



Ministry of Planning



Micro, Small and Medium Enterprises (MSME) Survey Results/Private Sector In Kurdistan Region 2022

December 2022





Ministry of Planning



Contents



- **Part 1: Survey Objectives**
- **Part 2: Survey Methodology**
- **Part 3: Survey Findings**



Ministry of Planning



Contents



PART 1 SURVEY OBJECTIVES

KRI MSME Survey 2022 Objectives

- ❑ The purpose of this survey is to build a comprehensive picture on the MSMEs structure, trend, business dynamics, challenges and opportunities through up-to-date, reliable, relevant market information and analysis in order to allow all actors (governmental and non-governmental) to design informed initiatives aimed at supporting the private sector through MSMEs, job creation and growth policy. Specifically:
- ❑ Providing comprehensive data about the reality of the informal sector (unregistered).
- ❑ Assisting the relevant organization in providing up to date and reliable data on different business sectors of industrial enterprises such as productivity level ,innovation, competitiveness, and business environment as a first step to identifying advisory services and financial support required to increase productivity and business competitiveness and its sustainability..

KRI MSME Survey 2022 Objectives

- ❑ Expanding and complementing the statistics prepared by MOP/KRSO on the characteristics of MSMEs.
- ❑ MSME development is viewed as an essential factor of a comprehensive strategy designed to lead to sustainable enterprise development, which will accommodate firms of all sizes across multiple sectors, enabling successful private sector growth that results in a diversified KRI economy and promotes better job creation for women and men.



Ministry of Planning



KRI Vision 2030



KRI Vision 2030

Charting a Better Future that Provides a High Quality of Life for All

National Priorities for Vision 2030

Pillar 1: Citizens, Society and National Identity

Provide high quality of life for all citizens and strengthen the resilience and inclusiveness of society. Invest in education, healthcare and social protection. Provide a comprehensive and equitable social protection system, covering whole life cycle of citizens

Pillar 2: Public Sector and Governance System

Create a responsive transparent and effective public sector that enables the private sector and the civil society to drive economic growth. Right-size the public sector, improve performance and enhance provision of public services. Apply good governance and uphold the rule of law.

Pillar 3: Economy and Productivity

Diversify the economy away from oil and leverage proceeds to invest in developing the agriculture, tourism and industrial sectors. To diversify the economy through support to the private productive, capable of creating quality jobs. Enhance labor skills and employability. Enhance the business environment to become more conducive to business and investment, and develop the infrastructure to enhance connectivity and enable sustainable development.

Pillar 4: Environment

Preserve the environment and natural resources to enhance the quality of life for the current and future generations. Adapt necessary legislation and policies to improve environmental sustainability, combat climate change and reduce pollution and promote optimal use of natural resources.



Ministry of Planning



KRI Vision 2030



A key national priority of KRI Vision 2030 is to develop a diversified, productive and competitive economy that creates added value for all and is resilient to external shocks. Diversification of the economy requires a dynamic and productive private sector capable of creating quality jobs to absorb the constantly growing number of persons entering the labor market each year.

One of the main national priorities for the vision of the Kurdistan Region of Iraq 2030 is to develop a diversified, productive and competitive economy that creates added value for all and can face and absorb external economic fluctuations. The diversification of the economy requires the presence of an effective and productive private sector capable of creating jobs opportunities to accommodate the ever-increasing number of people entering the labor market annually.



Ministry of Planning



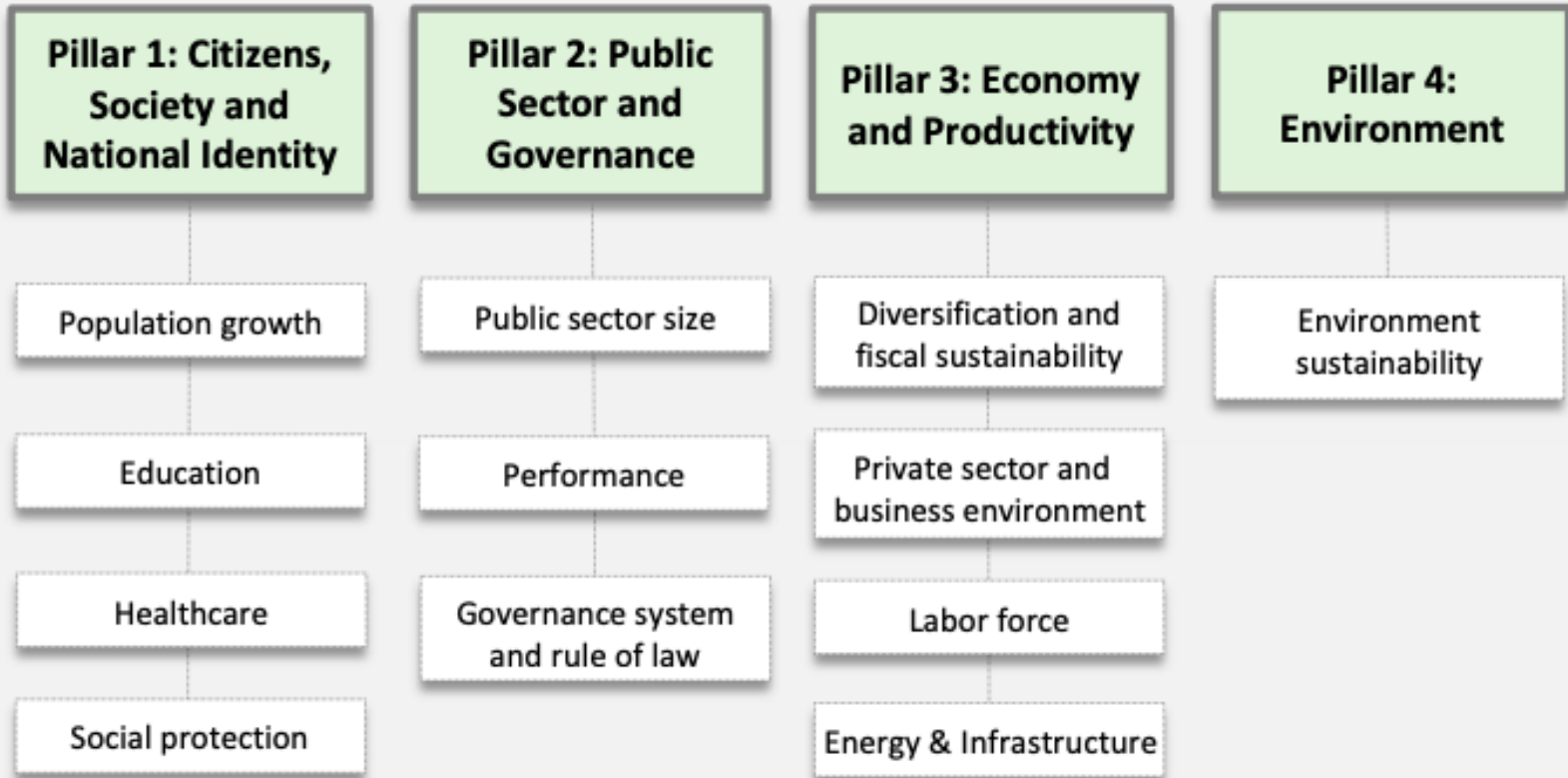
KRI Vision 2030



USAID
FROM THE AMERICAN PEOPLE



Vision 2030 identified 12 national priorities:





Ministry of Planning



Survey Logical Framework



A special survey was conducted in the KRI governorates on formal and informal MSMEs to obtain data and information on these sectors, including MSMEs numbers, characteristics, activities, employment, finance and income and challenges they face.

Project Preparation

- Methodology and action plan
- Desk research (gathering existing data)
- Questionnaire Design
- Recruitment and training of surveyors

Survey preparation

- Hardware & software
- Data on registered enterprises
- Meeting with the stakeholders
- Survey plan

Survey Conduct

- Erbil
- Sulaimani
- Halabja
- Duhok

Recommendations

- Analytical report
- Draft report
- Final report



Ministry of Planning



PART 2

SURVEY METHODOLOGY



Ministry of Planning



USAID
FROM THE AMERICAN PEOPLE



Introduction

MSME development is viewed as an essential element in a comprehensive strategy designed to lead to sustainable enterprise development, which will accommodate firms of all sizes across multiple sectors, enabling successful private sector growth that results in a diversified KRI economy and promotes better job creation for women and men.

Methodology and design of the MSME Survey questionnaire

On 16-17 October 2021 at Dedeman Hotel, Erbil, under the supervision of the head of Kurdistan regional statistics office (KRSO), High Committee survey in KRSO was discussed with UNDP and Team International in the workshop to preparation for implementing survey.



Ministry of Planning



USAID
FROM THE AMERICAN PEOPLE



Sampling Frame

The key consideration in selecting the sampling frame, of the MSME through household interviews in the KRI governorates, is to have an accurate listing of population that is amenable to random sampling and to the ability to expand results to the total population. The most obvious reasons included:

1. There is no information on the characteristics of micro, small and medium enterprises in the Kurdistan Region, especially on the activities of informal enterprises, that can be used as a framework.
2. It is useful to know the number of informal sector institutions working in various activities.
3. Although in 2021, the Kurdistan Regional Statistics Office (KRSO) by coordinate with the Central Statistical Office (CSO) has carried out the renewal of economic institutions (Wholesale and retail trade, automobile repair, small and medium industries and restaurants), but these institutions have an official framework. Therefore, it could not be used in this survey.
4. Existing knowledge of the informal sector is very meager and there is a need to obtain updated information on such attributes as: size, manpower, activities and characteristics. Given these constraints, and the consultation with UNDP, Team International and KRSO teams, it is decided to use the number of households as the sampling frame.



Ministry of Planning



USAID
FROM THE AMERICAN PEOPLE

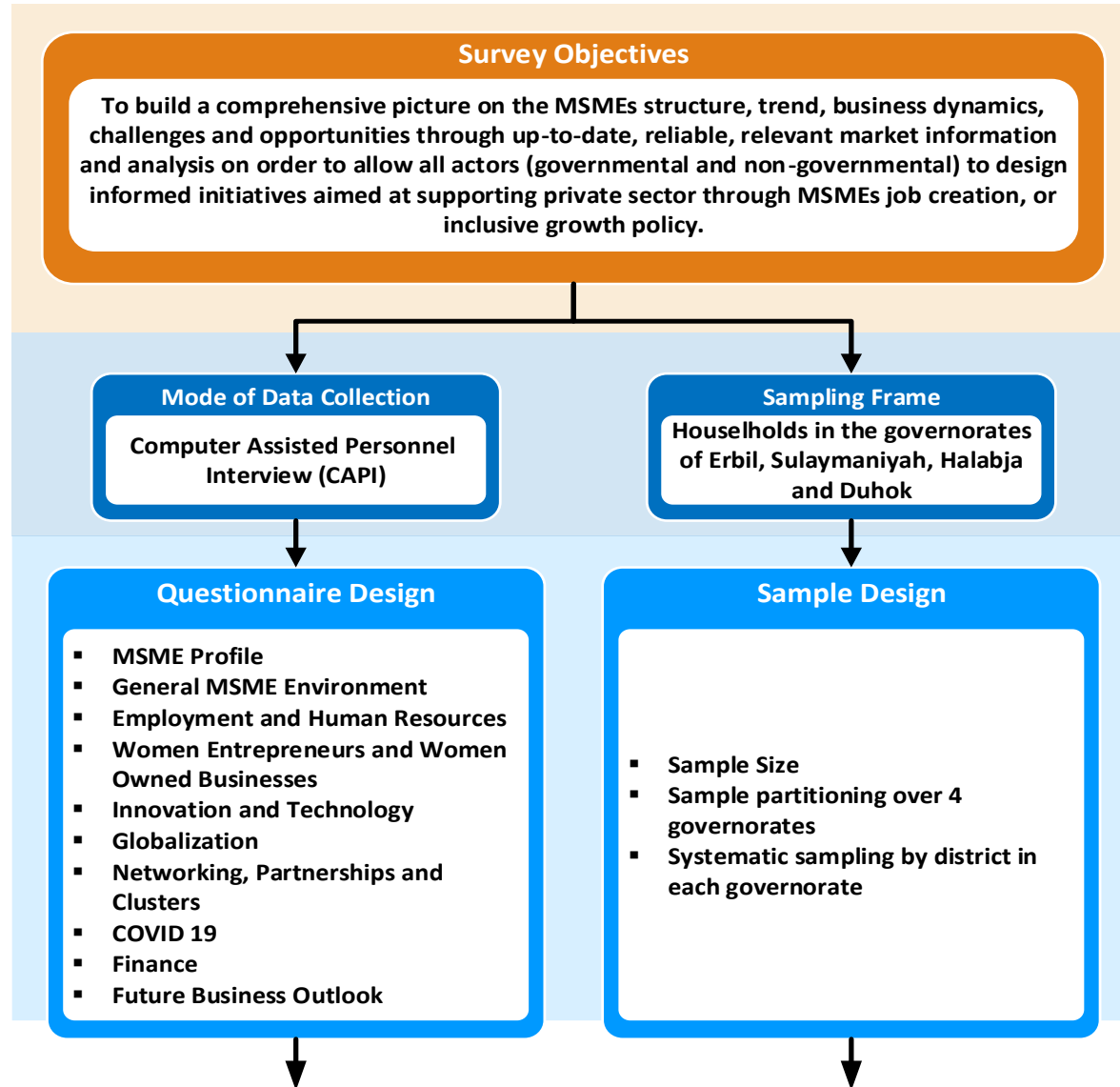


Training

- 23-26 October 2022, under the supervision of the head of the Kurdistan Regional Statistics Office (KRSO), in cooperation with Team International and survey coordinators, has held a training course for central and local supervisor to discuss on the survey questionnaire and operations the (ODK) programme for the field works.
- 23 February 2022, at the KRSO office, a number of meetings organized between survey coordinators and field supervisors to prepare for training for fieldworkers .
- 27-30 February 2022, another training was organized for the fieldworkers on the questionnaire and (ODK) program in the governorates of Erbil, Sulaimani and Duhok.
- 1 March 2022 the piloting was conducted in the governorates of Erbil, Sulaimani and Duhok to test the questionnaire and the data collection program.
- 03 May the actual survey fieldwork started for one month in Erbil, Sulaimani, Duhok and Halabja governorates
- Data cleaning: 01 – 18 April 2022
- Data analysis: 20 April – 28 May 2022
- Report Writing: from 1 June up to now



Survey Methodology

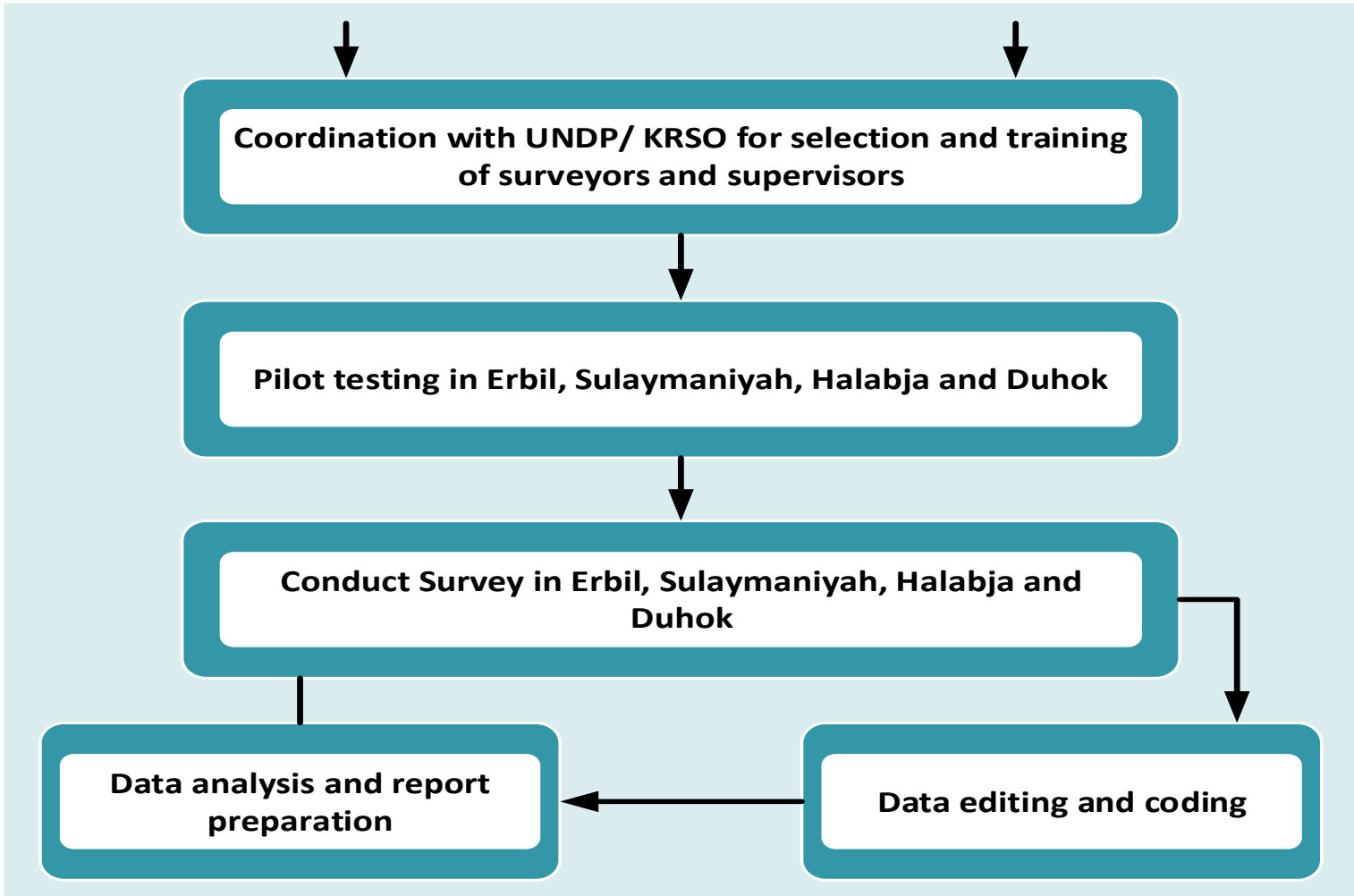




Ministry of Planning



Survey Methodology





Ministry of Planning



Definition Of MSMES



USAID
FROM THE AMERICAN PEOPLE



“Business activities producing an added value in goods or services for sale or barter regardless of the form of their legal form, and thus include both formal and informal businesses”.

MSME Size Categories

The categorization used for business size was:

- **Micro:** 1-3 employees including owner
- **Small:** 4-9 employees including owner
- **Medium:** 10-29 employees including owner

Formality:

- **Formal:** Registered in one or more authority
- **Informal:** Not registered



Registration Entities

MSME



For formality, any firm registered in one or more of the following entities was considered formal, otherwise considered informal.

- Governorate Company Registration
- Chamber of Commerce
- Directorate of Industrial Development
- Tax Authority
- Social Security Fund
- Local Municipality
- Company Registrar
- Labor Directorates in the Governorates
- Ministry of Labor and Social Affairs
- Ministry of Health
- Ministry of Culture and Youth
- Investment Authority
- Municipalities
- Syndicates
- Deputy Governor



Ministry of Planning

PART 3

SURVEY FINDINGS



Ministry of Planning



USAID
FROM THE AMERICAN PEOPLE



The survey findings of the sample of (2016) emprises at the level of the governorates of the KRI



Ministry of Planning

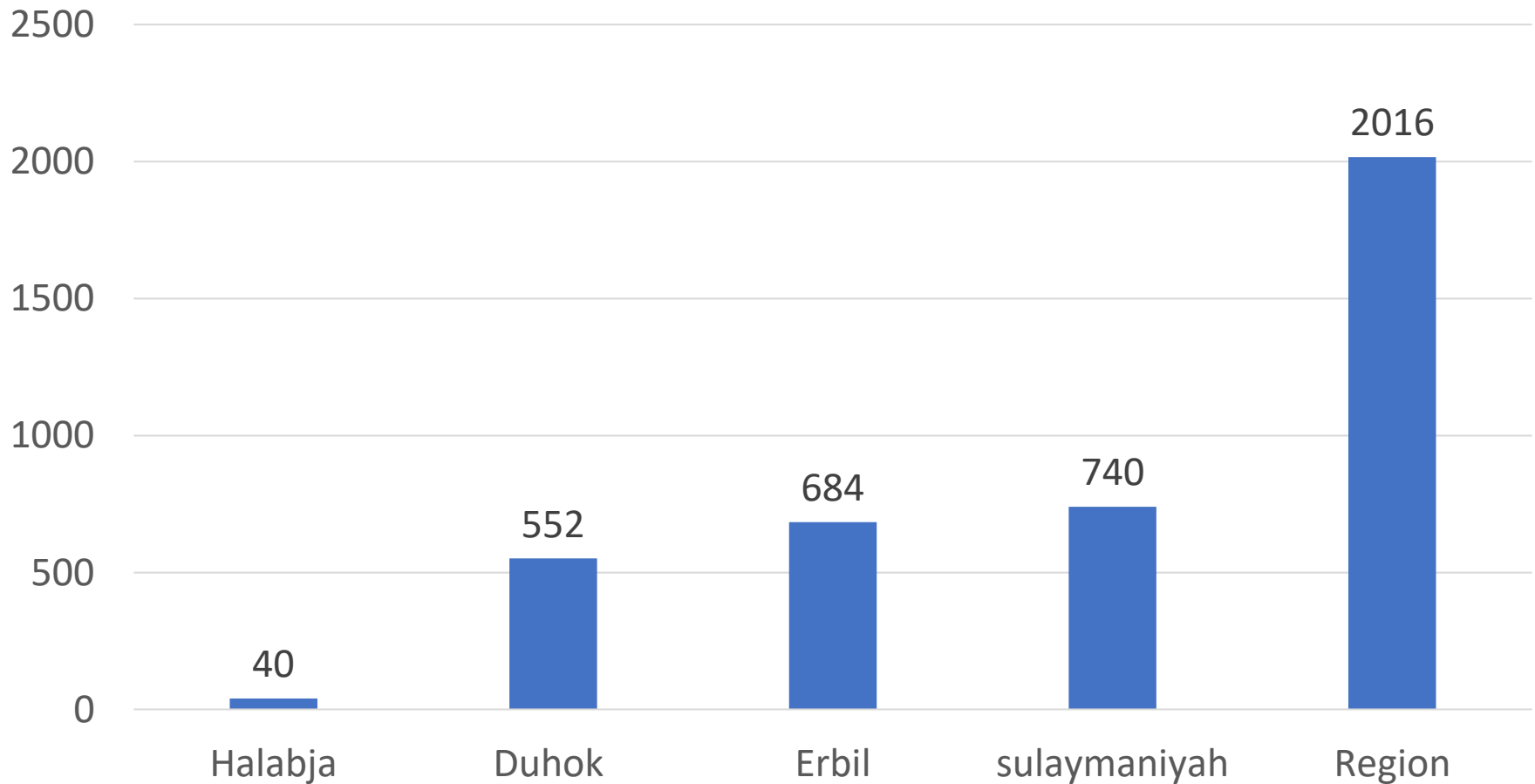


Research Areas Covered:

- Profile of MSMEs: data and statistics
- General MSME Environment
- Employment and human resources
- Women entrepreneurs and women owned businesses
- Innovation and technology
- MSMEs and globalization
- Networks, partnerships and local clusters
- Covid-19 impact
- Financing
- Future Business Outlook

