SMES REPORT GRAVE DECLINE IN PRODUCTION AND SALES DURING COVID-19 PANDEMIC: IOM IRAQ STUDY

Erbil — As of 13 May 3,032 confirmed cases of COVID-19 and 115 deaths had been reported in Iraq. Measures that the Government of Iraq has taken to curb the spread of COVID-19 — including curfews, school closures, and restrictions on travel into and within the country — have led to reduced operating hours or the closure of many small businesses. While the government has started relaxing restrictions in certain locations, the economic impact of COVID-19 is expected to be severe.

The International Organization for Migration (IOM) in Iraq has completed a survey analyzing the pandemic’s impact on small and medium-sized enterprises (SMEs). The study focused on urban areas, and governorates with the highest rates of internal displacement and return.

IOM Iraq researchers contacted 456 SMEs for the study, in the areas where its Enterprise Development Fund (EDF) SME funding mechanism operates. Findings show that production declined by 52 per cent in the past month on average among the SMEs surveyed, which will result in an estimated net loss in revenue of 27 per cent if restrictions continue through June 2020.

Sales in the past month also have been severely impacted: businesses across the four sectors included in the study — Construction and Manufacturing; Food and Agriculture; Services; Wholesale and Retail — estimate on average that sales have declined by 71 per cent. SME owners view financial support (62%) and lifting the curfew (16%) as the most important measures to help them survive during the ongoing restrictions on movement.

The pandemic has also heavily impacted businesses’ ability to retain employees. On average, businesses reduced paid employment by 40 per cent and reduced salaries by 36 per cent. In addition to salaries, rent and electricity are the most common continuing costs for businesses in all industries.

“IOM and the international community’s work in support of economic recovery and job creation in Iraq is of critical importance now. While conflict-recovery needs remain high, COVID-19 has exacerbated vulnerabilities and increased the challenges that Iraqi employers are facing,” said IOM Iraq Chief of Mission Gerard Waite. “This assessment will serve as a basis for IOM’s continued, expanded engagement in this sector, as part of broader efforts to support for migrants, internally displaced persons, host communities and other vulnerable populations.”

To view the survey’s main findings, please visit: http://edf.iom.int/home/covsme/en

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