medium- and long-term measures to promote employment. The targeted total number of people in need was reached, the documented satisfaction of the target group with the measures received consistently exceeded the planned level, and all indicators of the outcome target of employment promotion were either met or exceeded. The target areas were selected with a focus on particularly affected communities. The project has improved the living conditions of individuals, supported companies in creating jobs and thus contributed to the economic recovery of the entire country. The EDF component has also had a broad impact by being replicated and expanded in several countries in the subsequent phases of the project/programme. Overall, the project shows initial signs of sustainable structures in phase I, but full sustainability is only expected in the subsequent phases.

Contribution to Agenda 2030

Universal applicability, shared responsibility and accountability: Through central coordination offices, the project is closely integrated into national and international strategies by the IOM as the implementing agency and coordinates its activities with government institutions and other UN programmes to promote synergies and avoid duplication of effort.

Interplay between economic, environmental and social development: Economically, the EDF in particular contributes to supporting local businesses, which helps to create long-term jobs and stimulate the economy. Socially, vulnerable groups are specifically included, for example through measures to promote the participation of women and support internally displaced persons.

Inclusiveness/leaving no one behind: The project specifically targets particularly vulnerable groups, including internally displaced persons, returnees and disadvantaged population groups such as women, young people and people with disabilities. Measures such as CfW, training courses and grants for small businesses actively promote the economic and social participation of these target groups. The selection processes were largely transparent, although the proportion of female beneficiaries remained below the target of 30%.

Methodology

Evaluation methodology

The ex-post evaluation follows the methodology of a rapid appraisal, i.e. a data-based, qualitative contribution analysis, and represents an expert opinion. The project is attributed effects based on plausibility considerations, which are based on a careful analysis of documents, data, facts and impressions. Where possible, this also includes the use of digital data sources and modern techniques (e.g. satellite data, online surveys, geocoding). The causes of any contradictory information are investigated, attempts are made to resolve them, and the assessment is based on statements that are confirmed by several sources of information (triangulation), where possible.

The analysis of the effects is based on assumed causal relationships, documented in the impact matrix developed during the project appraisal and updated during the ex-post evaluation, if necessary. The evaluation report sets out arguments as to why certain influencing factors were identified for the effects observed and why the project under review probably made a certain contribution (contribution analysis). The context of the development measure is considered in terms of its influence on the results. The conclusions are put into relation to the availability and quality of the data basis. An evaluation concept serves as the reference framework for the evaluation.

The method offers a balanced cost-benefit ratio for project evaluations, on average, with a balance between knowledge gain and evaluation effort, and allows for a systematic assessment of the effectiveness of DFG projects across all project evaluations. Individual ex-post evaluations cannot therefore meet the requirements of a scientific assessment in the sense of a clear causal analysis.

The main objective of the evaluations (knowledge interest) is to measure impacts, provide accountability, promote transparency and enable institutional learning.

Type of evaluation:

Remote without national experts (desk review).

Key questions of the evaluation according to the evaluation concept:

- Did the project contribute to promoting employment?
- Did the project contribute to sustainability in income generation/income growth among the target group?
- Did the project contribute to improving living conditions and greater financial security within the target group?
- Were the project measures sustainable in terms of sustainability?
- Was the target group selected correctly?

Non-public (internal) documents

Internal project documents, secondary specialist literature, strategy papers, comparable evaluations, IOM External Evaluation Report

Directory of public sources

Matsunaga, Hideki (2019). *The Reconstruction of Iraq after 2003: Learning from Its Successes and Failures. MENA Development Report Series.* Washington, DC: World Bank. doi:10.1596/978-1-4648-1390-0. Licence: Creative Commons Attribution CC BY 3.0 IGO

International Organisation for Migration - IOM (2023). *Return Index. Findings Round Nineteen – Iraq. Data Collection Period: May – August 2023.* Available online at: https://dtm.iom.int/report-product-series/return-index#:~:text=Baseline%20Assessment [Accessed on: 22 December 2025].

International Organisation for Migration - IOM (2021). *MID-TERM EVALUATION REPORT. For KfW Project. Covering the period January 2019 to December 2019. Contribute to the Economic Recovery of Iraq through Employment Creation and Revitalisation of Local Economies*. Available online at: https://evaluation.iom.int/sites/g/files/tmzbdl151/files/docs/resources/Economic%20Recovery%20Iraq%20Employment%20Revitalization%20April%202020.pdf [Accessed on: 22 December 2025].

United Nations Office for the Coordination of Humanitarian Affairs (OCHA) (2018). *Iraq Humanitarian Response Plan 2018*. Available online at: https://www.unicef.org/media/76731/file/Iraq-SitRep-August-2018.pdf [Accessed on: 22 December 2025].

Data sources and analysis tools

ILO Modelled Estimates database (ILOEST, 2025), International Labour Organization (ILO), url: ilostat.ilo.org/data/bulk, publisher: ILO-STAT, type: external database, date accessed: 7 January 2025 from, https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=IQ

Project sites visited

None. Due to the security situation, the evaluation was conducted remotely.

Interview partners and modality (in person, virtual/by telephone, in writing)

Various KfW employees who were involved in the project.

The following aspects limited the evaluation

In some cases, contact persons could no longer be identified. Due to the detailed mid-term evaluation, this EPE is based solely on the available documents and interviews with various KfW employees.

Assessment methodology

A six-point scale is used to assess the project according to OECD DAC criteria, except for the sustainability criterion. The scale values are as follows:

Level 1 Very successful: results significantly above expectations

Level 2 Successful: results fully in line with expectations, without significant shortcomings

Level 3 Moderately successful: results below expectations, but positive results predominate

Level 4 Moderately unsuccessful: significantly below expectations and negative results dominate despite recognisable positive results

Level 5 Unsuccessful: despite some positive partial results, the negative results clearly dominate

Level 6 Highly unsuccessful: the project is useless or the situation has deteriorated

The overall rating on the six-point scale is based on a project-specific weighting of the six individual criteria. Levels 1–3 of the overall rating indicate a ‘successful’ project, while levels 4–6 indicate an ‘unsuccessful’ project. It should be noted that a project can generally only be classified as "successful" in terms of development policy if both the achievement of objectives at the outcome level (effectiveness) and impact level, as well as sustainability, are rated at least as "moderately successful " (level 3).

The annex to this report is available upon request (German only).

Imprint

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