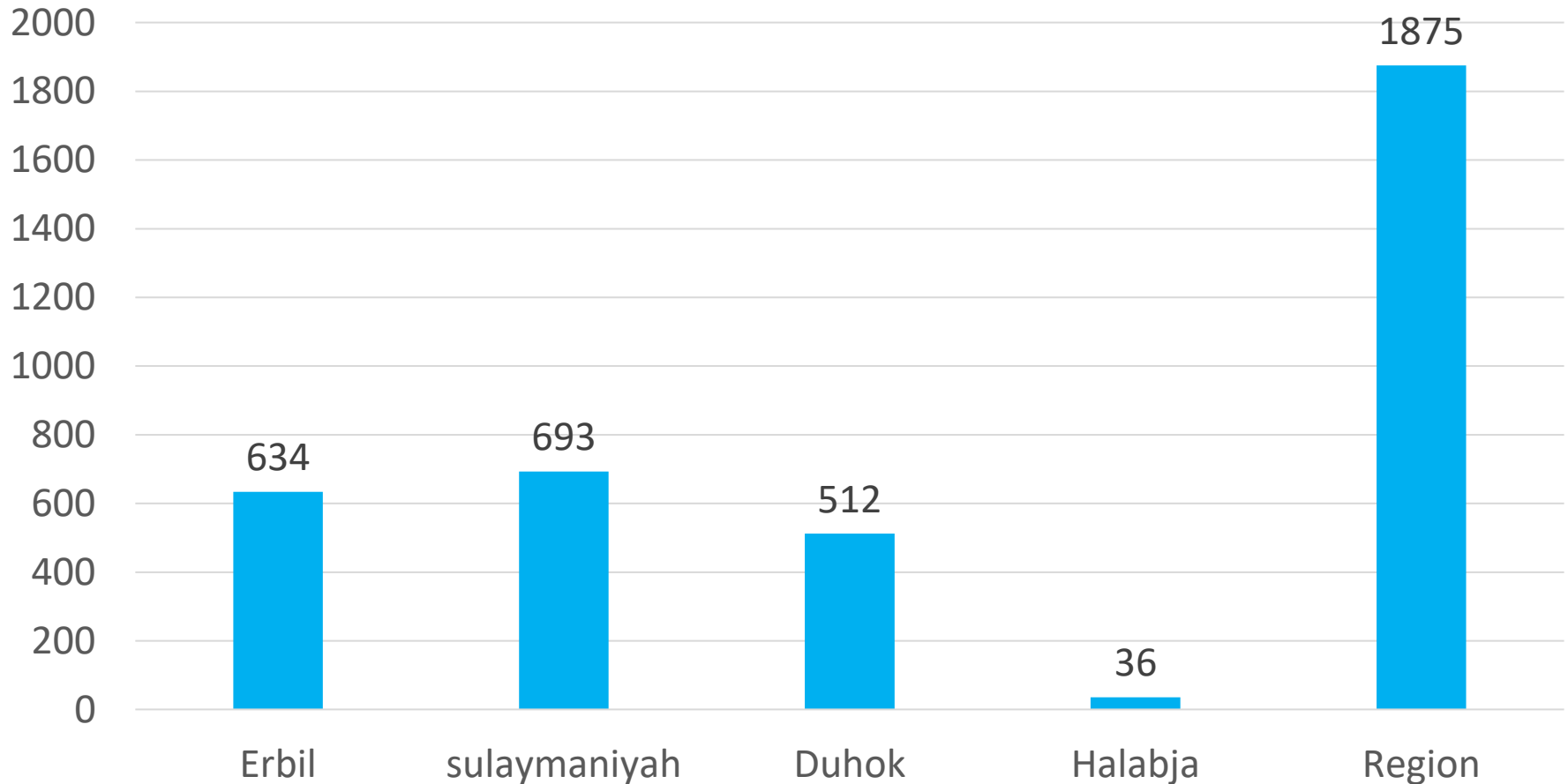
The Sample Size per the Governorates

Distribution Number of Enterprises in KRI Governorates



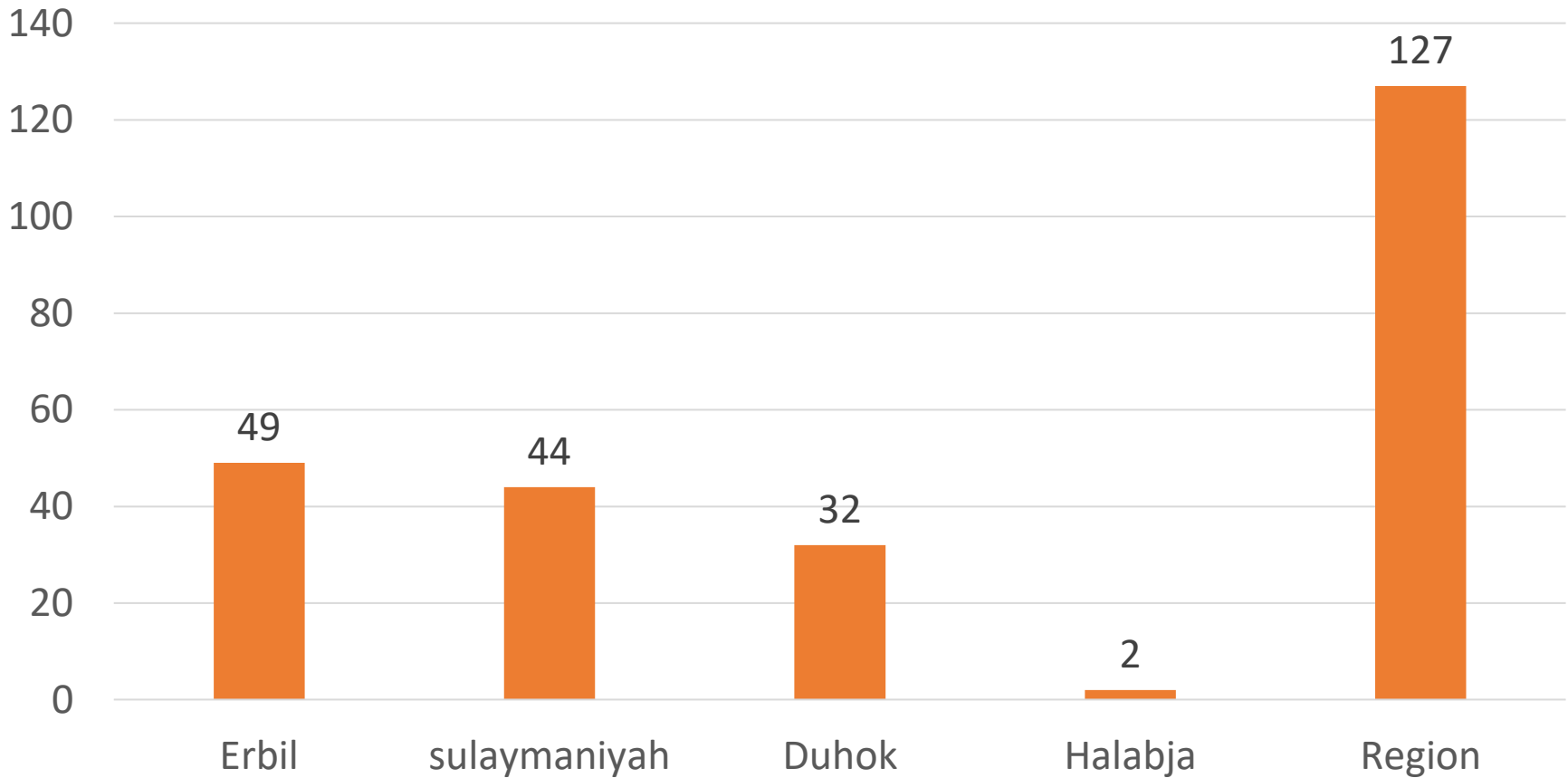
The Sample Size per the Governorates

Distribution of Micro Enterprises in the region by Governorates



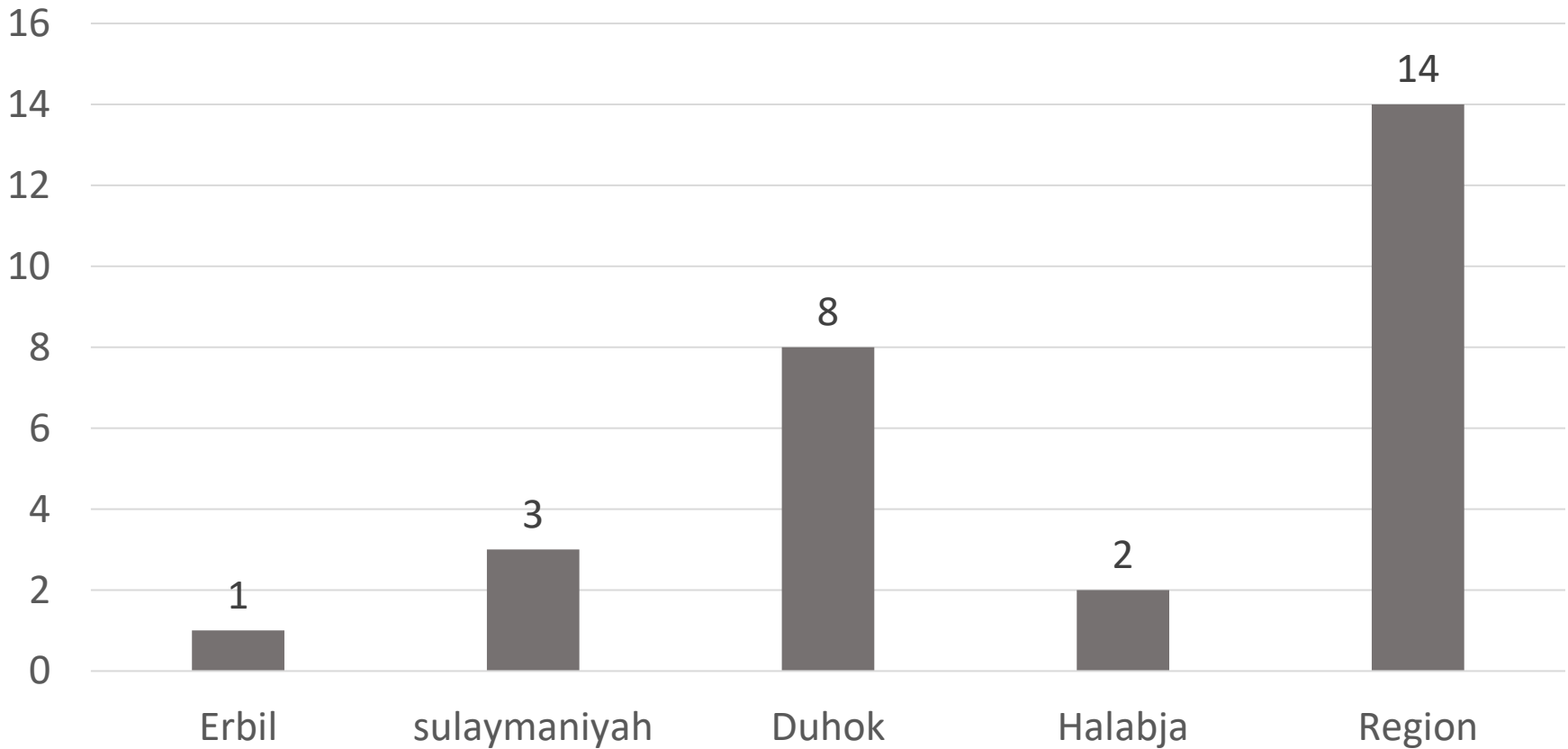
The Sample Size per the Governorates

Distribution of Small Enterprises in the region by Governorates



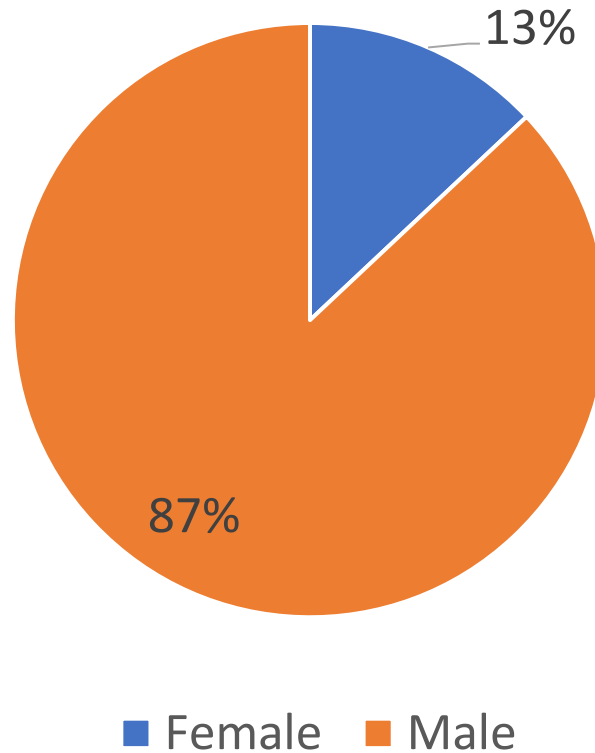
The Sample Size per the Governorates

Distribution of Medium Enterprises in the region by Governorates



General Characteristics of the Enterprises

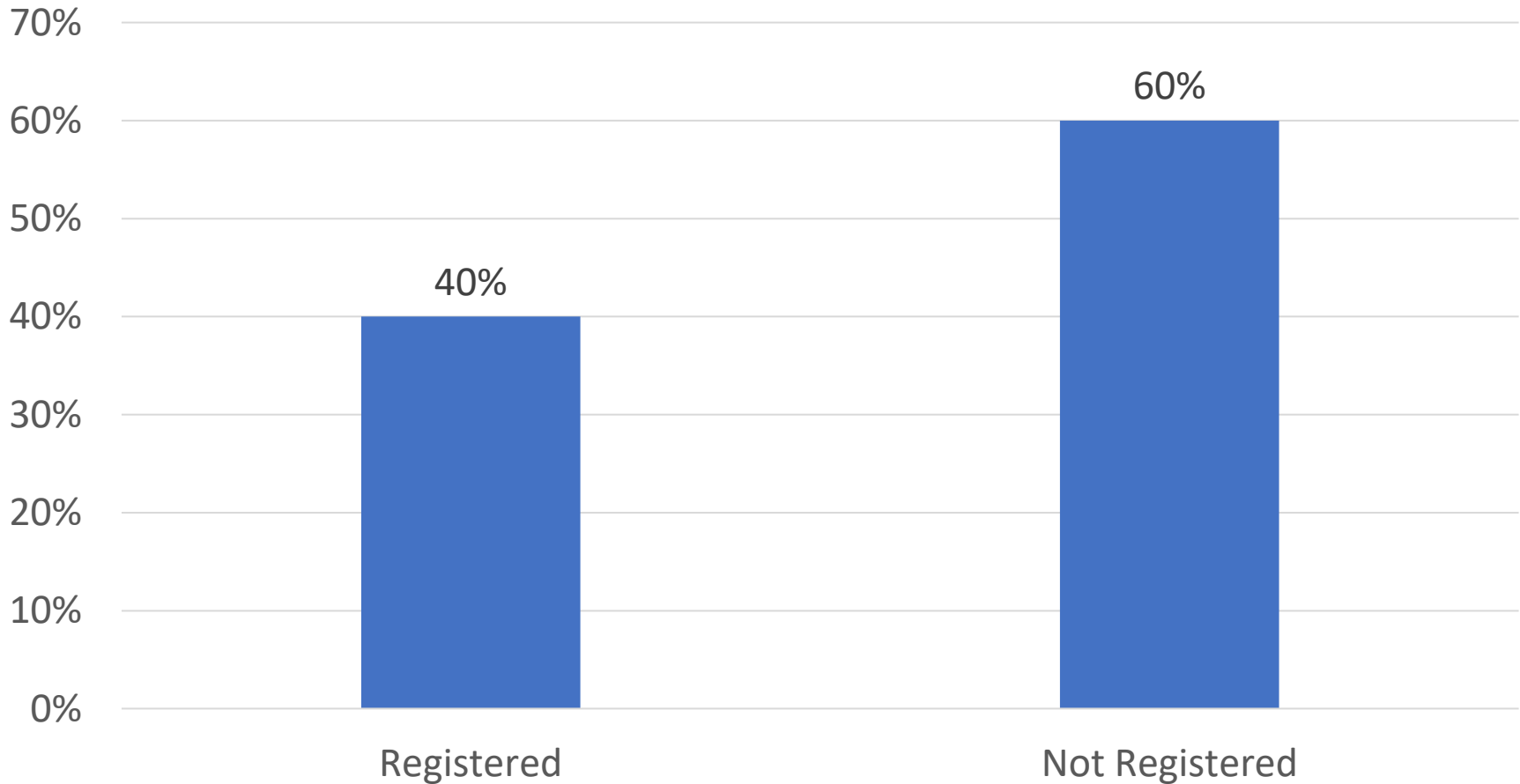
Distribution of the Enterprise owners by Gender



- Distribution of MSME owners by age: 30.5% in the age bracket 35-44

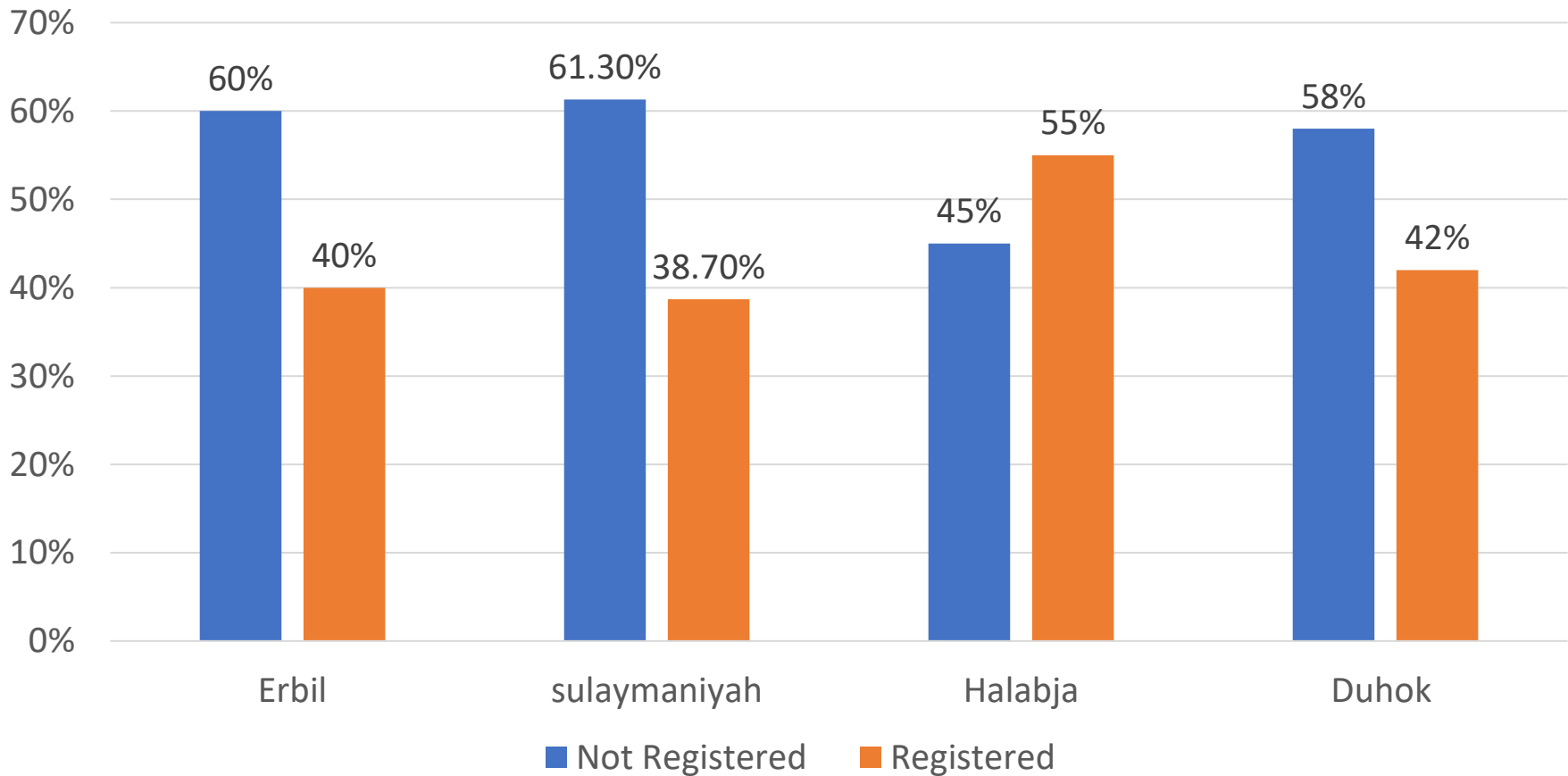
General Characteristics of the Enterprises

Status of Enterprise Registration in Kurdistan Region



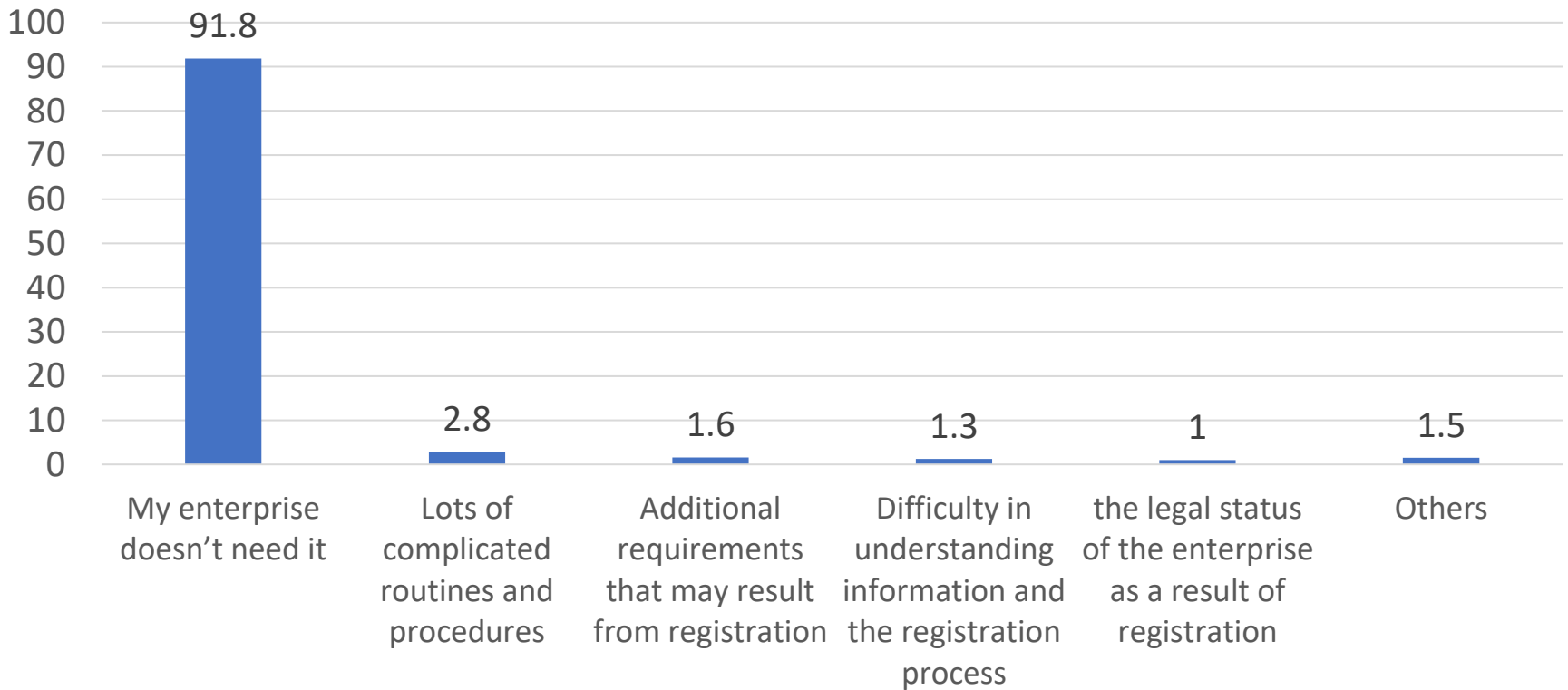
General Characteristics of the Enterprises

Status of Registration by Governorate



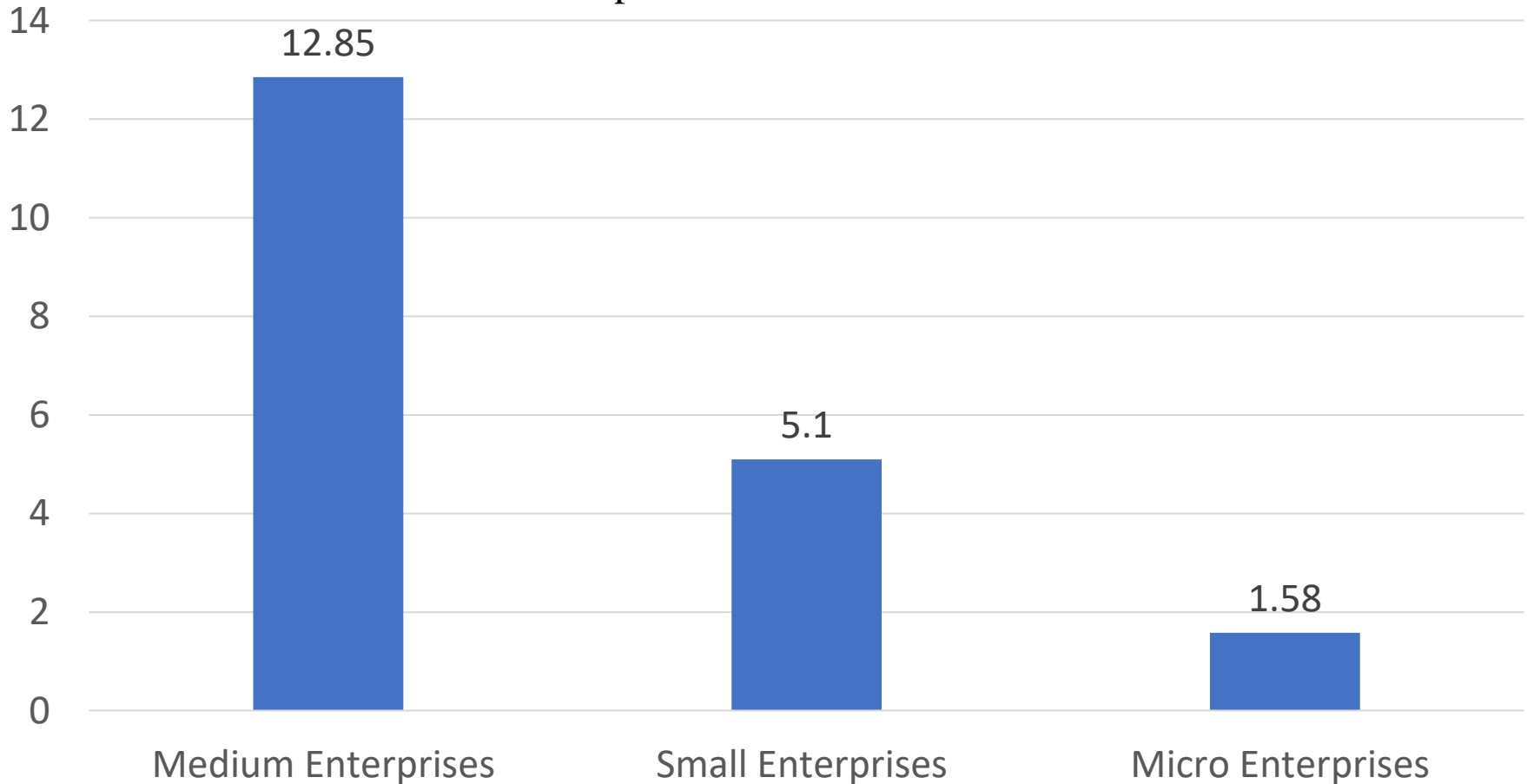
General Characteristics of the Enterprises

