



PRESS RELEASE

Impact of COVID-19 on the Iraqi economy: New report highlights policy recommendations for Iraq's economic recovery

Baghdad, 7 October 2020 – Expanding social security coverage for vulnerable groups, increasing revenue generation to fund key Government programmes, and allocating more resources to develop the private sector are some of the key recommendations made by the United Nations Development Programme (UNDP) in a new report on Iraq's economic recovery from COVID-19.

Released today, *Impact of Covid-19 on the Iraqi Economy* analyses the macroeconomic impact of the pandemic, setting out a number of policy recommendations that respond to challenges while ensuring continued progress towards the Sustainable Development Goals (SDGs).

“While Iraq's macroeconomic and fiscal conditions were broadly positive in the last few years, two major shocks have disrupted this progress: the oil crisis and the COVID-19 pandemic,” says Resident Representative of UNDP Iraq, Zena Ali Ahmad.

“This has significant impacts on communities, especially in relation to income, employment and poverty, with the real potential to significantly increase inequality. For example, the research has revealed that Iraq's private sector employees are at much greater risk of falling into poverty than those who work in the public sector, particularly in low-income work and the informal sector, as well as female-headed households,” she adds.

According to the policy paper, the country's GDP is expected to reduce by nearly 10 percent in 2020, and the fiscal deficit is forecast to reach the unprecedented level of nearly 30 percent of GDP in 2020.

UNDP's recommended approach to the Government of Iraq and other key stakeholders in planning for Iraq's economic recovery is twofold, and covers:

- The need to rapidly identify additional financing options, avoid an unplanned monetary adjustment, and improve the quality and targeting of public expenditure; and
- Support the non-oil private sector economy to grow and reduce dependency on oil, while continuing to provide employment for a large number of the most vulnerable and low-income households by extending social assistance schemes.

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“UNDP and its partners stand ready to support the Government of Iraq to implement these measures, to stabilize the economy and ensure the most vulnerable people are protected,” adds Ms. Ali Ahmad.

The policy paper follows *Impact of the Oil Crisis and Covid-19 on Iraq's Fragility*, released in August 2020. [Read the policy here.](#)

Media contact:

Fay Daoud, Communications Specialist | fay.daoud@undp.org | +964 780 1976 460