Reasons for Not Registering Enterprises in Kurdistan Region



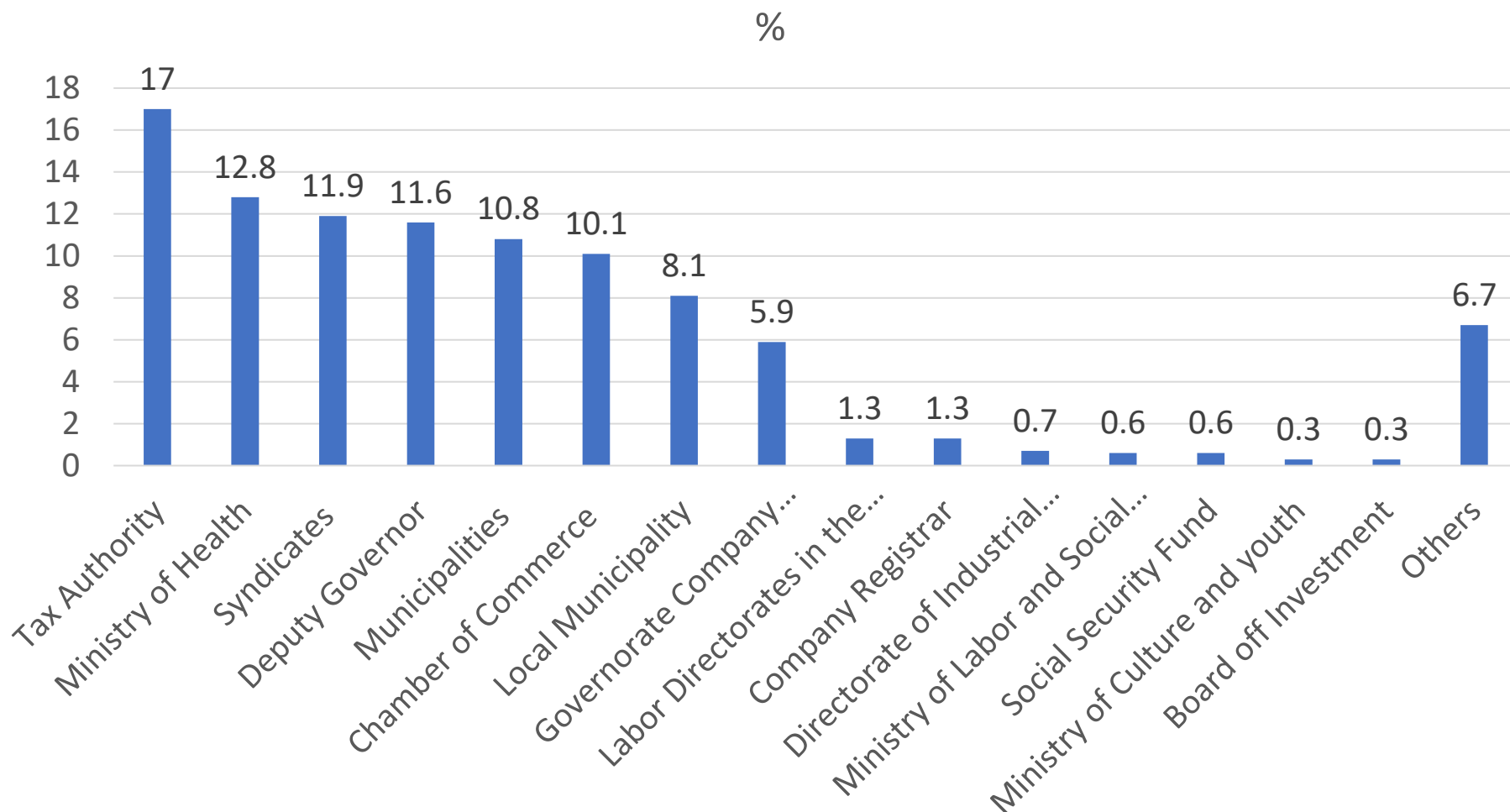
General Characteristics of the Enterprises

Average Number of Employees by Enterprises size



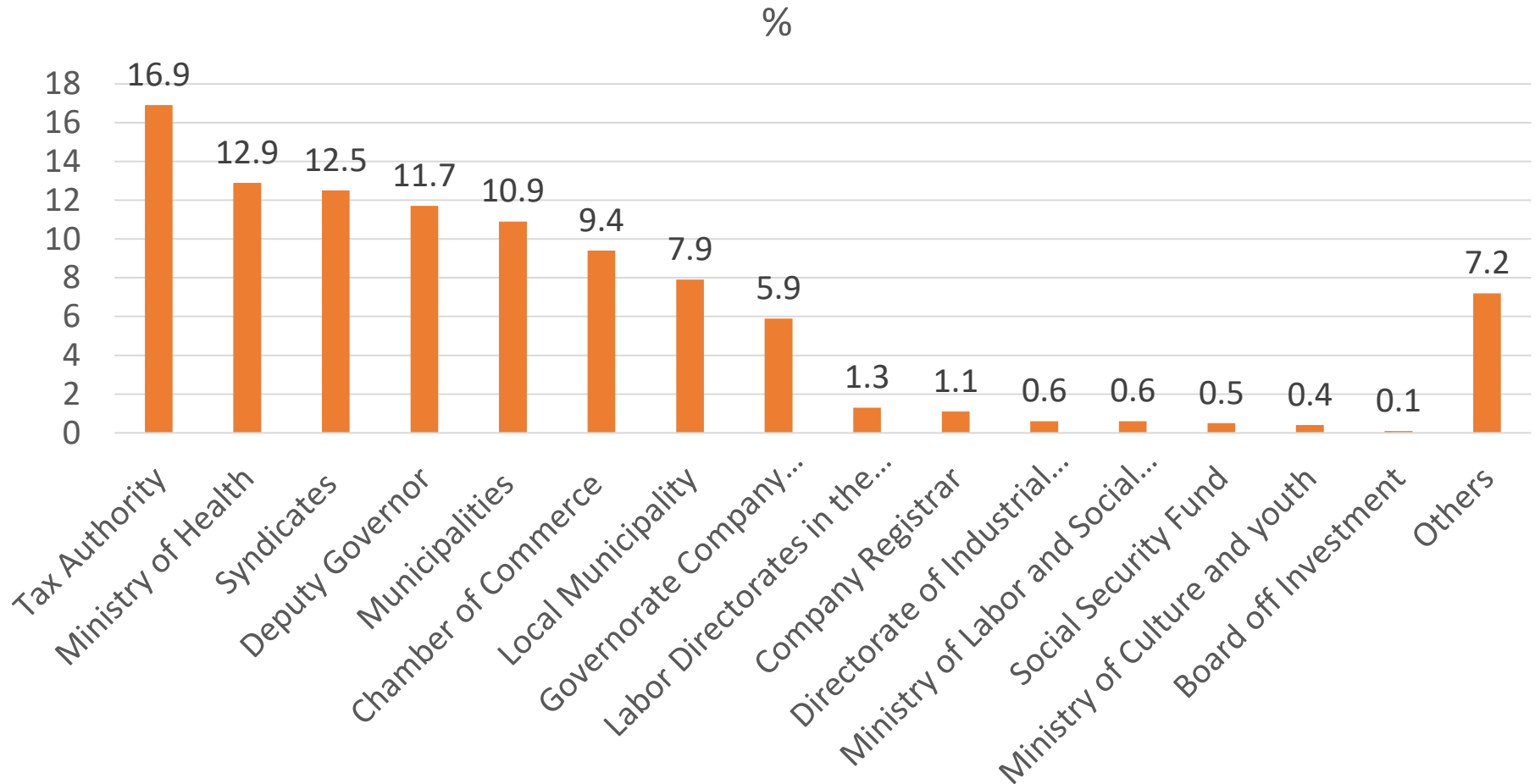
General Characteristics of the Enterprises

Enterprises Registration Entities in the Kurdistan Region (more than one respond)



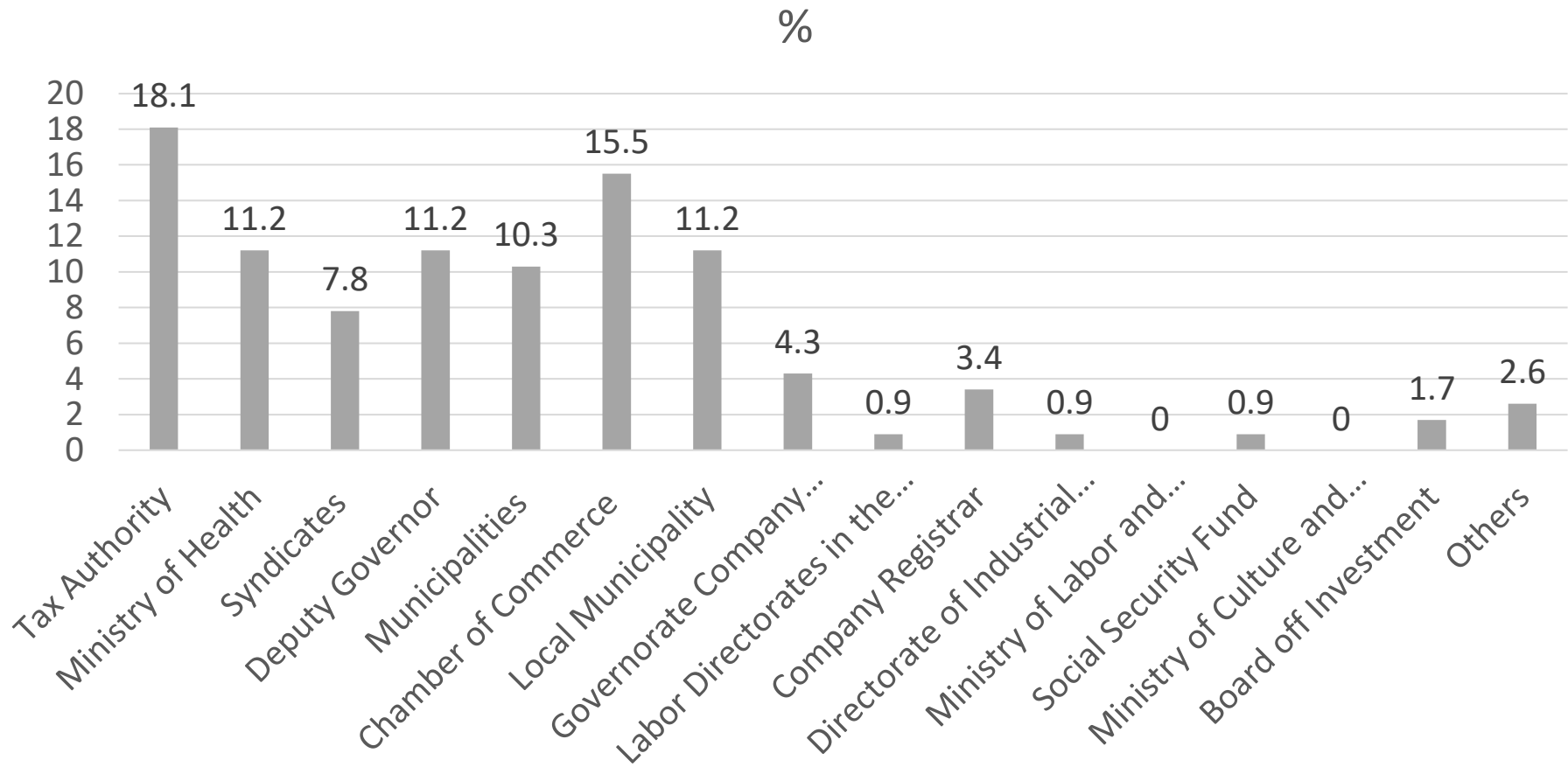
General Characteristics of the Enterprises

Institutions Registry in The Kurdistan Region by Institution Size (more than one respond)



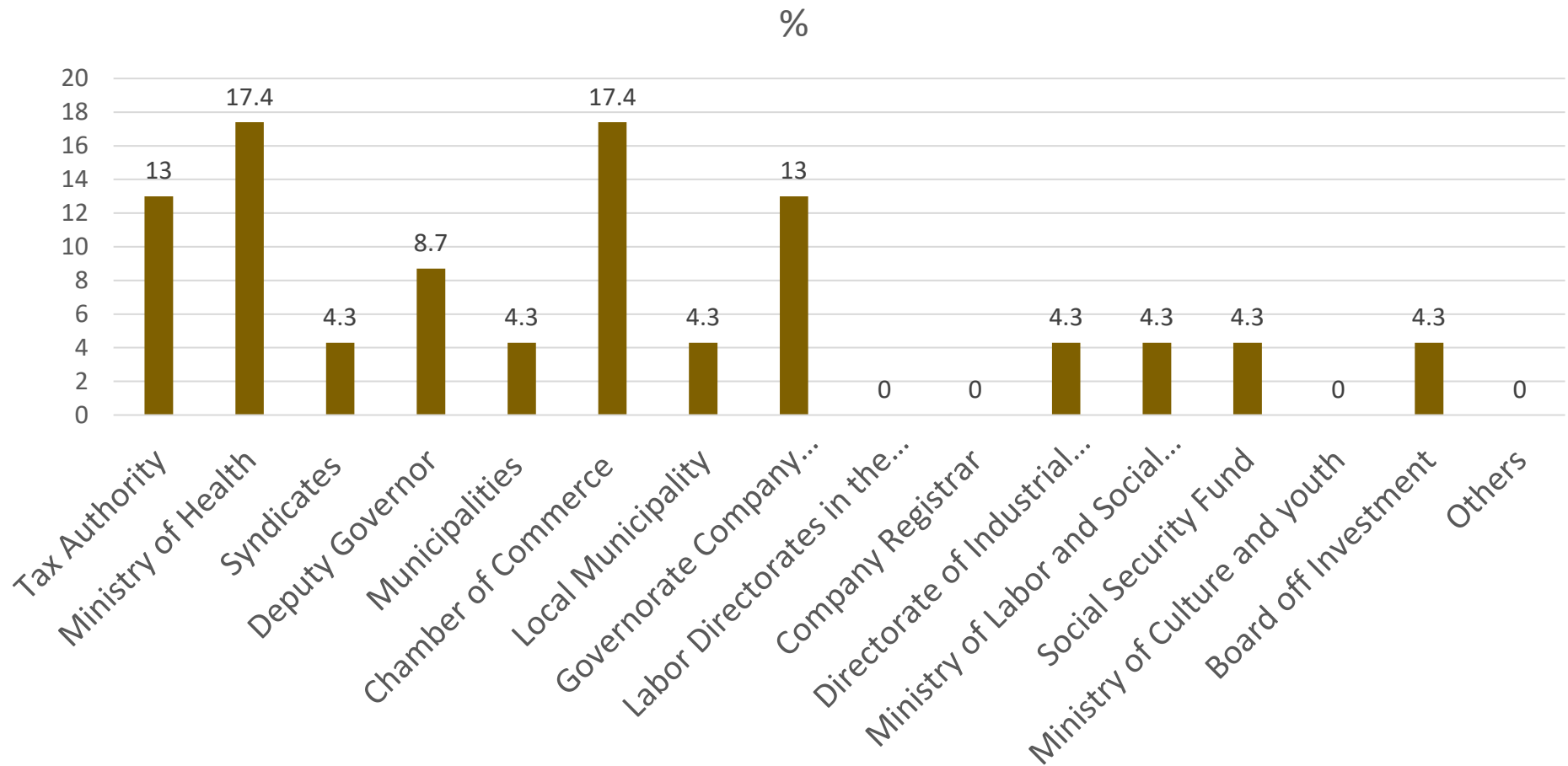
General Characteristics of the Enterprises

Institutions Registry in The Kurdistan Region by Institution Size (more than one respond)



General Characteristics of the Enterprises

Institutions Registry in The Kurdistan Region by Institution Size (more than one respond)





Ministry of Planning



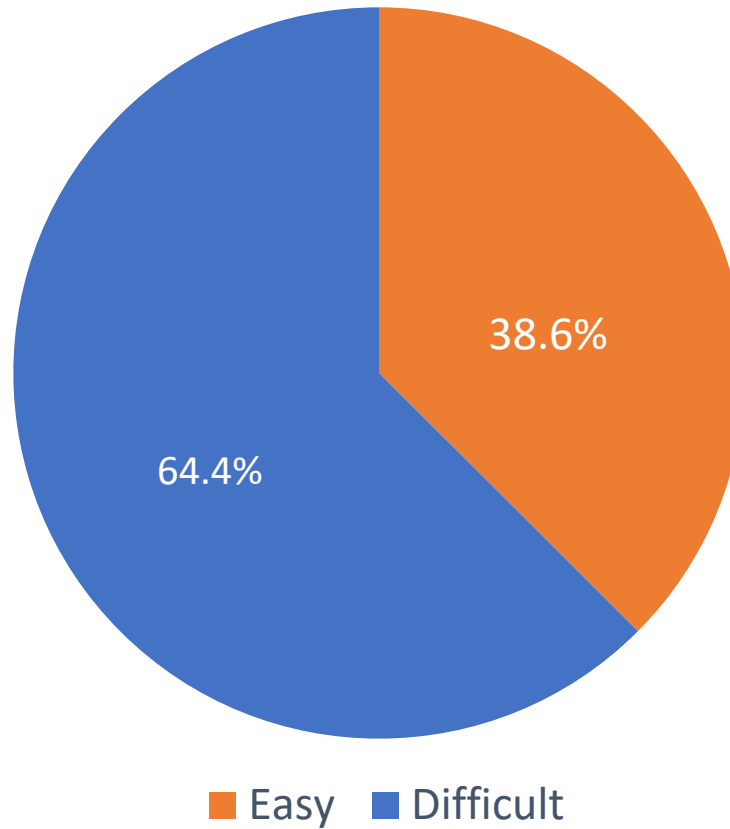
The MSME Overall Environment



USAID
FROM THE AMERICAN PEOPLE

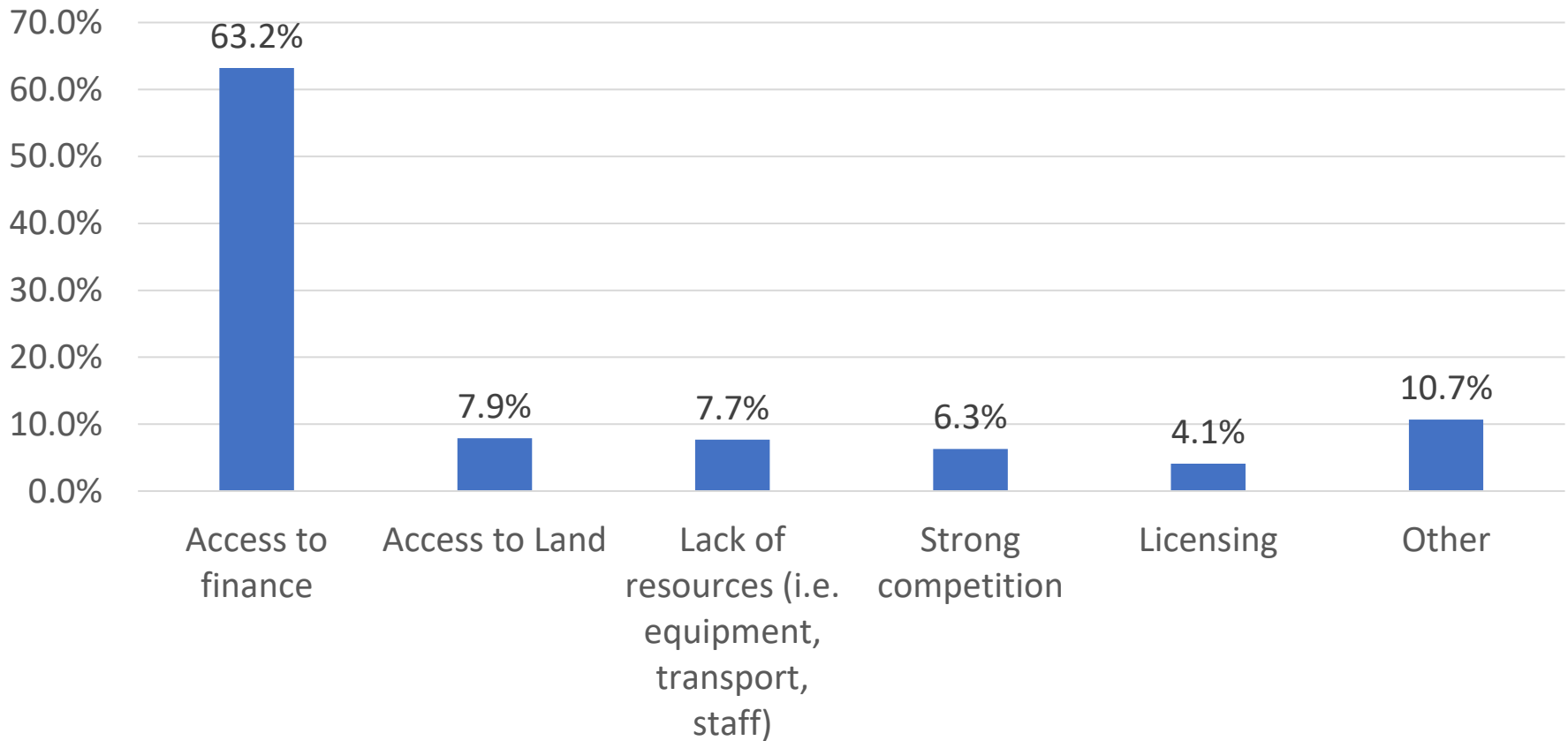


Difficulty of Establishing Enterprises in the Kurdistan Region



The MSME Overall Environment

Reasons for Difficulty of Establishing Enterprises in the Kurdistan Region





Ministry of Planning



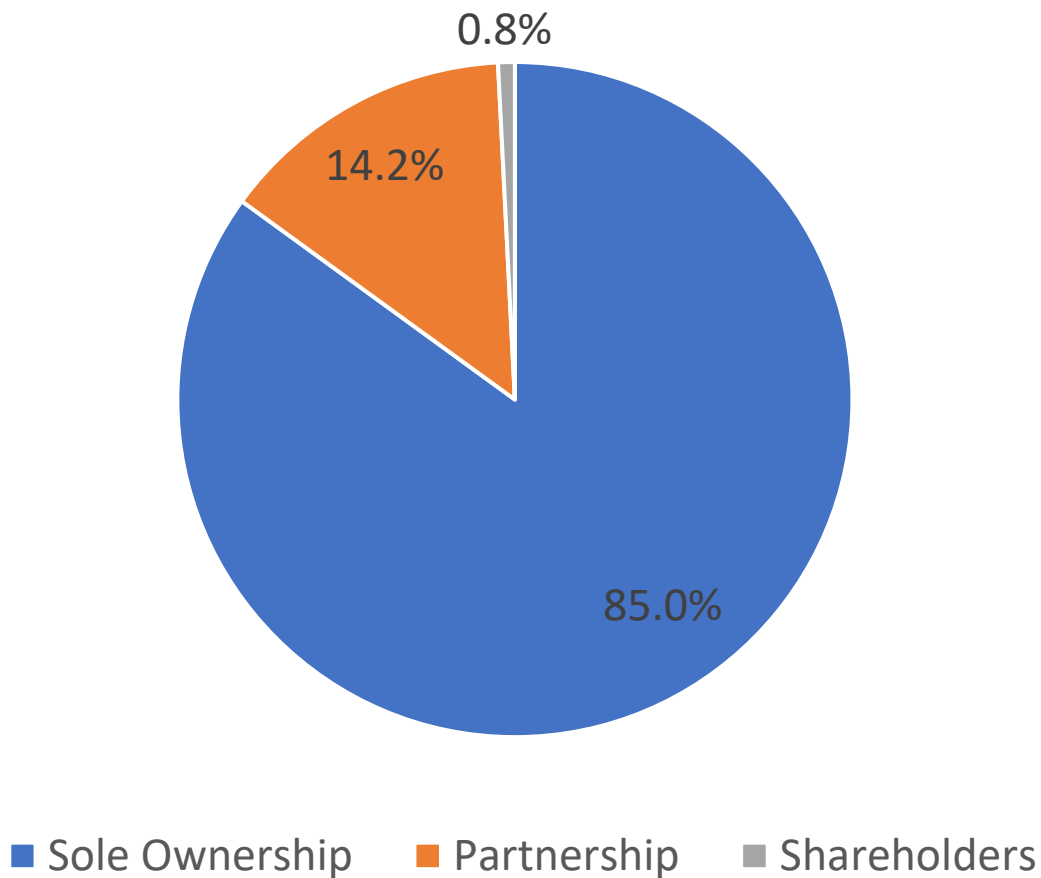
The MSME Overall Environment



USAID
FROM THE AMERICAN PEOPLE

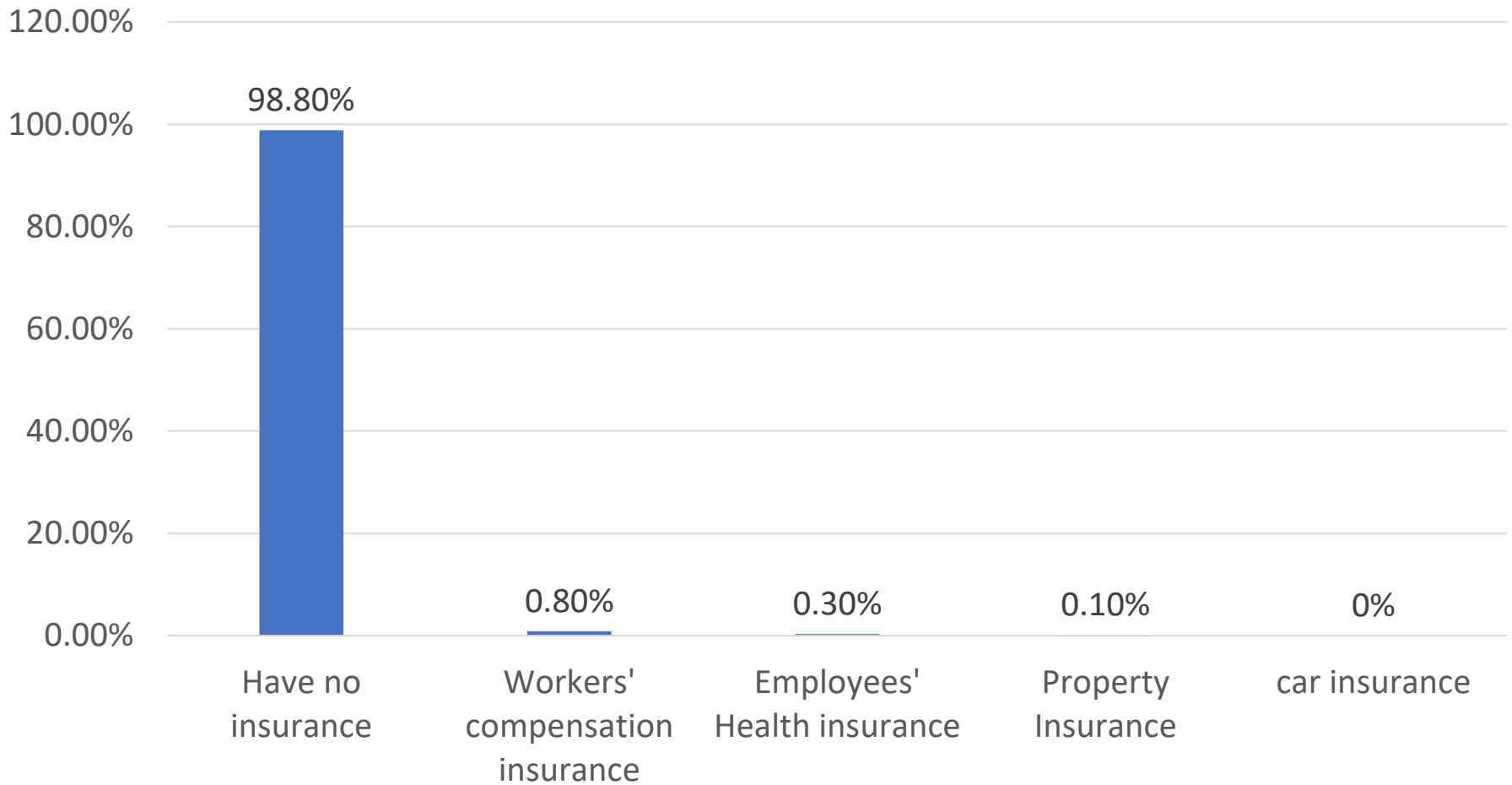


Enterprises Ownership Structure

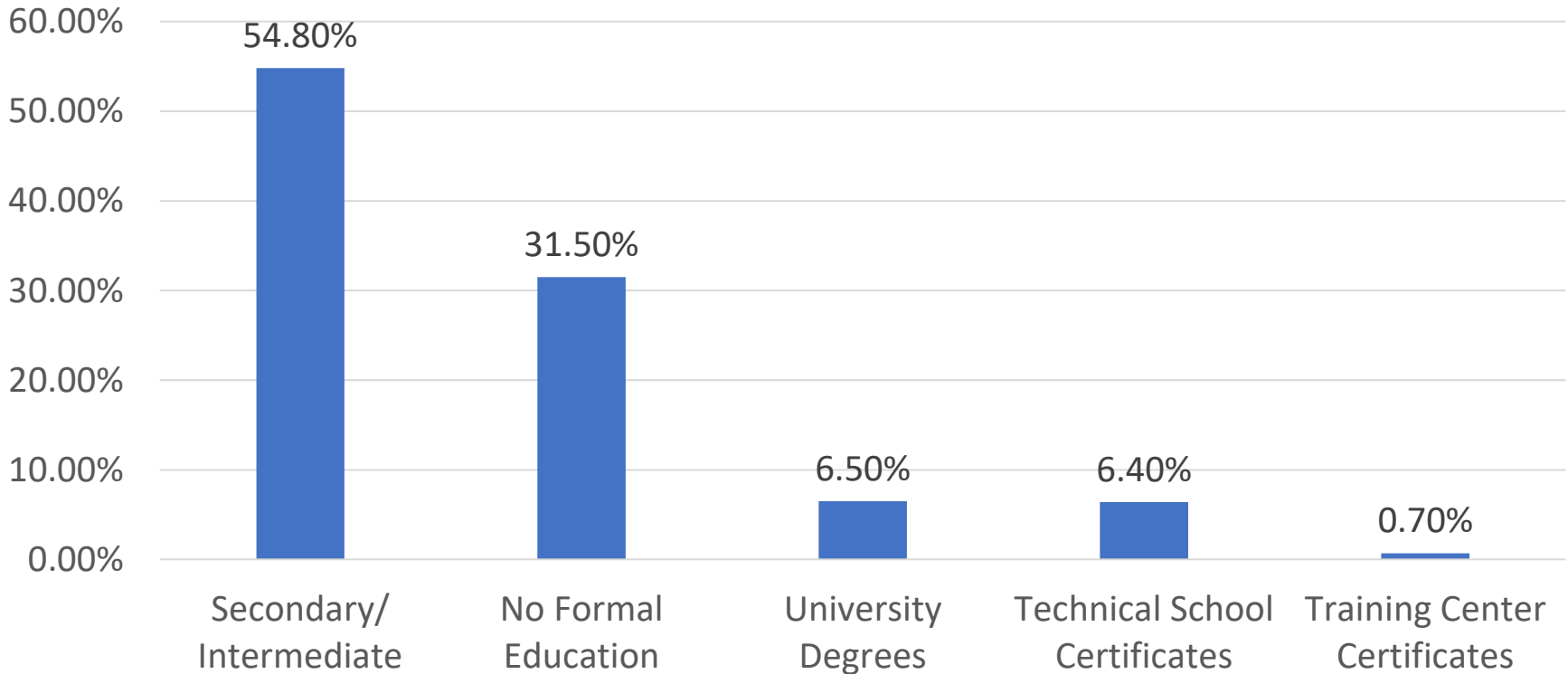


The MSME Overall Environment

Enterprises Insurance Type



Education level of Enterprise Owners in Kurdistan Region



- Erbil province has the highest percentage of holders of educational qualifications (secondary/Highschool).



Ministry of Planning



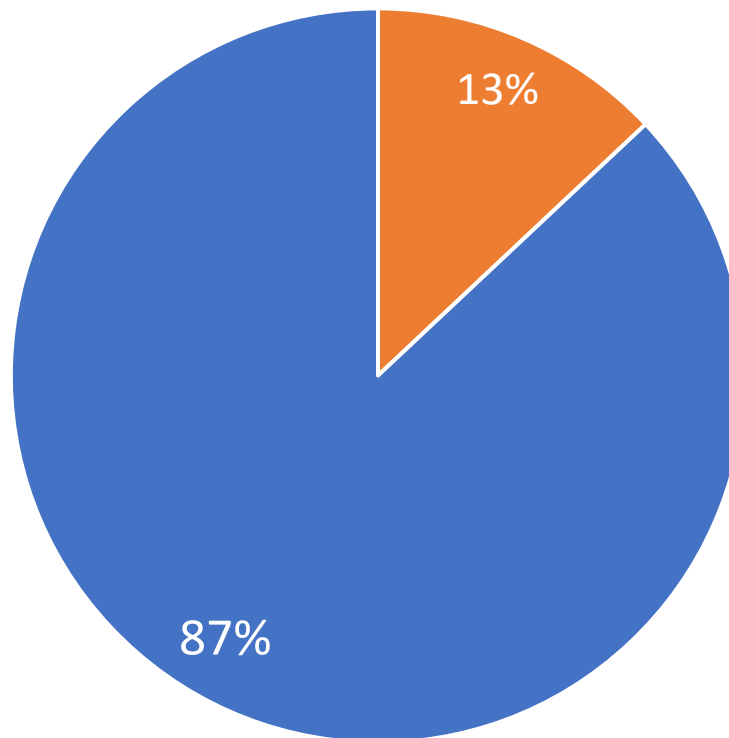
Employment and Human Resources



USAID
FROM THE AMERICAN PEOPLE

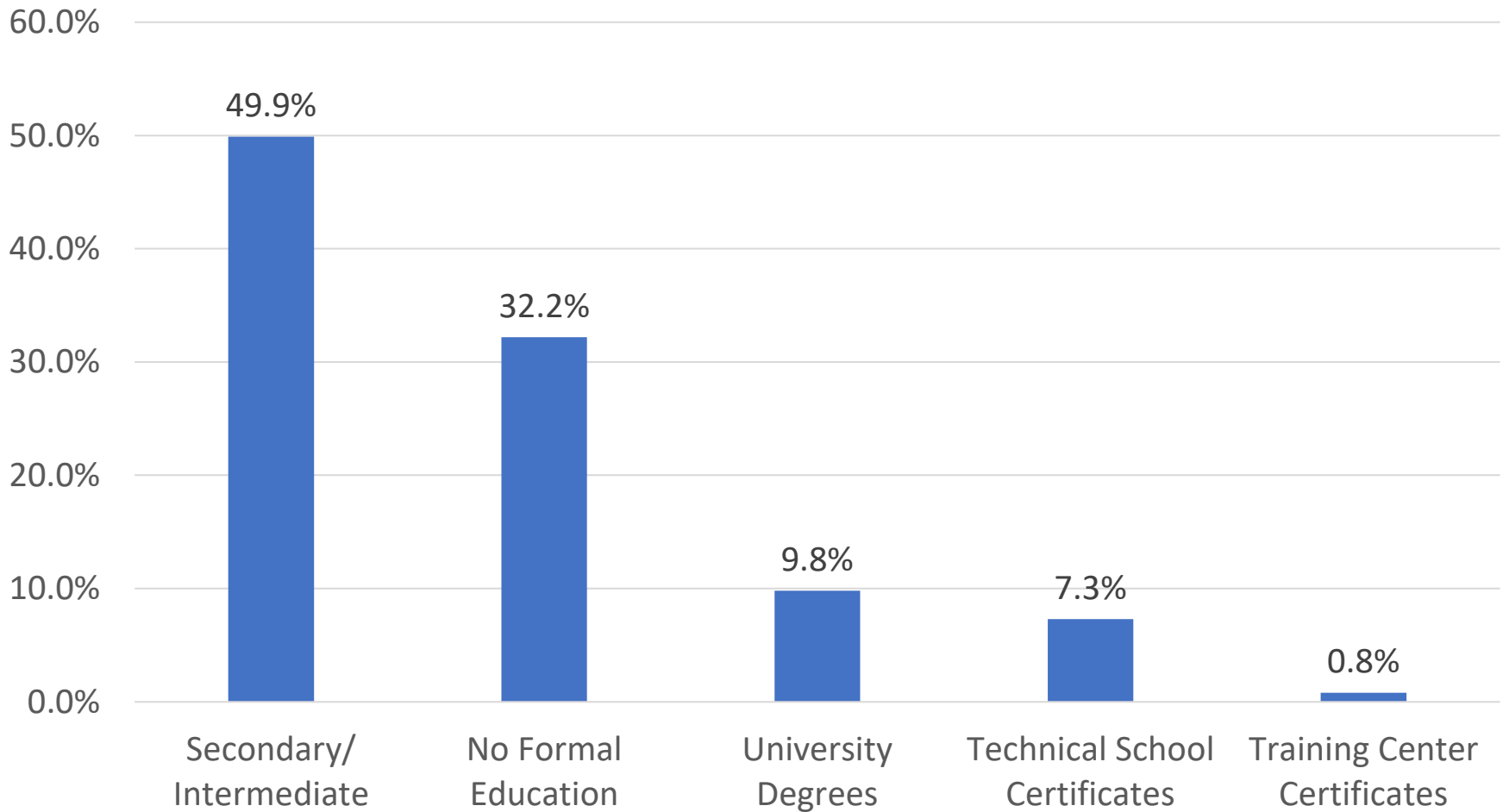


Distribution of MSME Employees by Gender



Female Male

Education level of Enterprise Employees in Kurdistan Region





Ministry of Planning



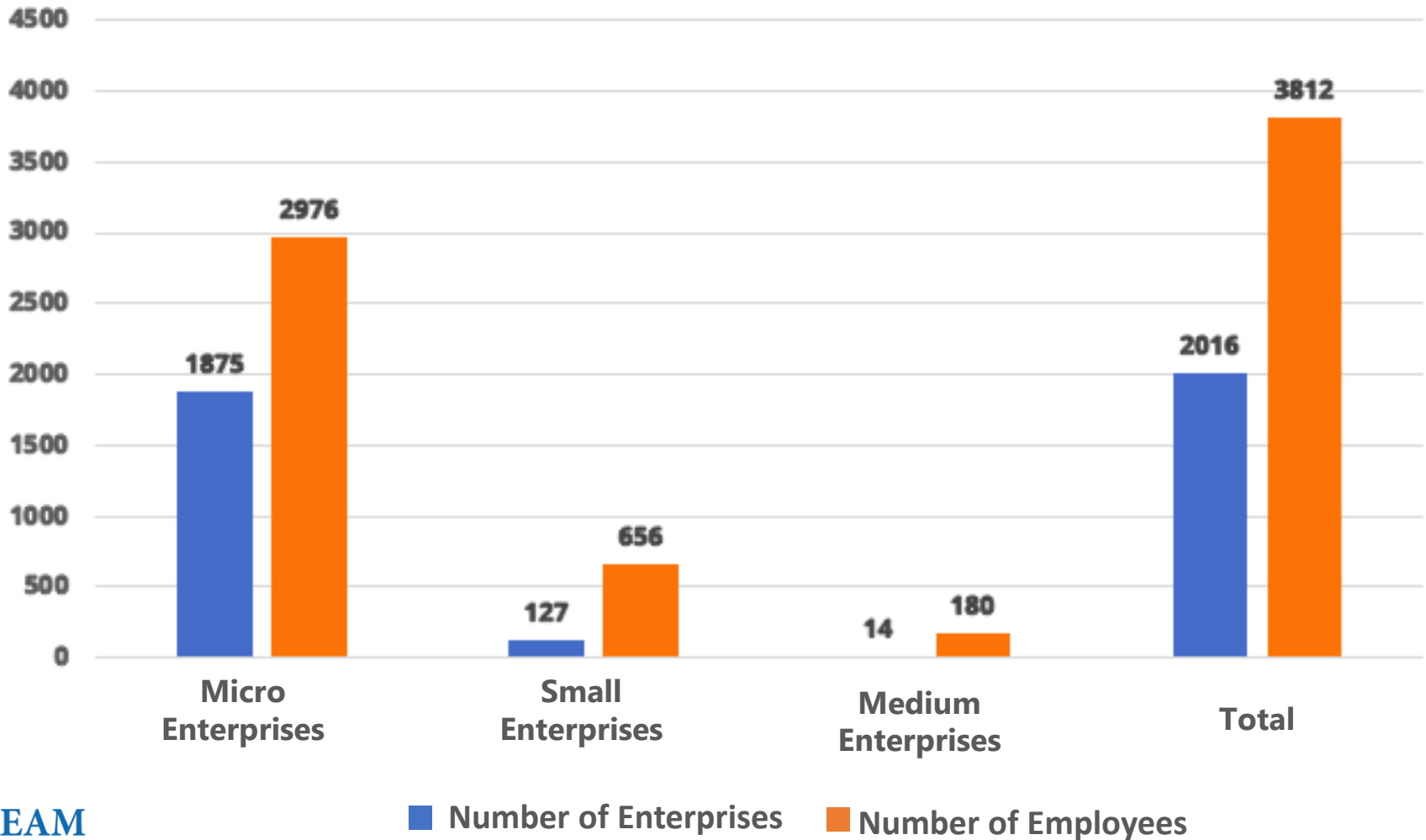
Employment and Human Resources



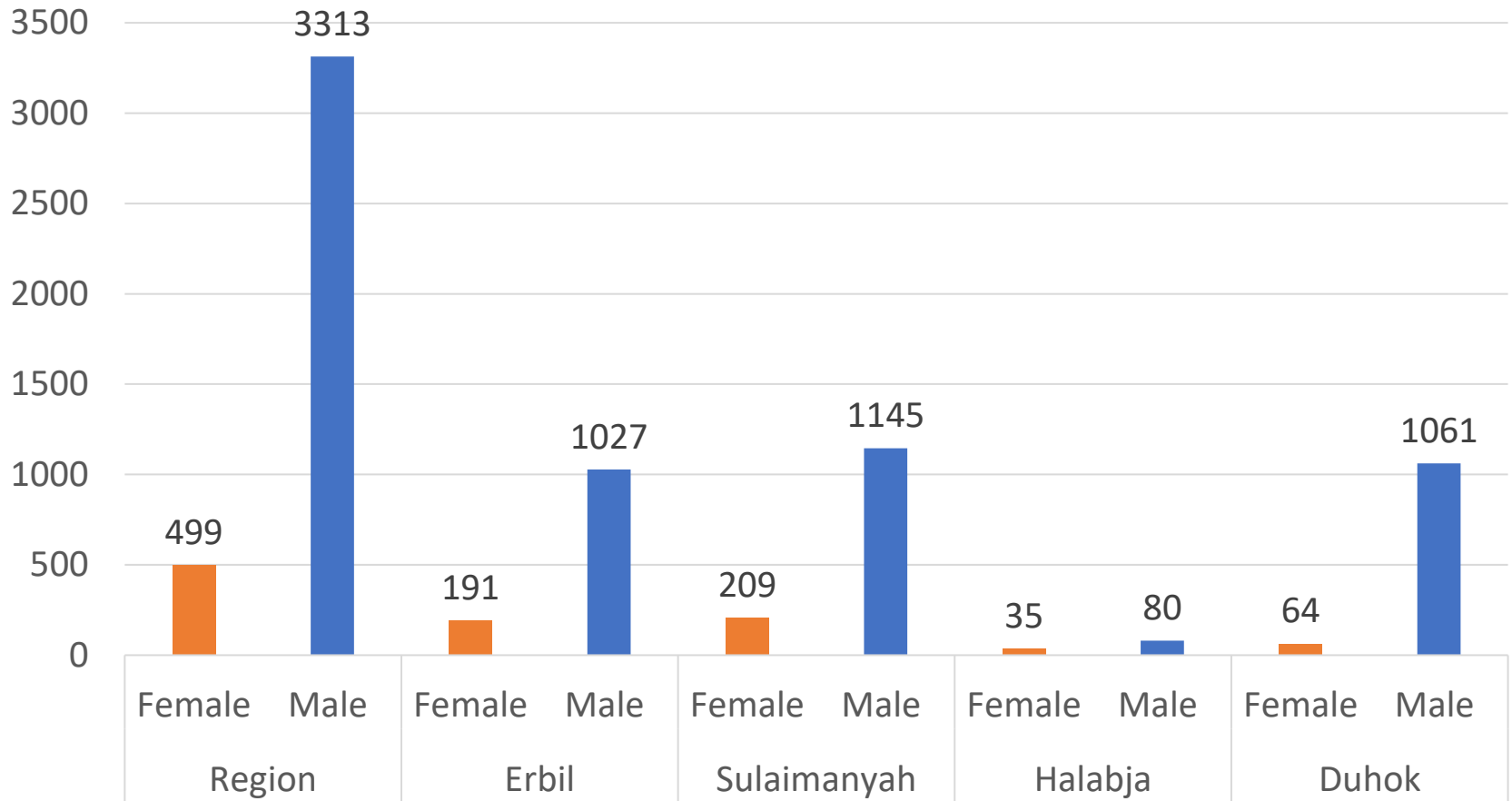
USAID
FROM THE AMERICAN PEOPLE



Distribution Of Enterprises and Employees According to Enterprise Size

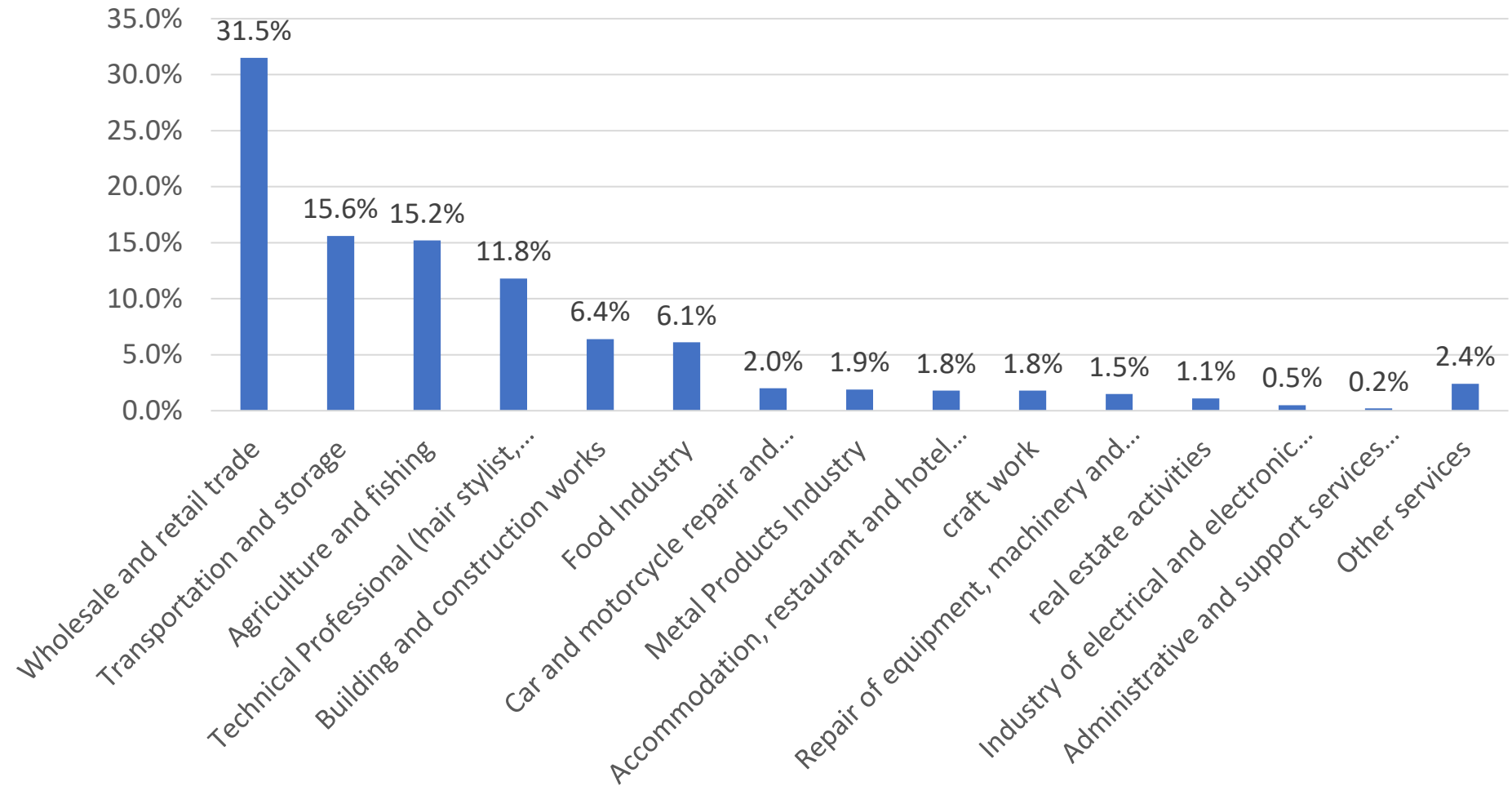


Number Of Employees in The Governorates By Gender



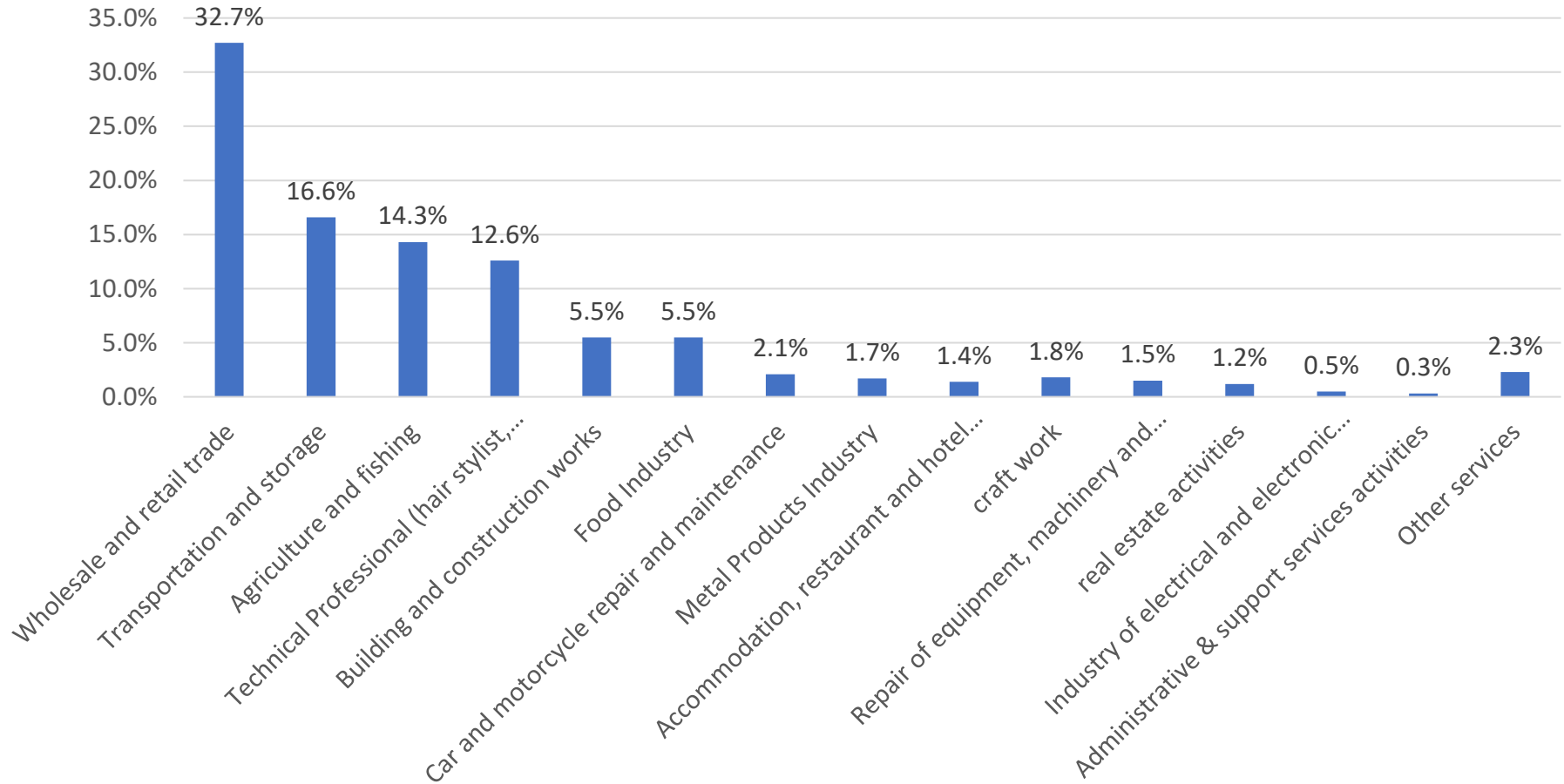
Employment and Human Resources

Distribution of Enterprises according to type of activity in the Kurdistan Region

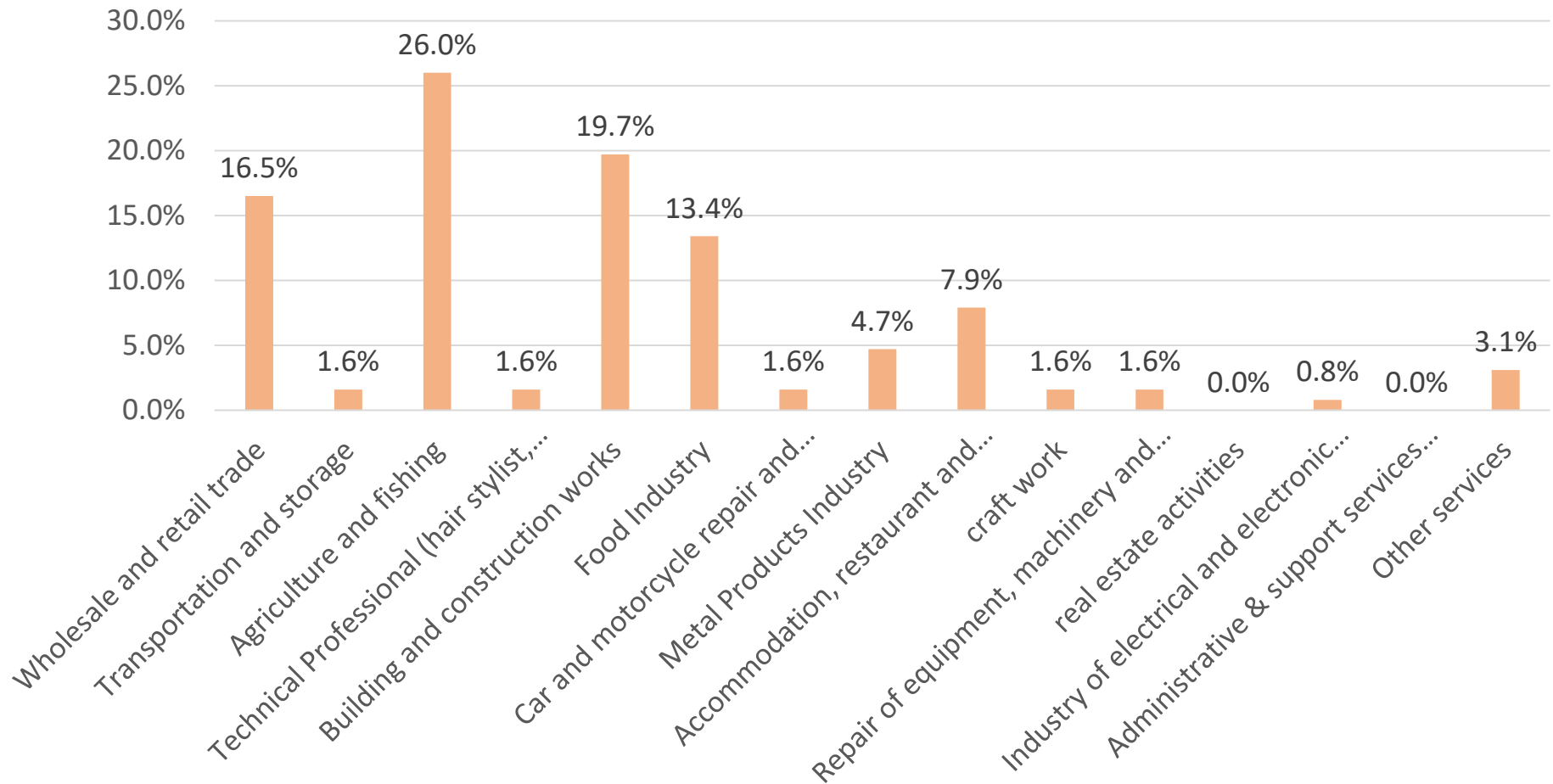


Employment and Human Resources

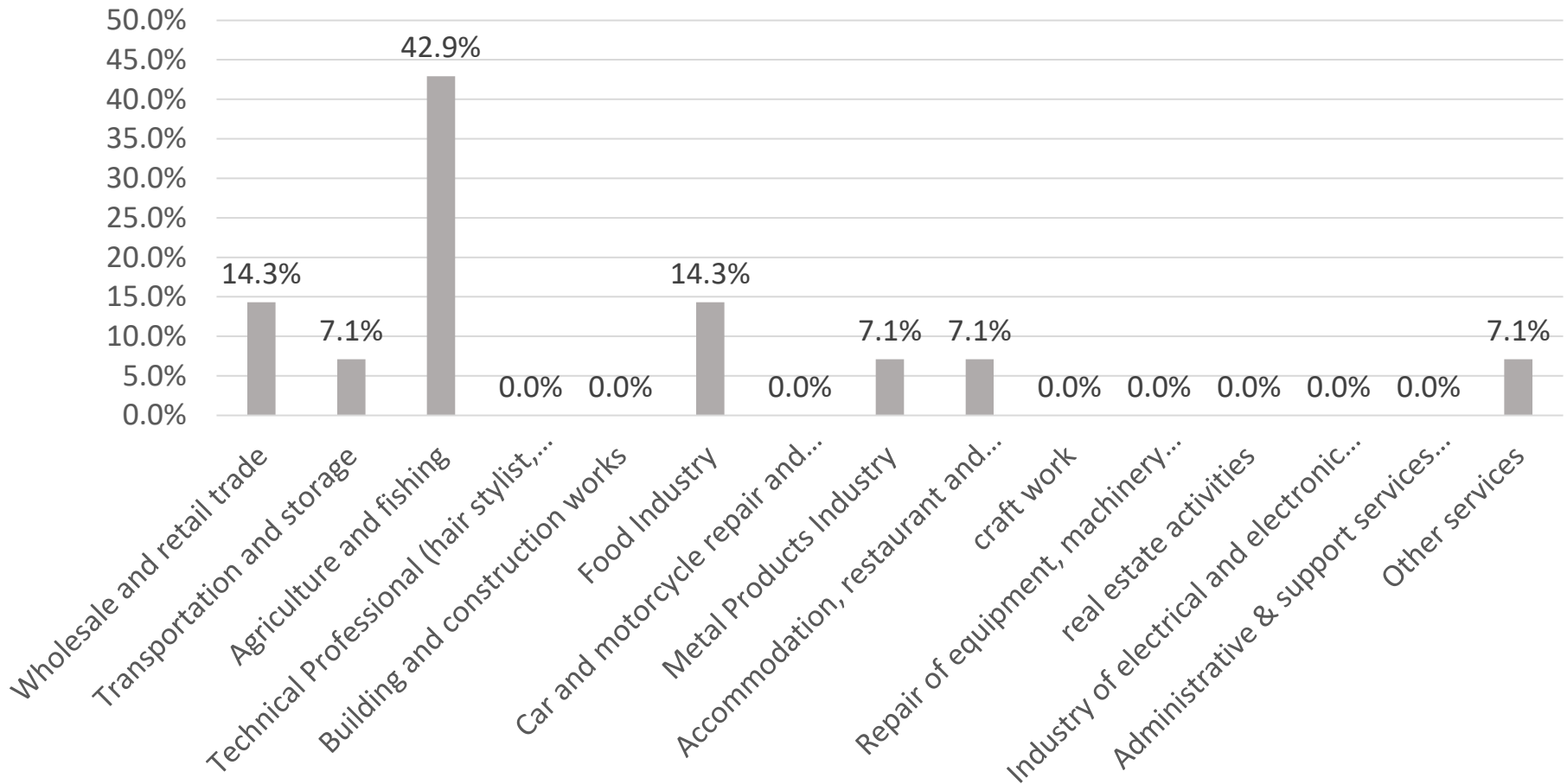
Distribution of Micro Enterprises according to type of activity in the Kurdistan Region



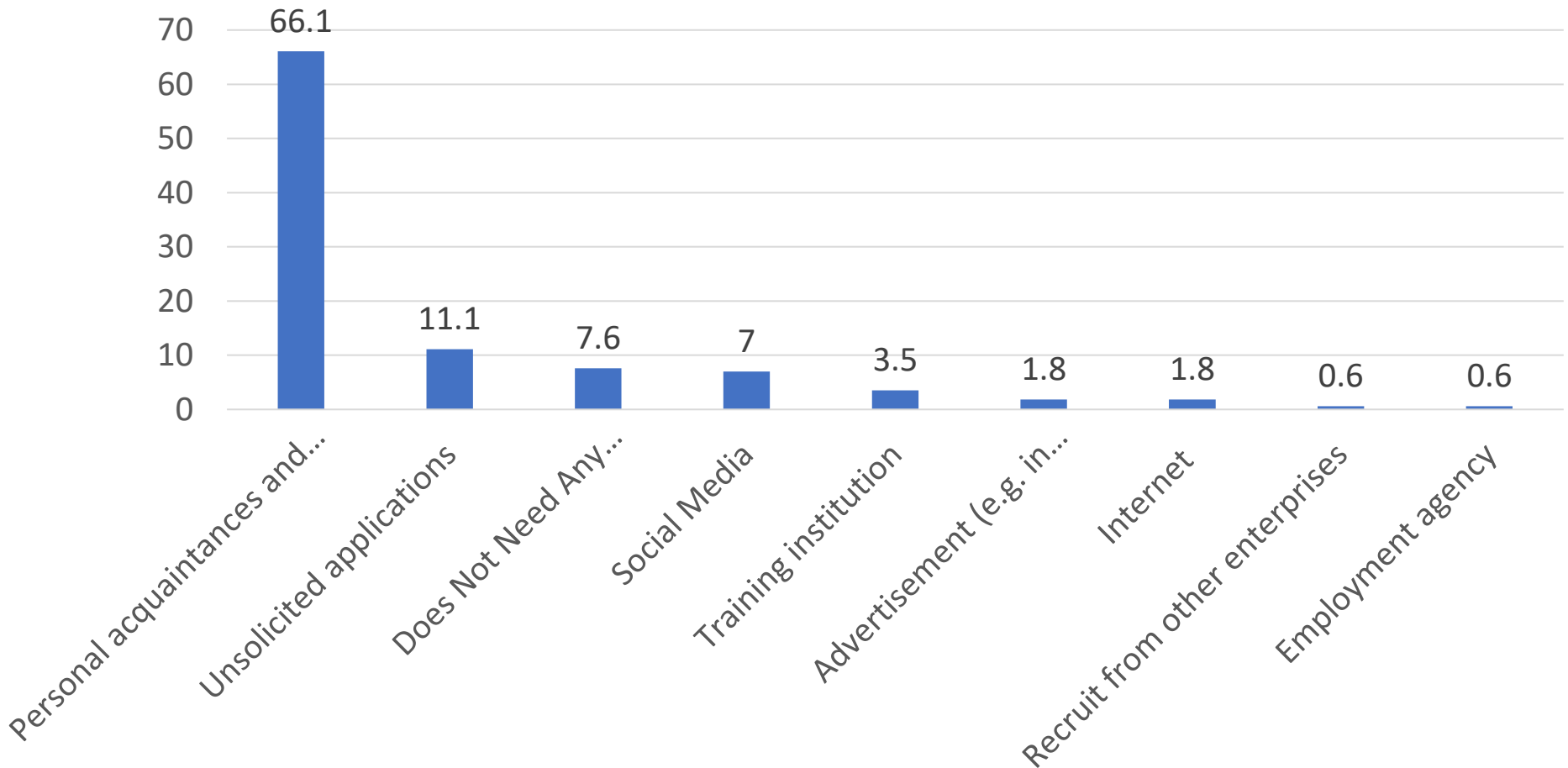
Distribution of Small Enterprises according to type of activity in the Kurdistan Region



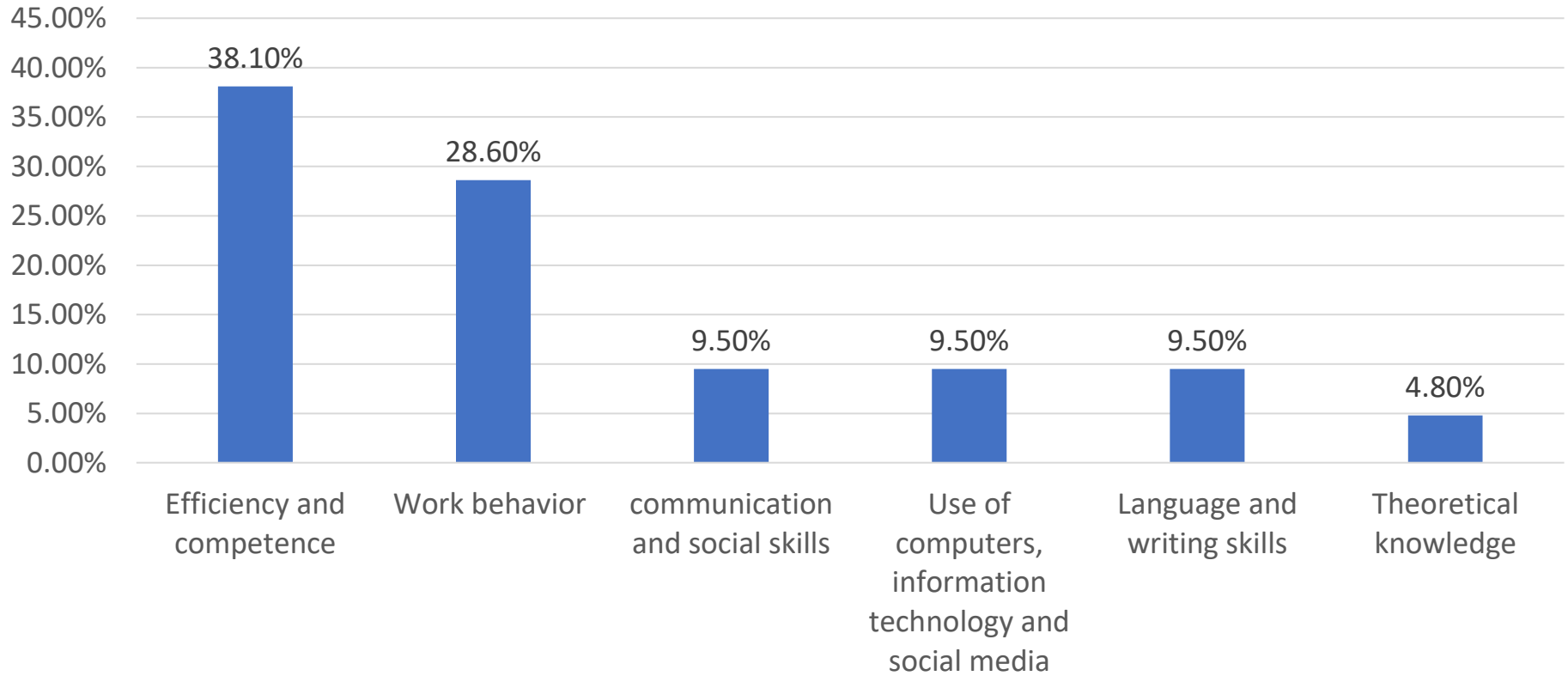
Distribution of Medium Enterprises according to type of activity in the Kurdistan Region



Recruitment Sources and Channels %



Need for employees in these areas



- Despite the requirements, all surveyed enterprises indicated that they do not provide training to staff.



Ministry of Planning



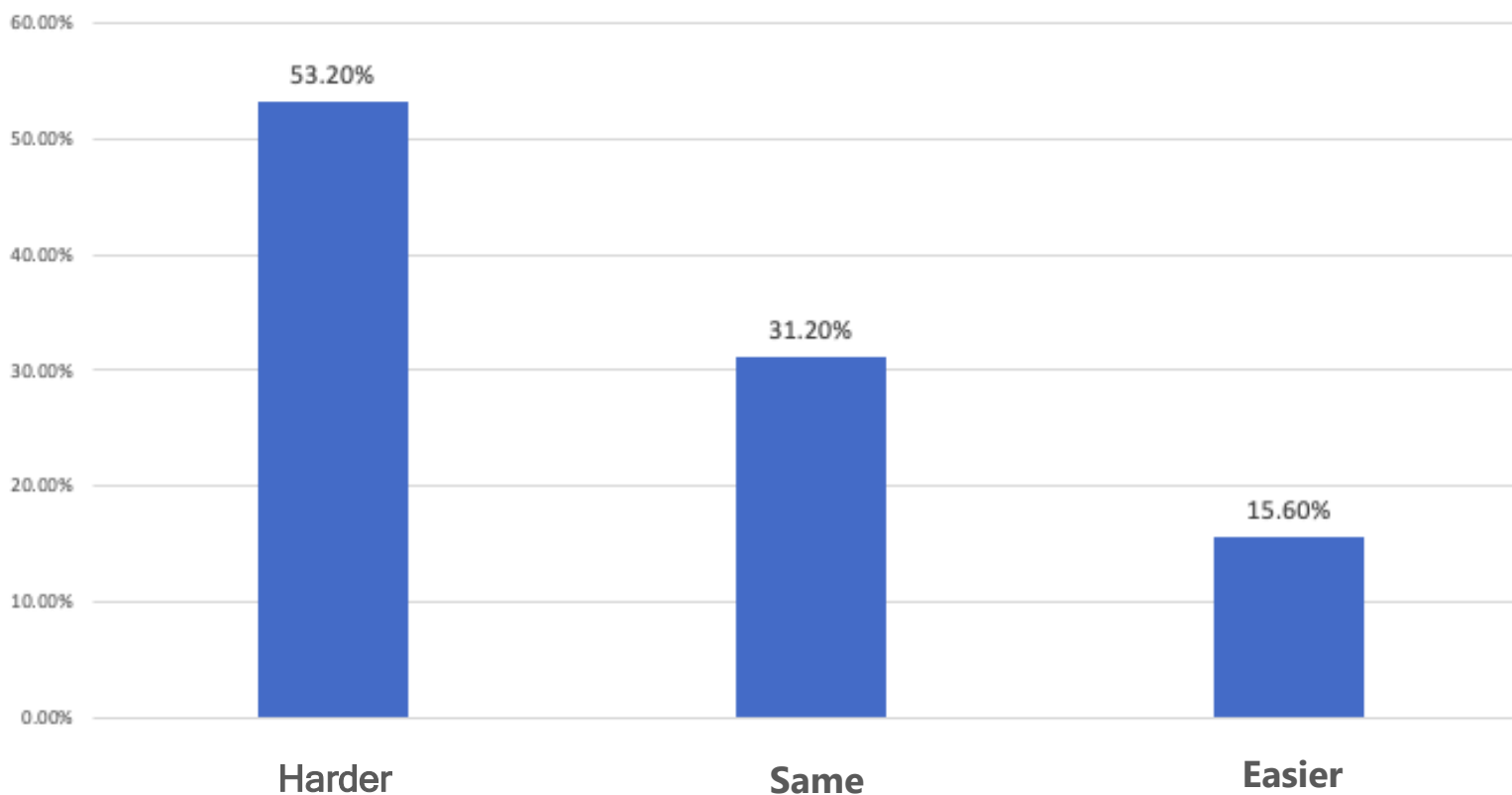
Women Entrepreneurs



USAID
FROM THE AMERICAN PEOPLE

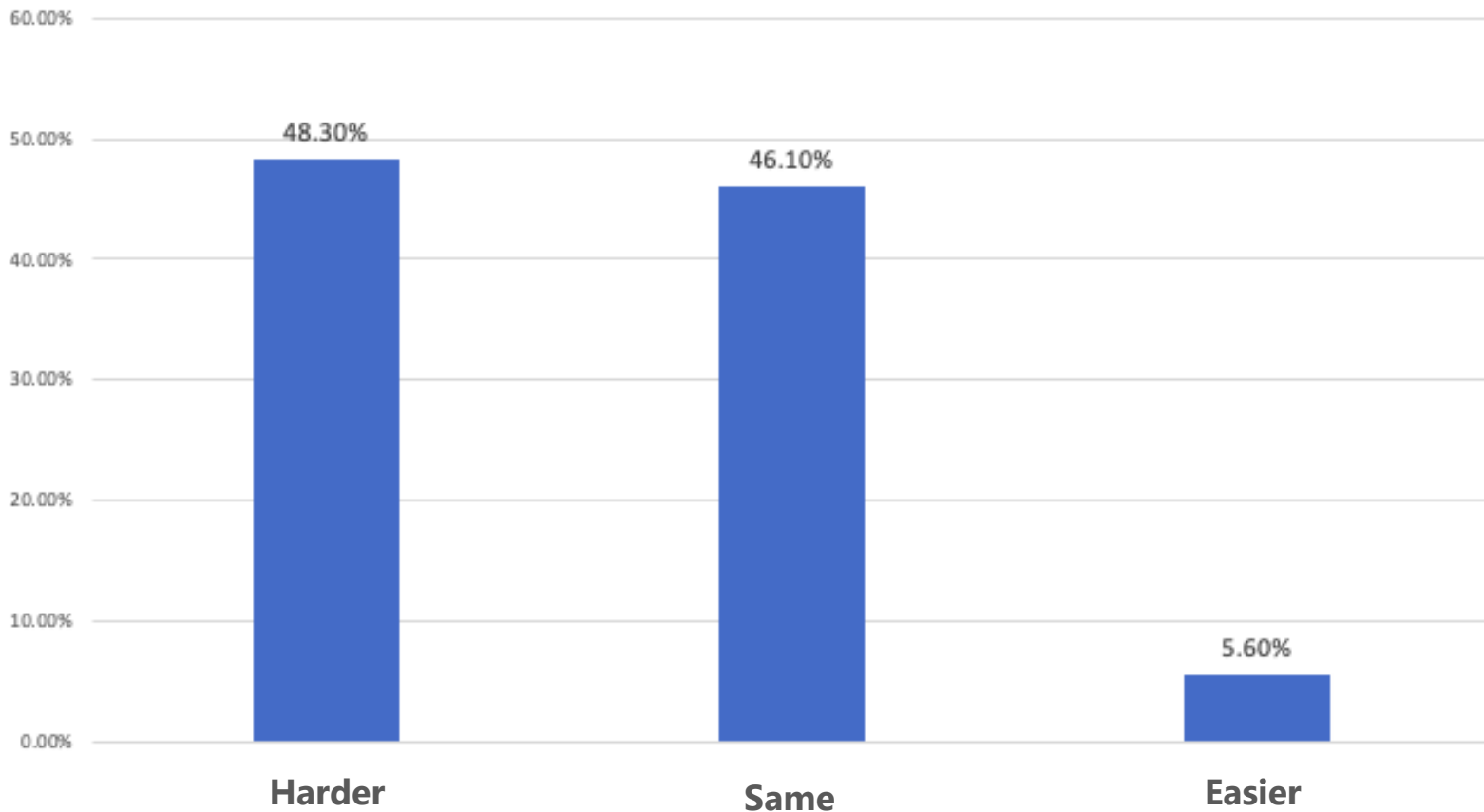


Ease of Employment by Women Compared to Men



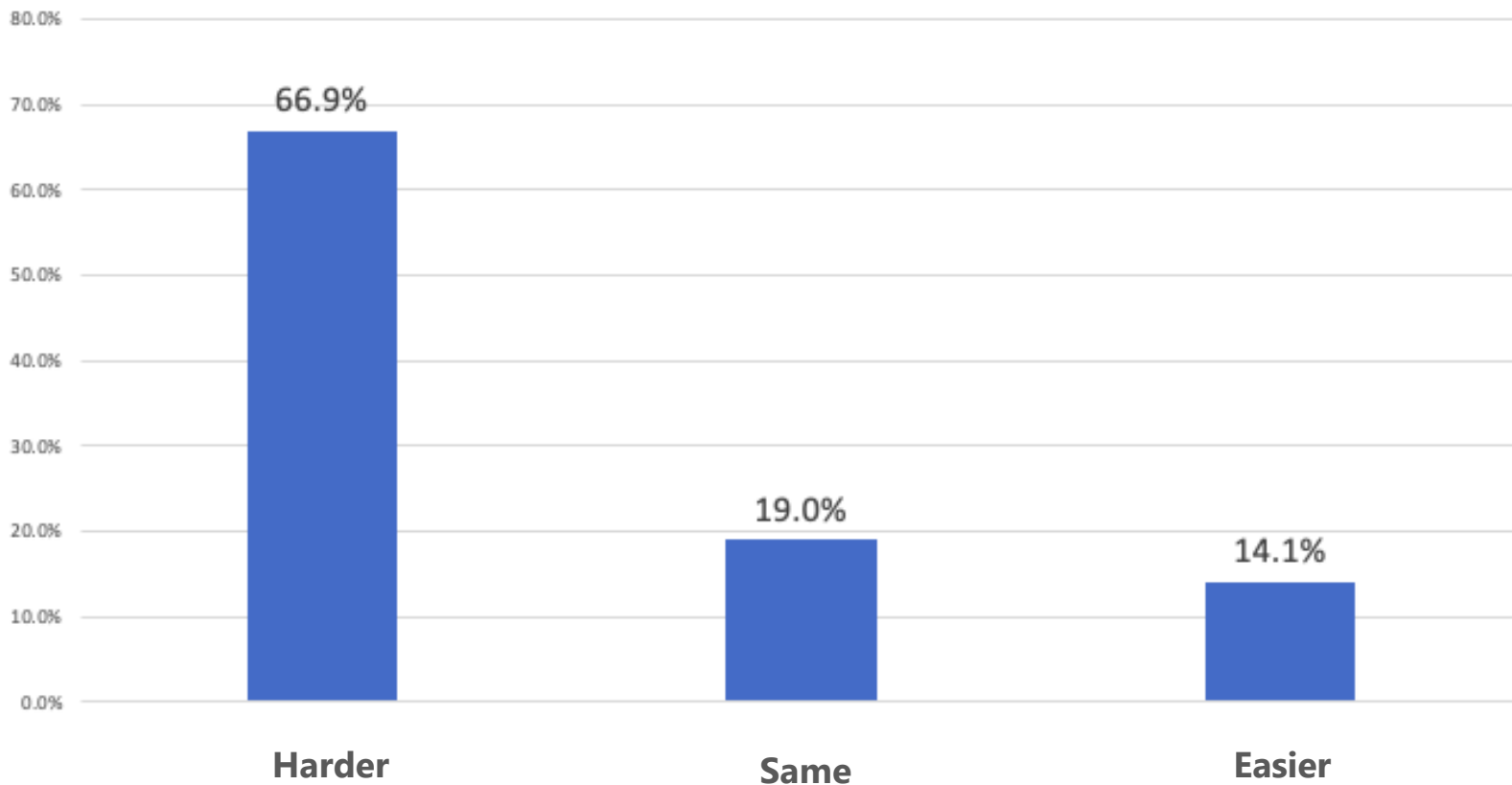
Women Entrepreneurs

Access To Finance from Official Sources Such as Banks and Financial Institutions for Women



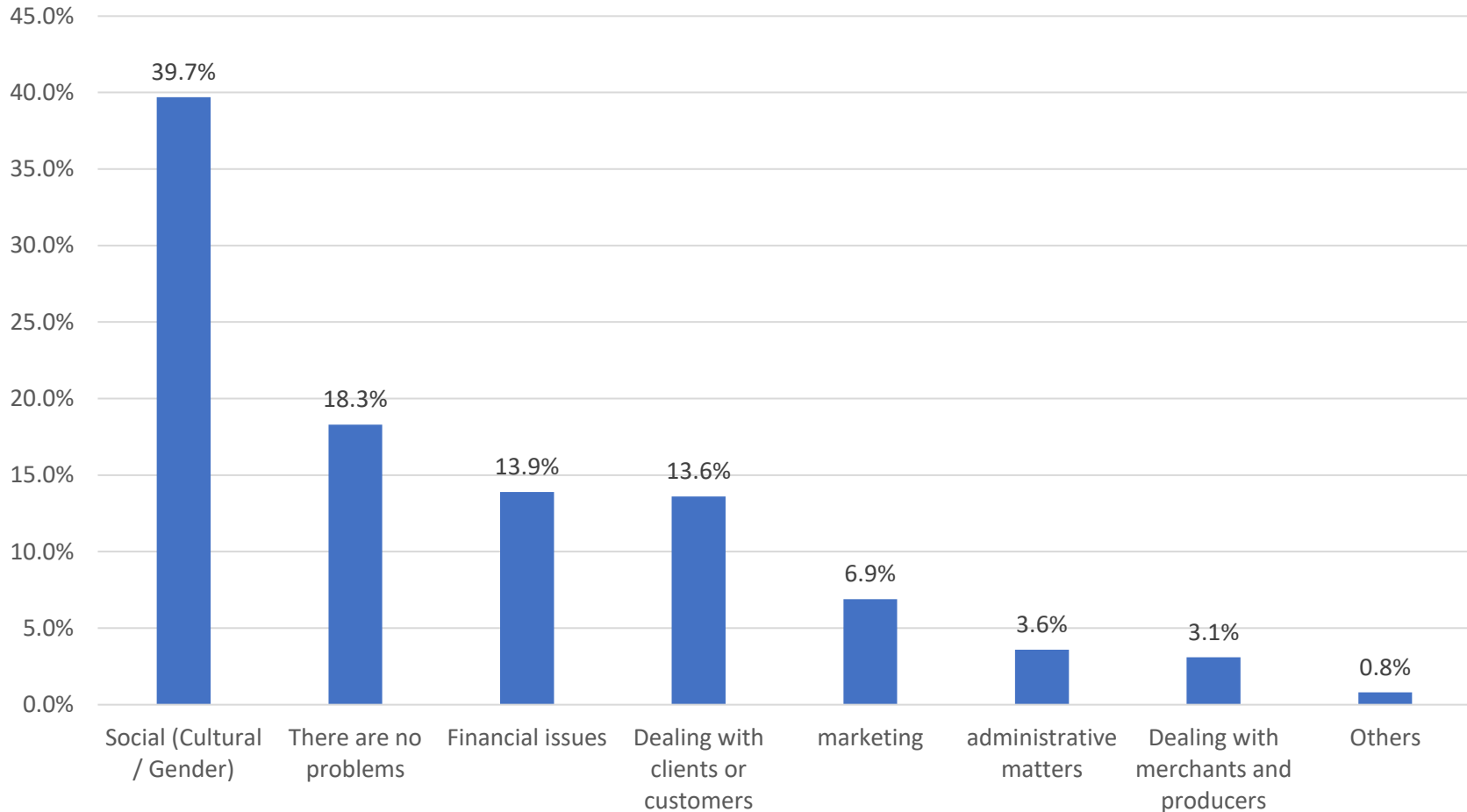
Women Entrepreneurs

Ease/Difficulty of Doing Business for Women in The Past Five Years

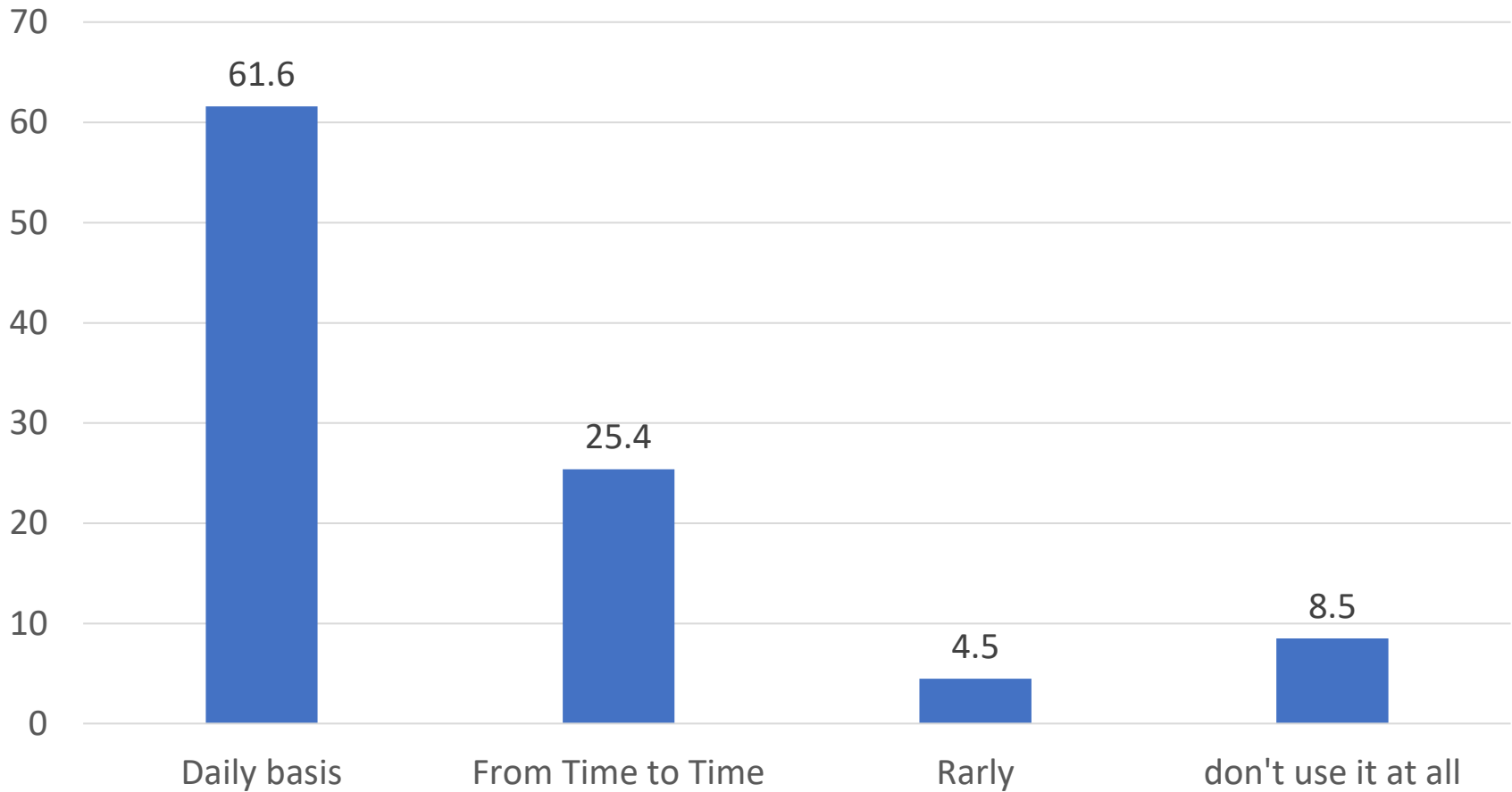


Women Entrepreneurs

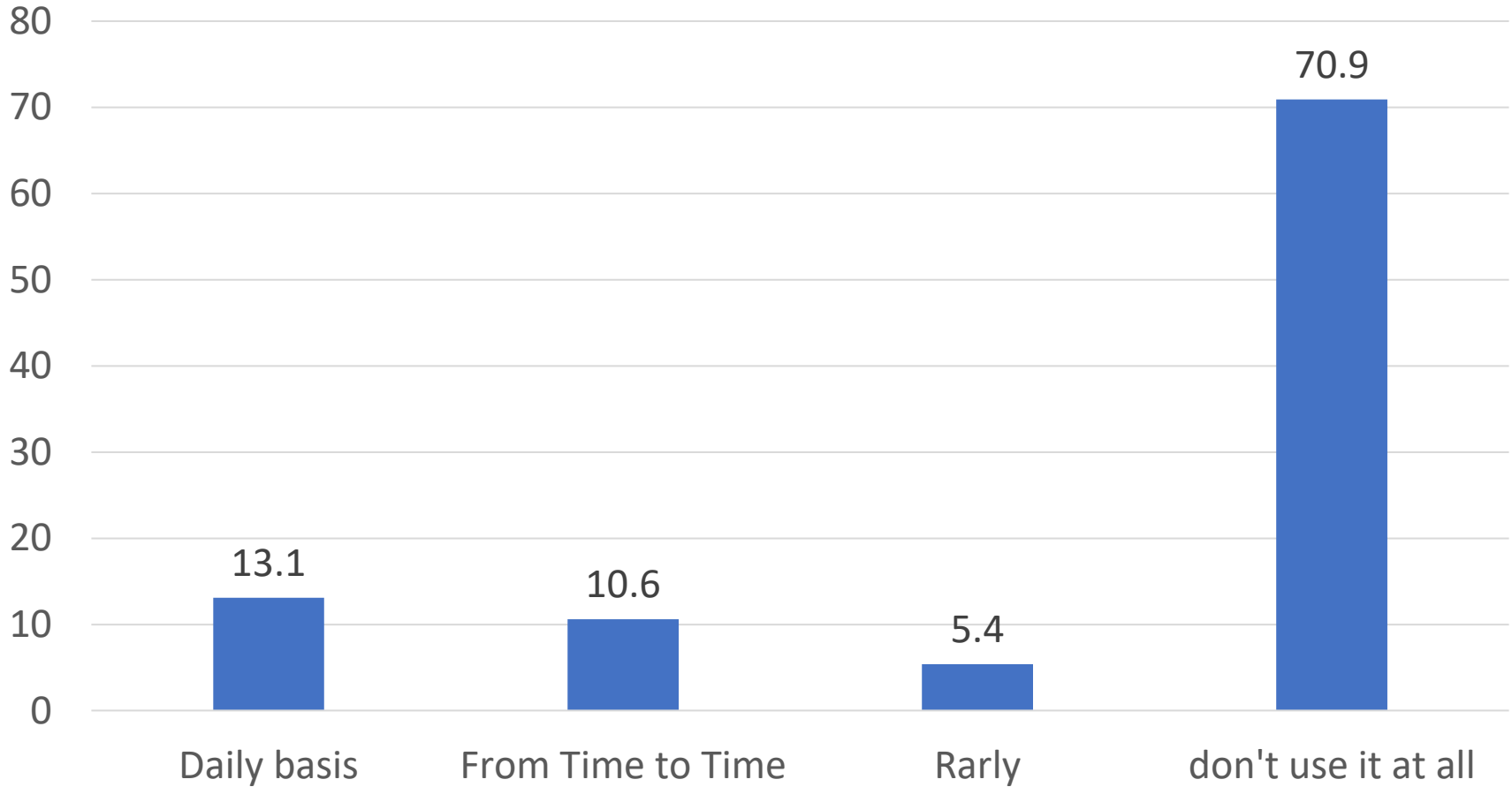
Challenges faced by women entrepreneurs in KRI



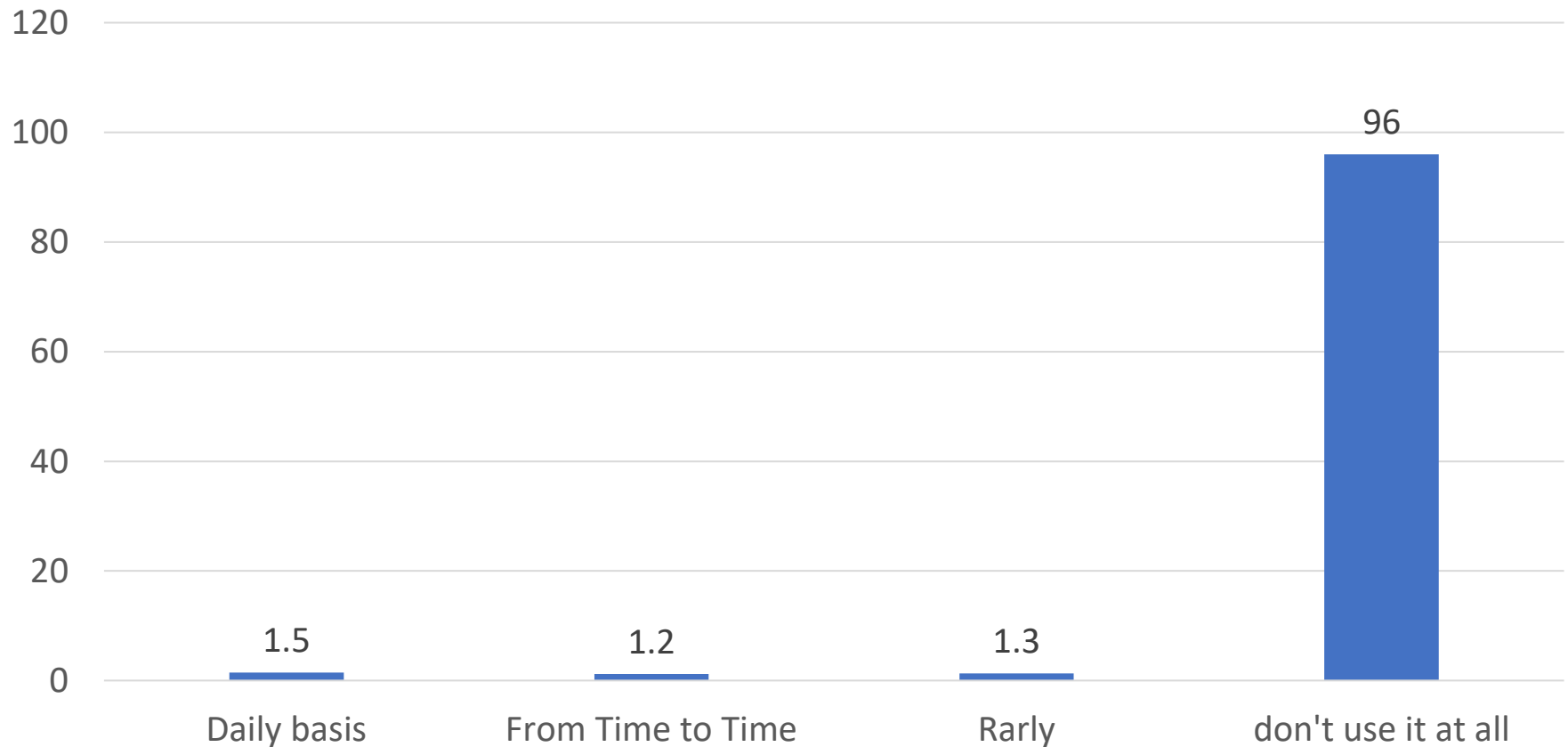
Mobile Phone Usage %



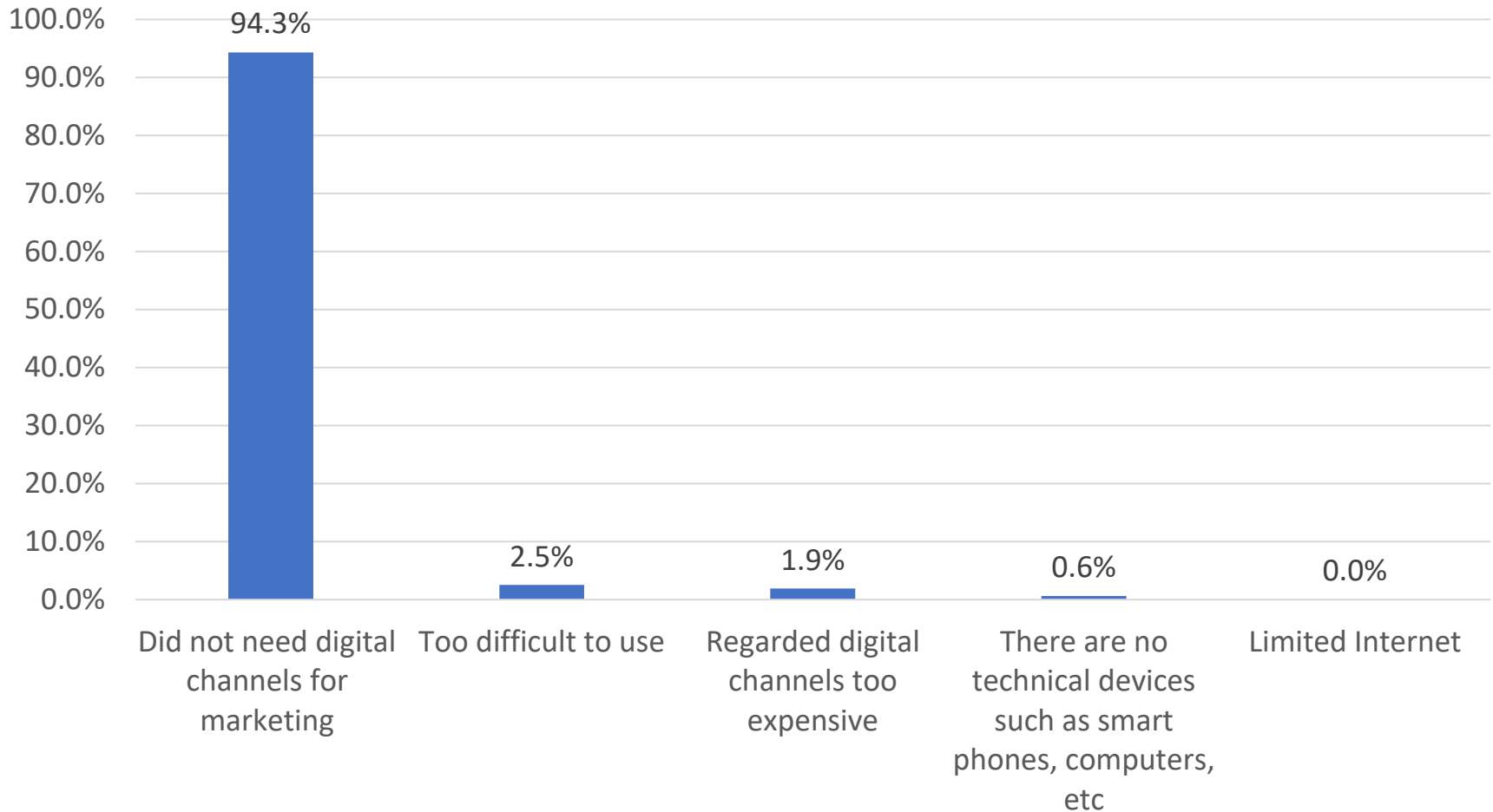
Social Media Usage %



E-commerce or Website Usage Rate %



Main Reasons for Underuse of Digital Channels Other Than Mobile Phones





Ministry of Planning



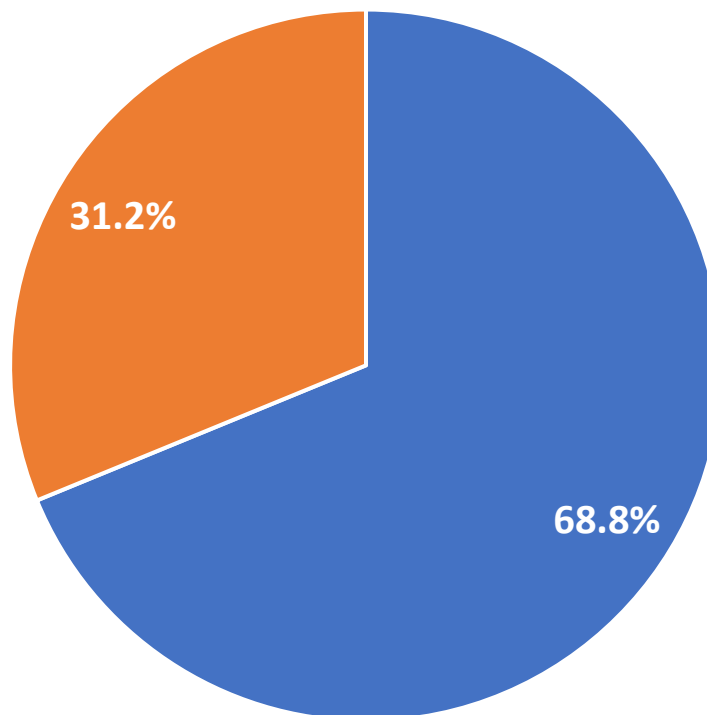
Innovation and Technology



USAID
FROM THE AMERICAN PEOPLE



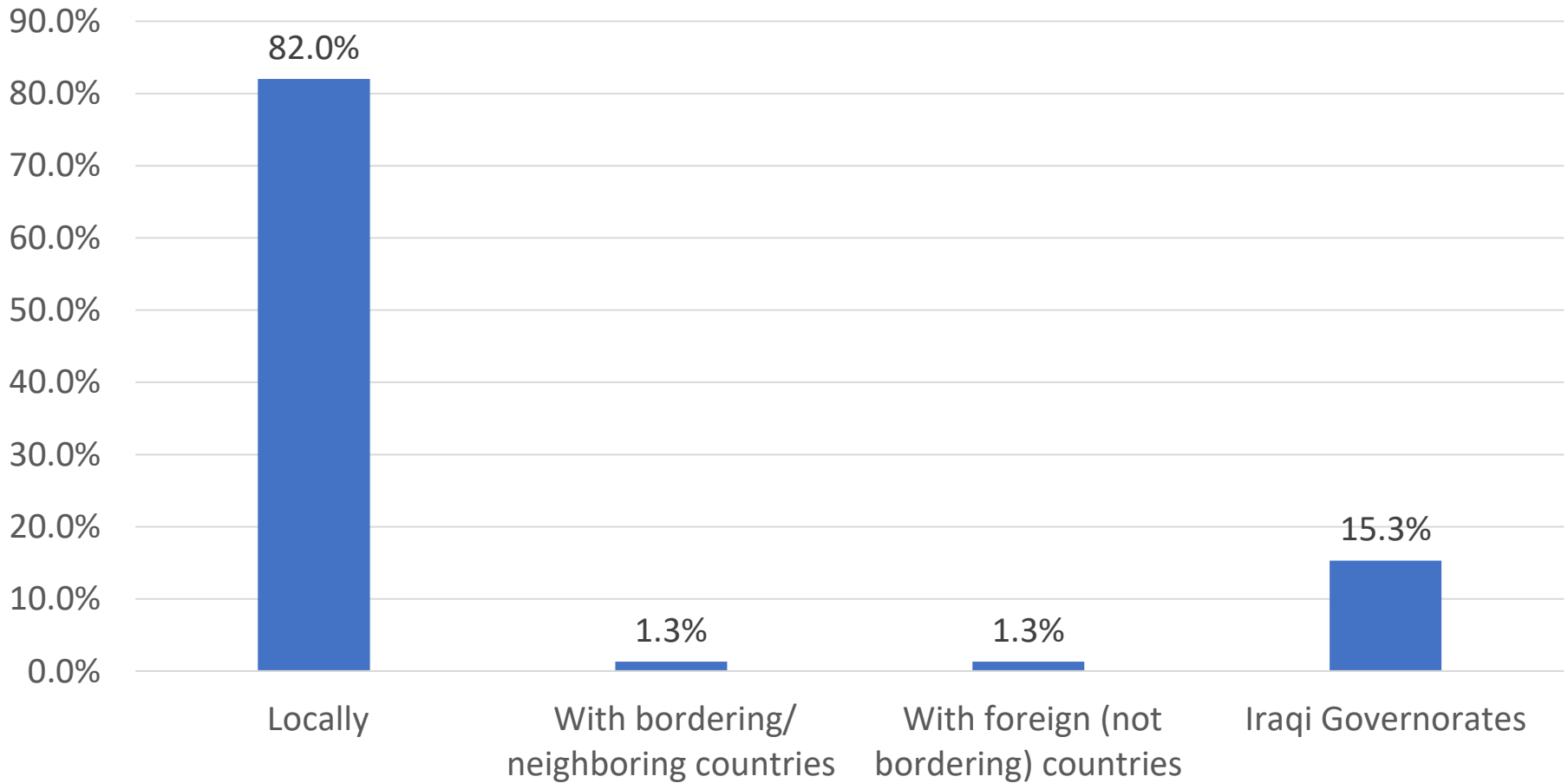
E-commerce Usage %



■ Private platform ■ Alternative system

Globalization of Enterprises

Sales of Products Between the Domestic Market, Iraqi Provinces, Neighbouring Countries and Foreign Countries





Ministry of Planning



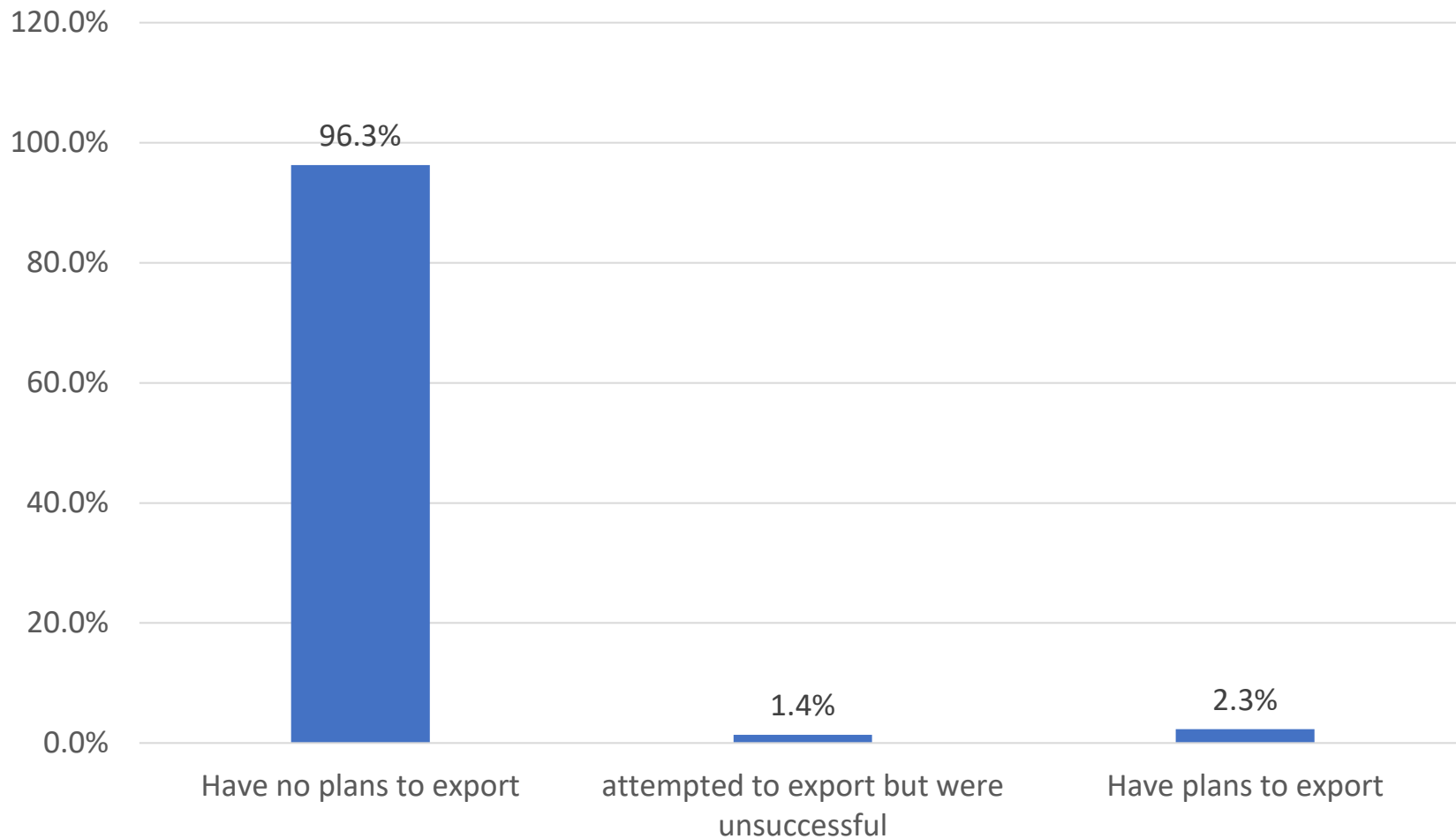
Globalization of Enterprises



USAID
FROM THE AMERICAN PEOPLE

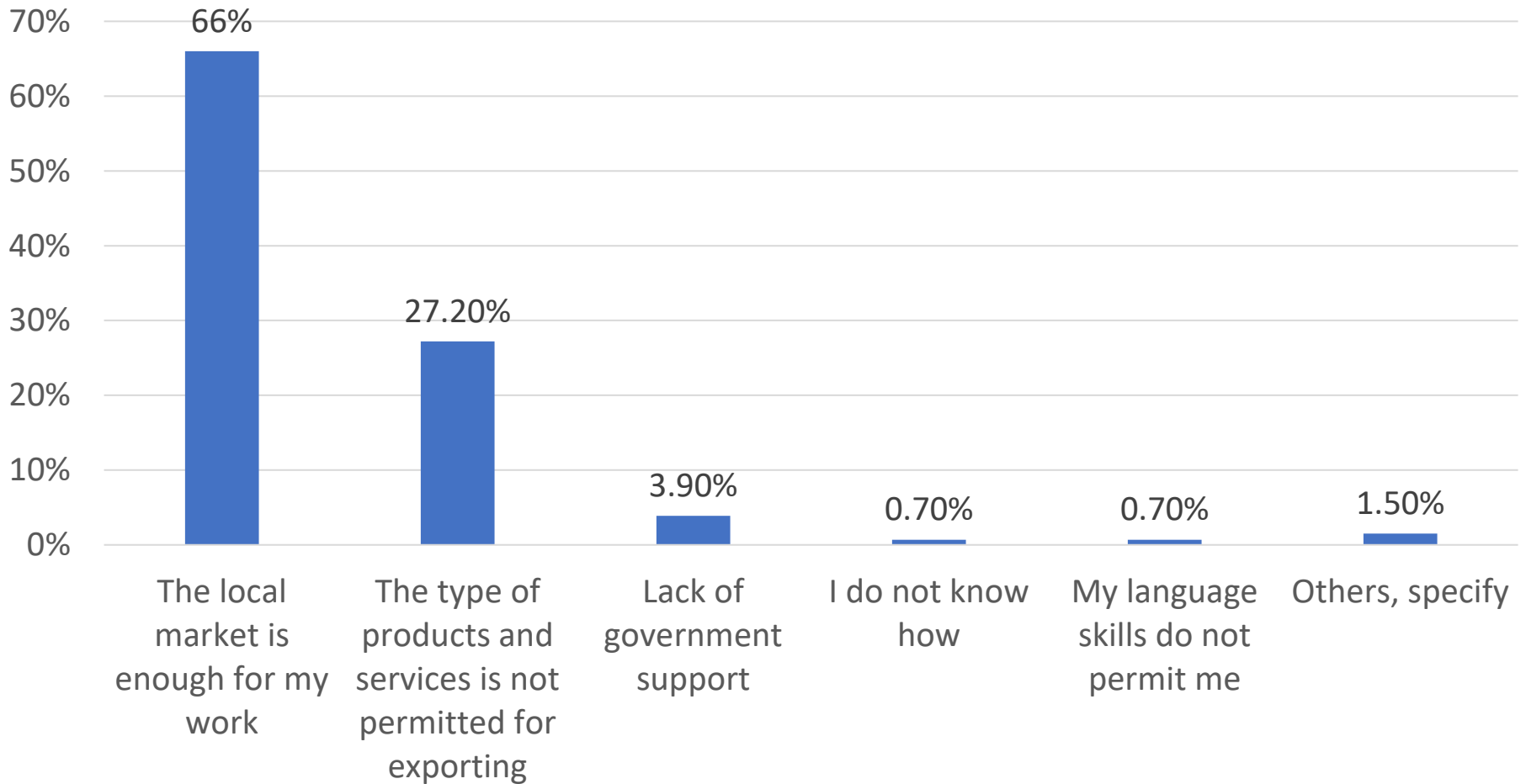


Planning for exportation

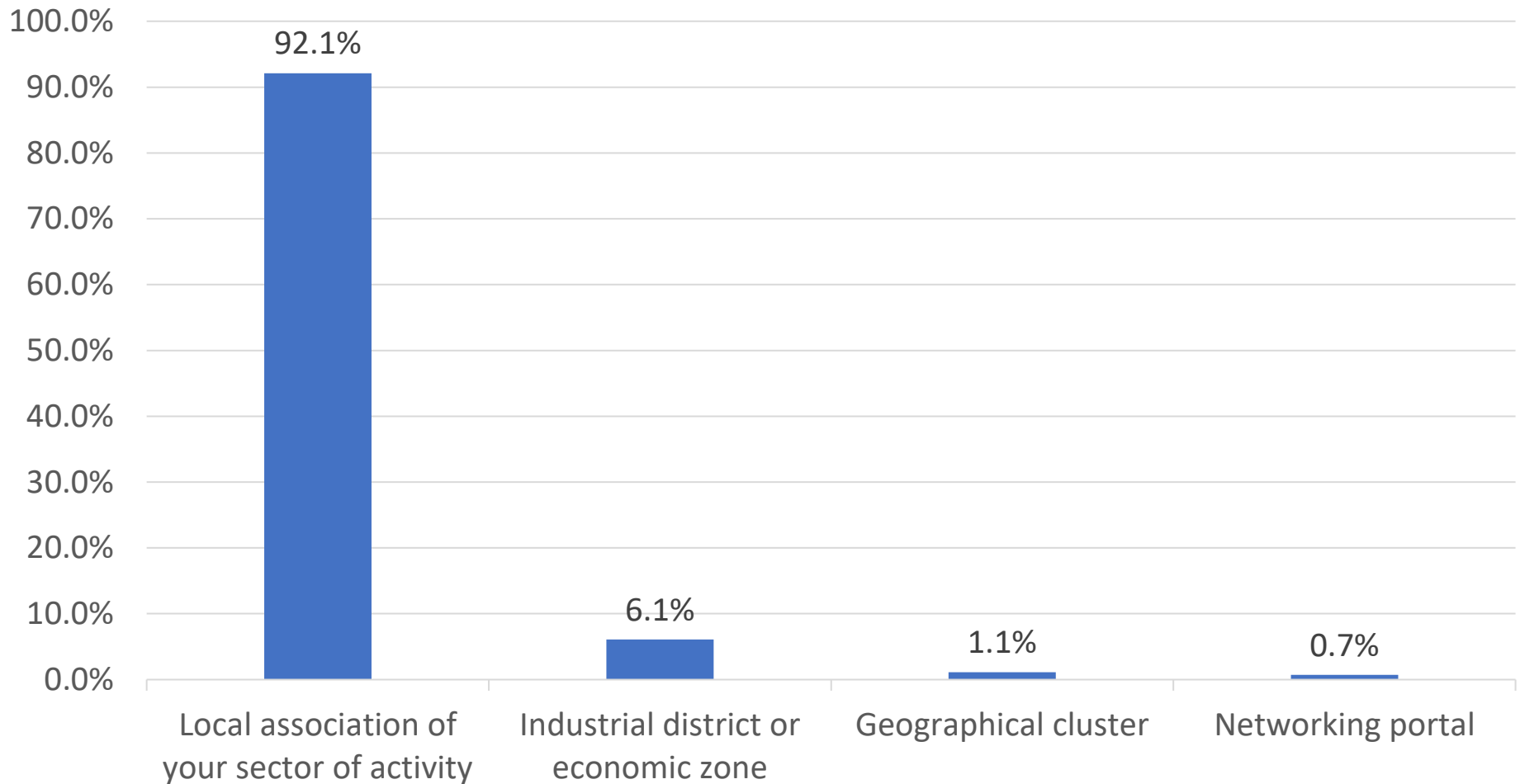


Globalization of Enterprises

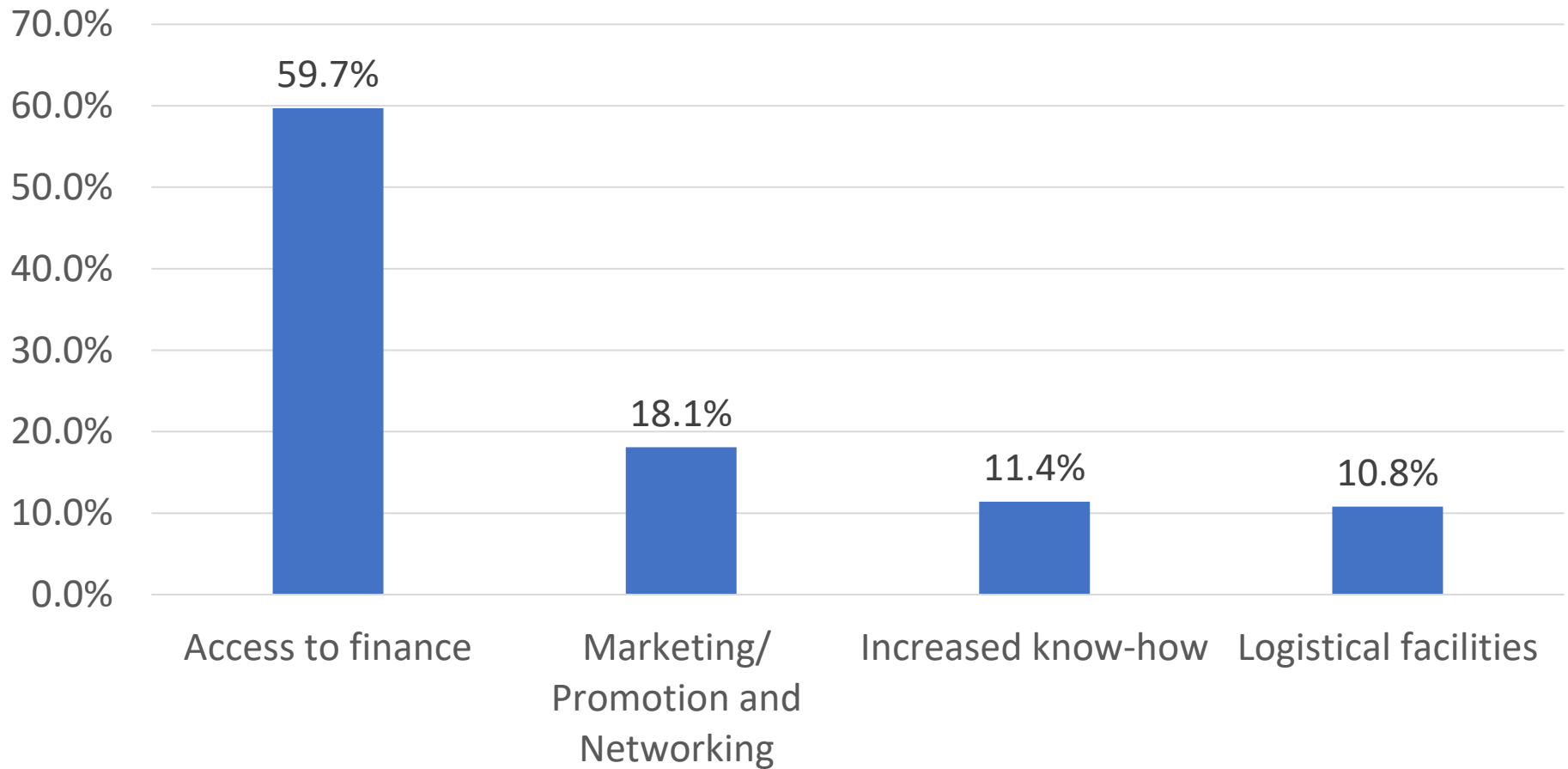
Reasons for not exporting (%) (Multiple answers)



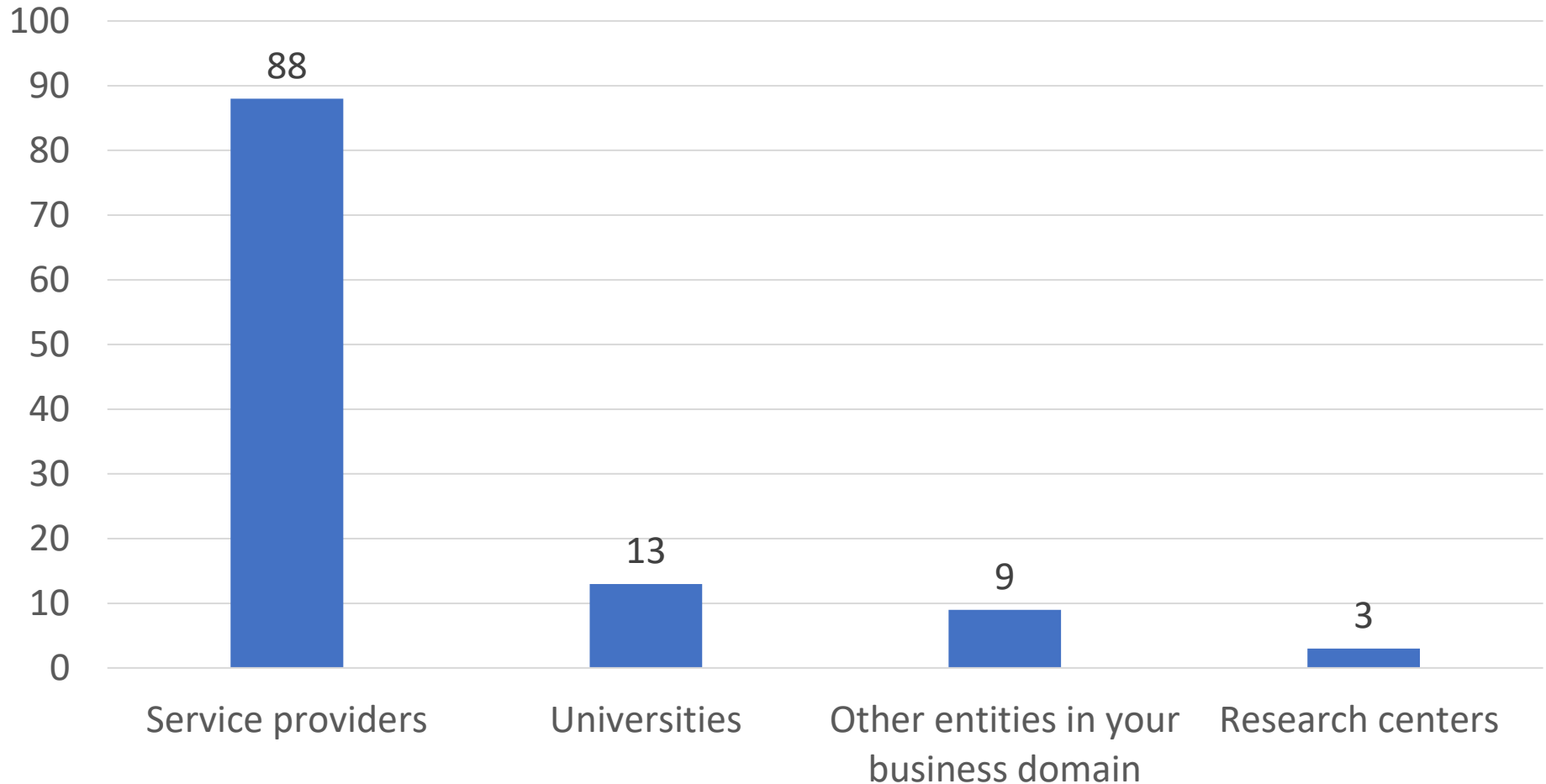
Member in the community



The main benefits of membership in communities (multiple answer)

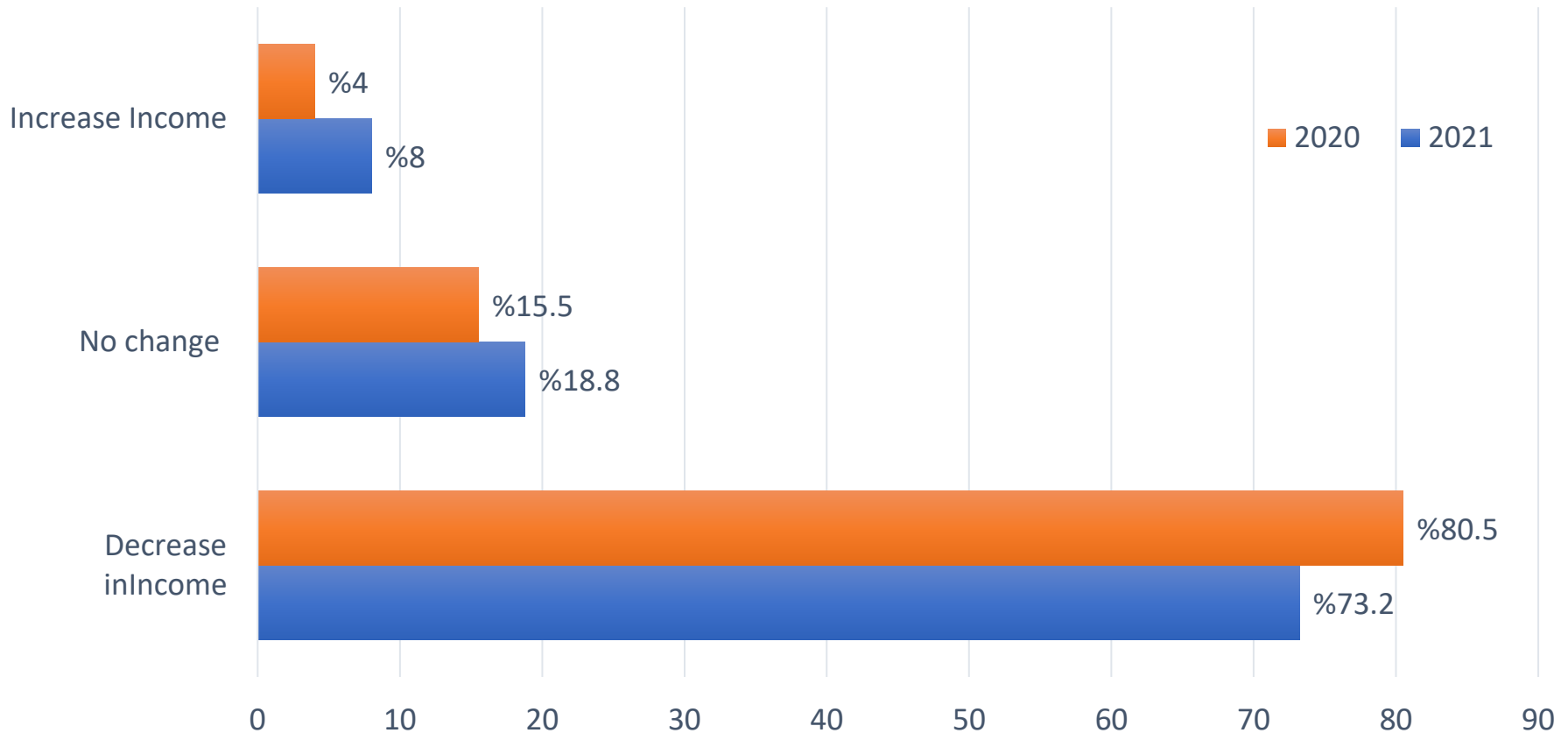


MSMES cooperation and collaboration



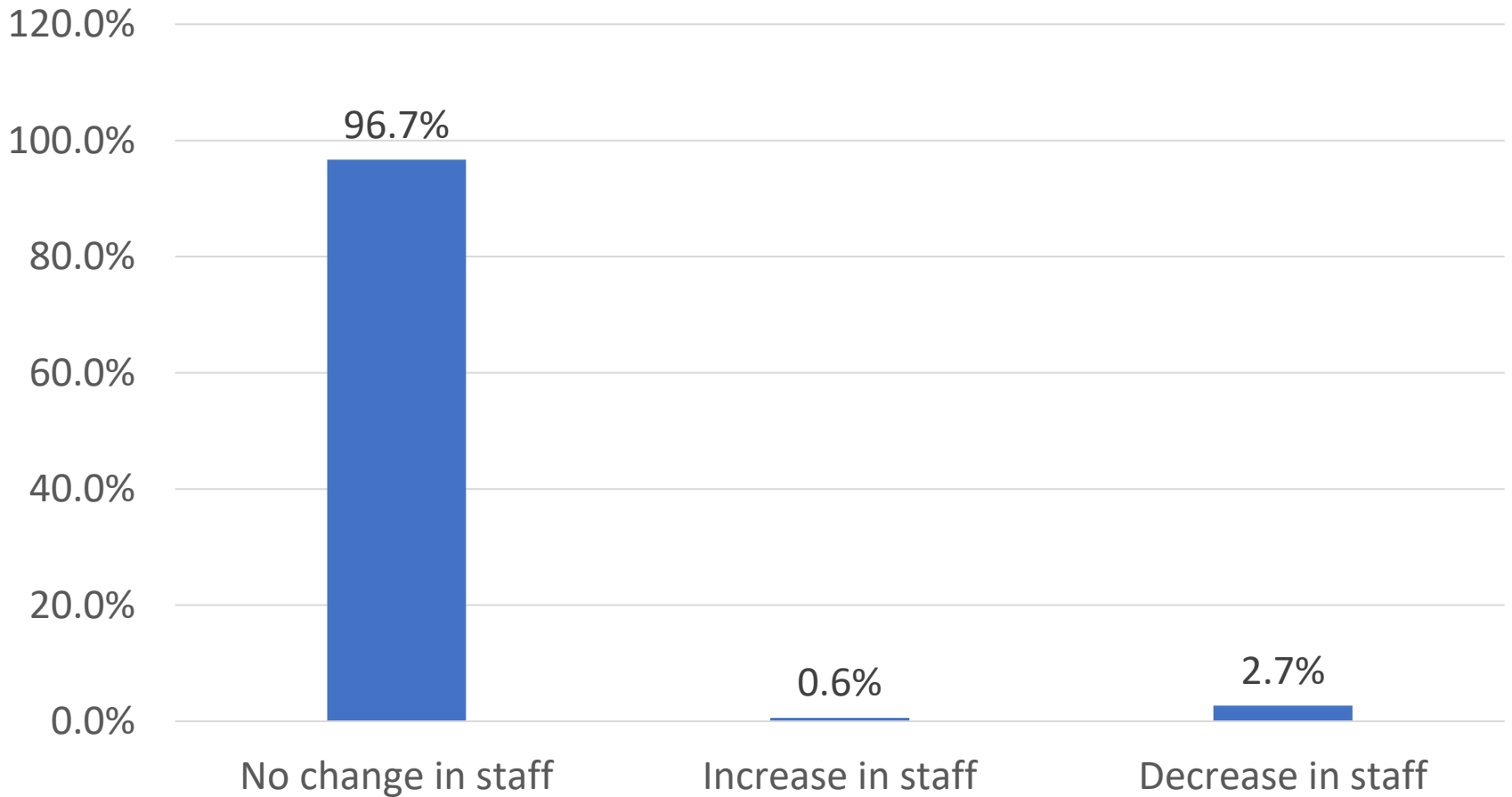
COVID-19 Impact

The Impact of COVID -19 on Income over the period 2020-2021



COVID-19 Impact

The Impact of COVID-19 on Number of Staff 2020&2021





Ministry of Planning



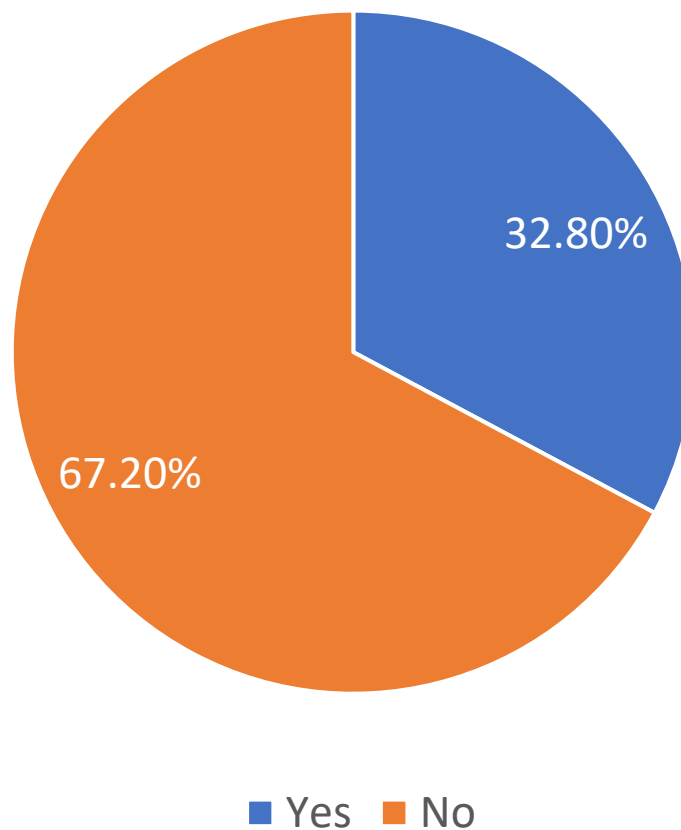
COVID-19 Impact



USAID
FROM THE AMERICAN PEOPLE



Impact of COVID-19 on Salary Payments



■ Yes ■ No



Ministry of Planning



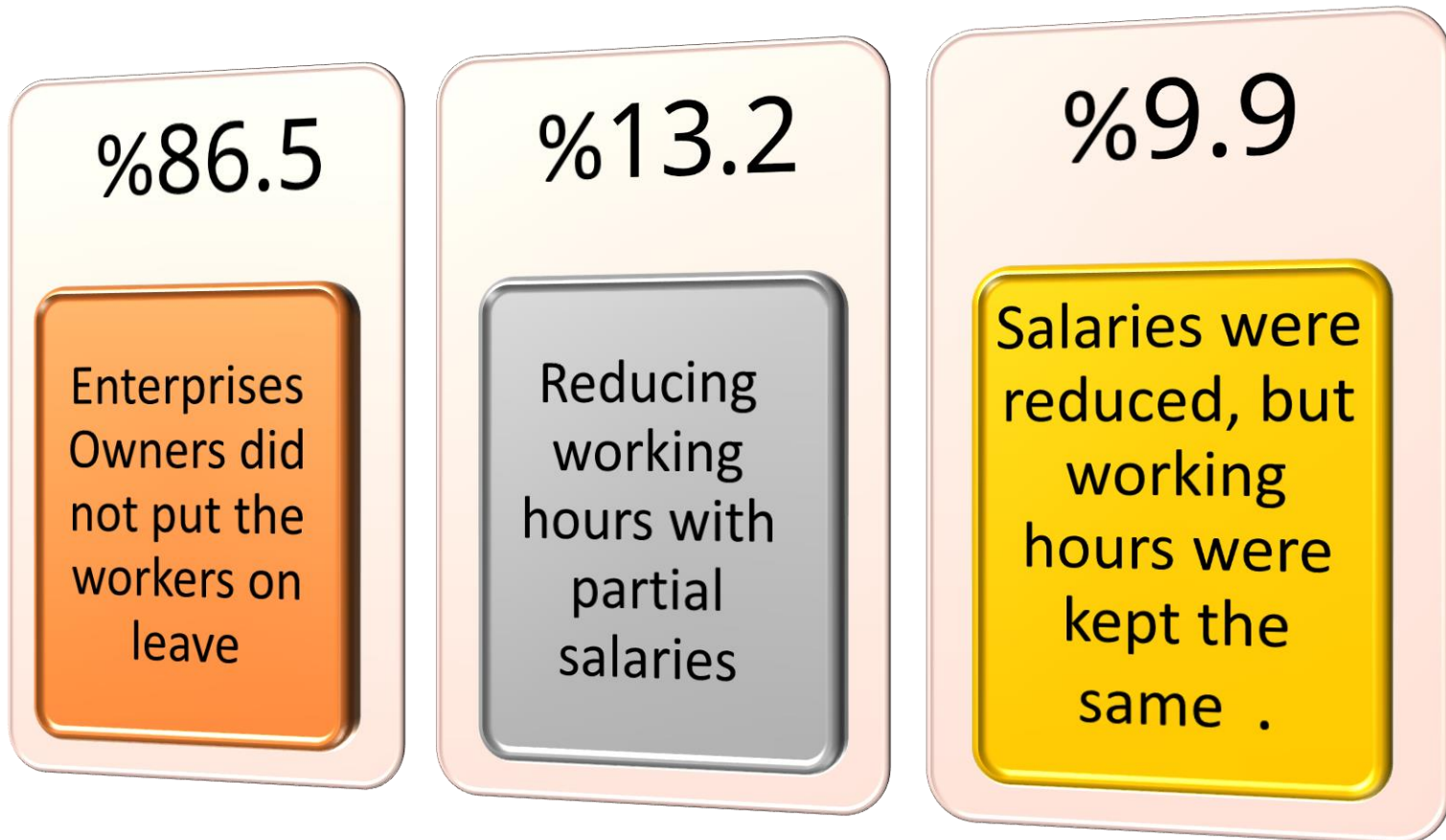
COVID-19 Impact



USAID
FROM THE AMERICAN PEOPLE

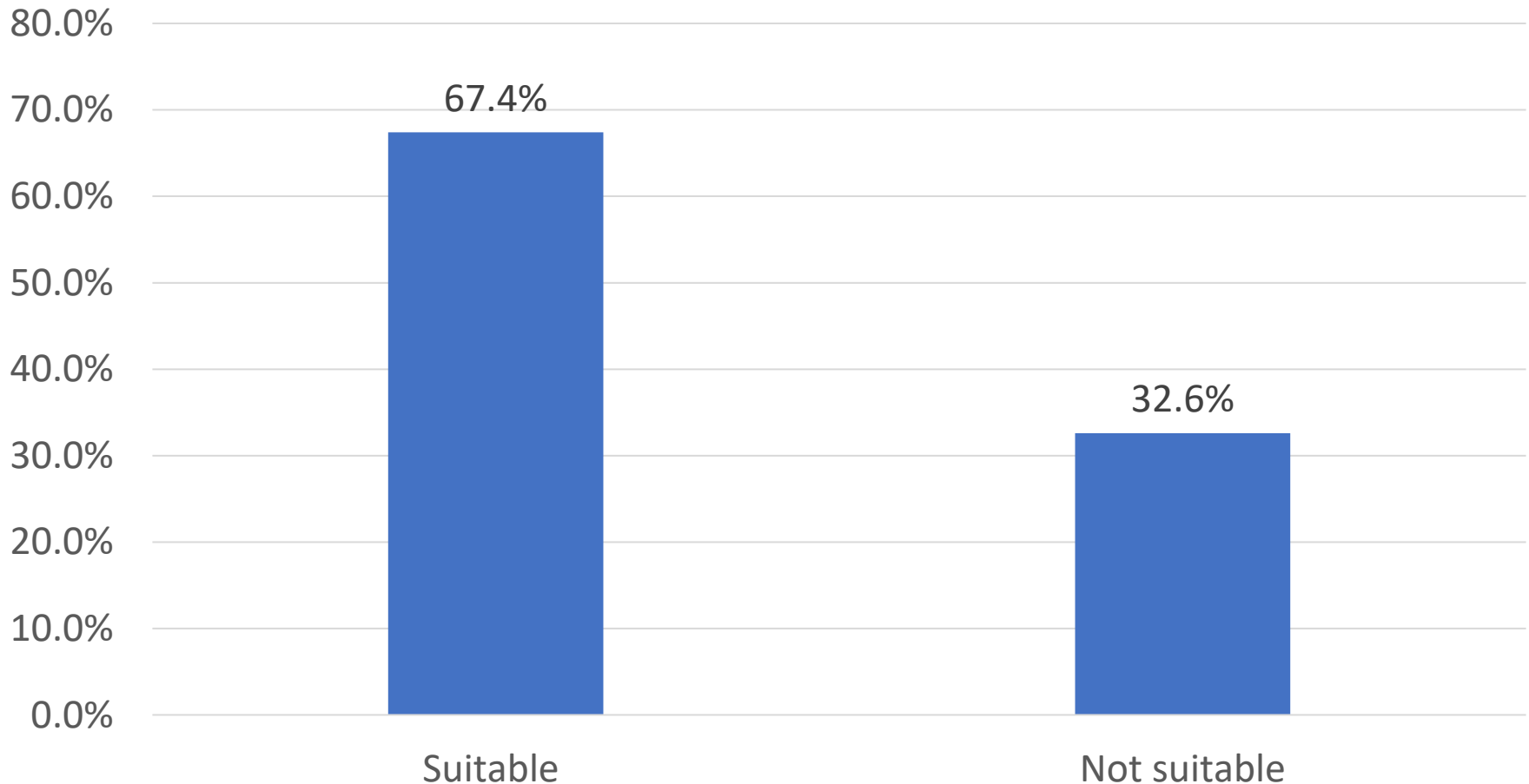


Impact of COVID-19 on Employment and Salary Payment



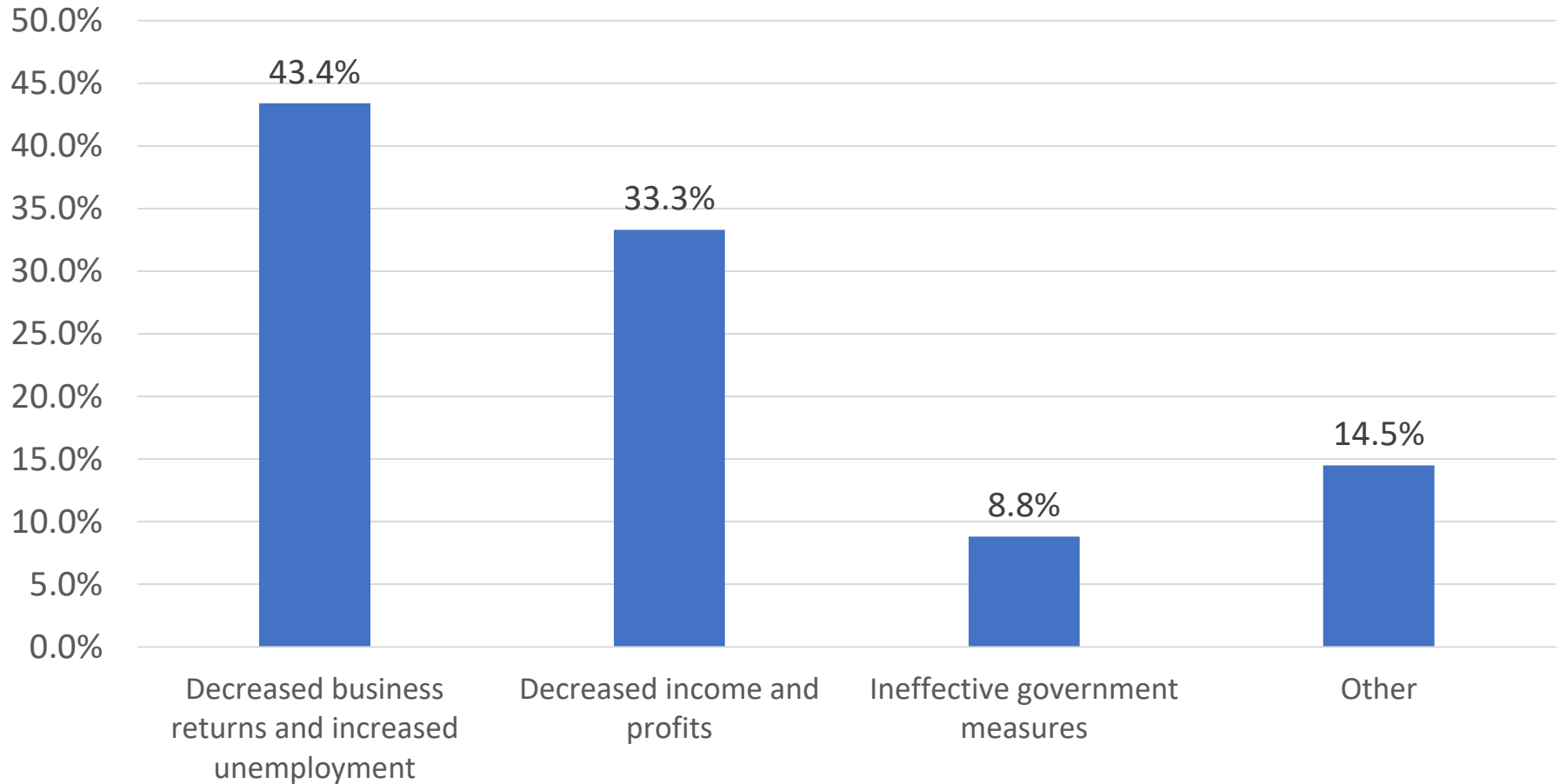
COVID-19 Impact

COVID-19 Government Action Assessment



COVID-19 Impact

Reasons for MSMEs Dissatisfaction with Government Measures





Ministry of Planning



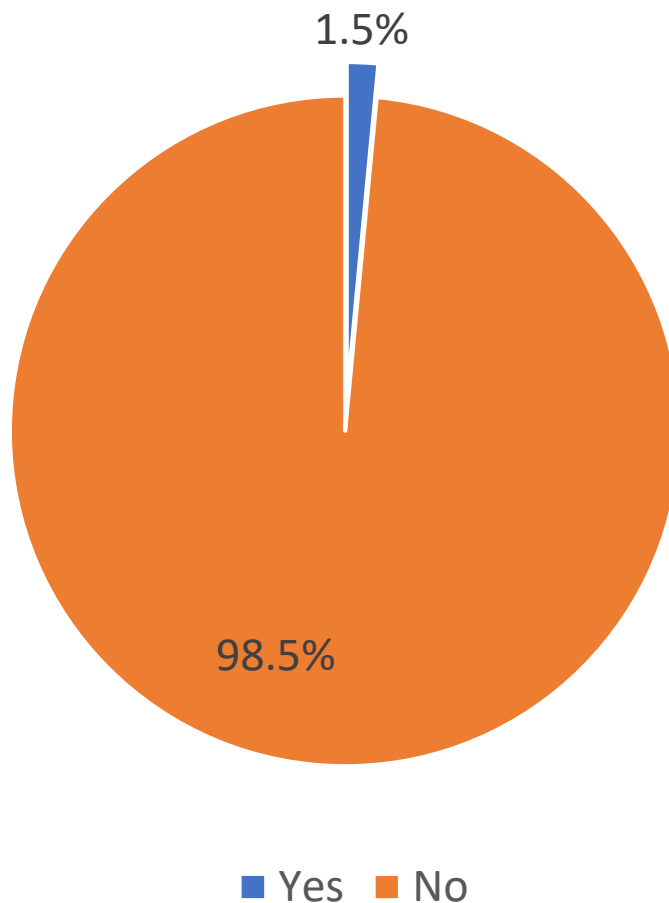
Finance



USAID
FROM THE AMERICAN PEOPLE

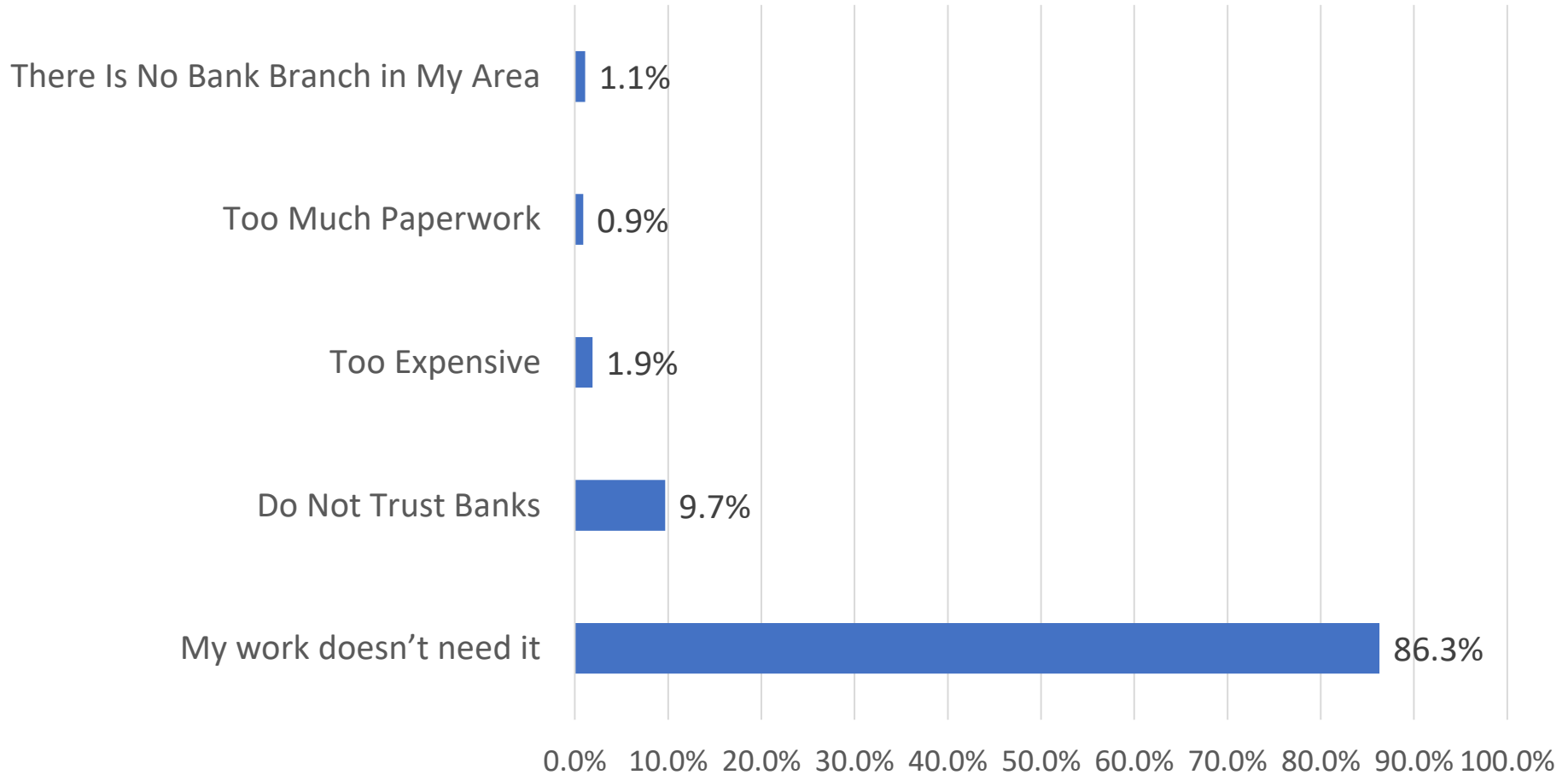


Usage of Bank Services – Business Bank Account



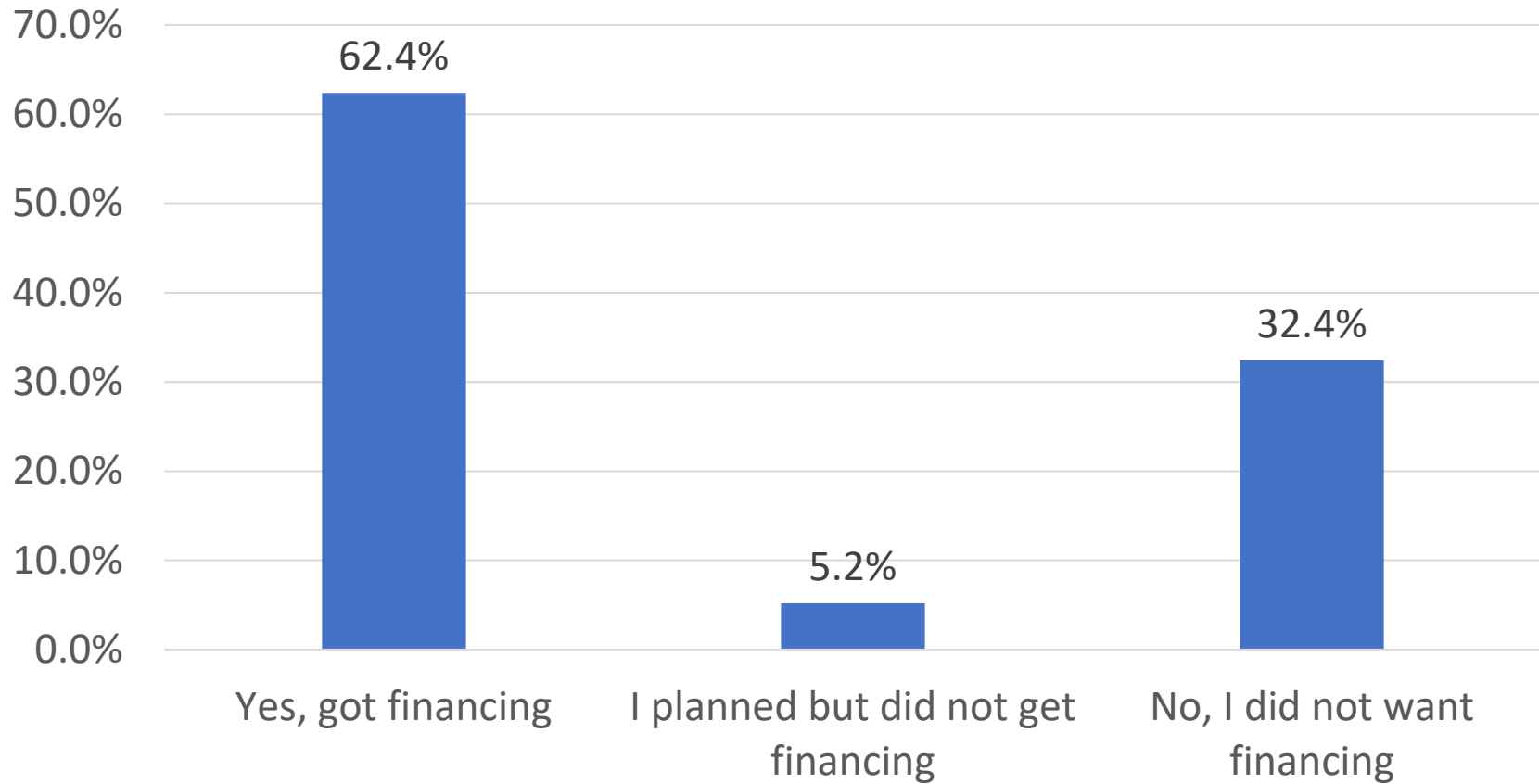
■ Yes ■ No

Reasons for not having a Bank Account



Finance

Need for Financing at Start





Ministry of Planning



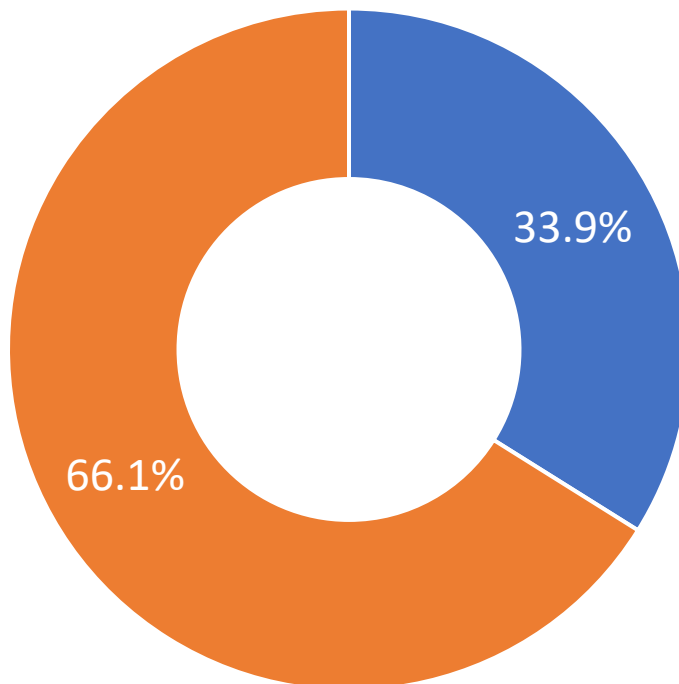
Finance



USAID
FROM THE AMERICAN PEOPLE

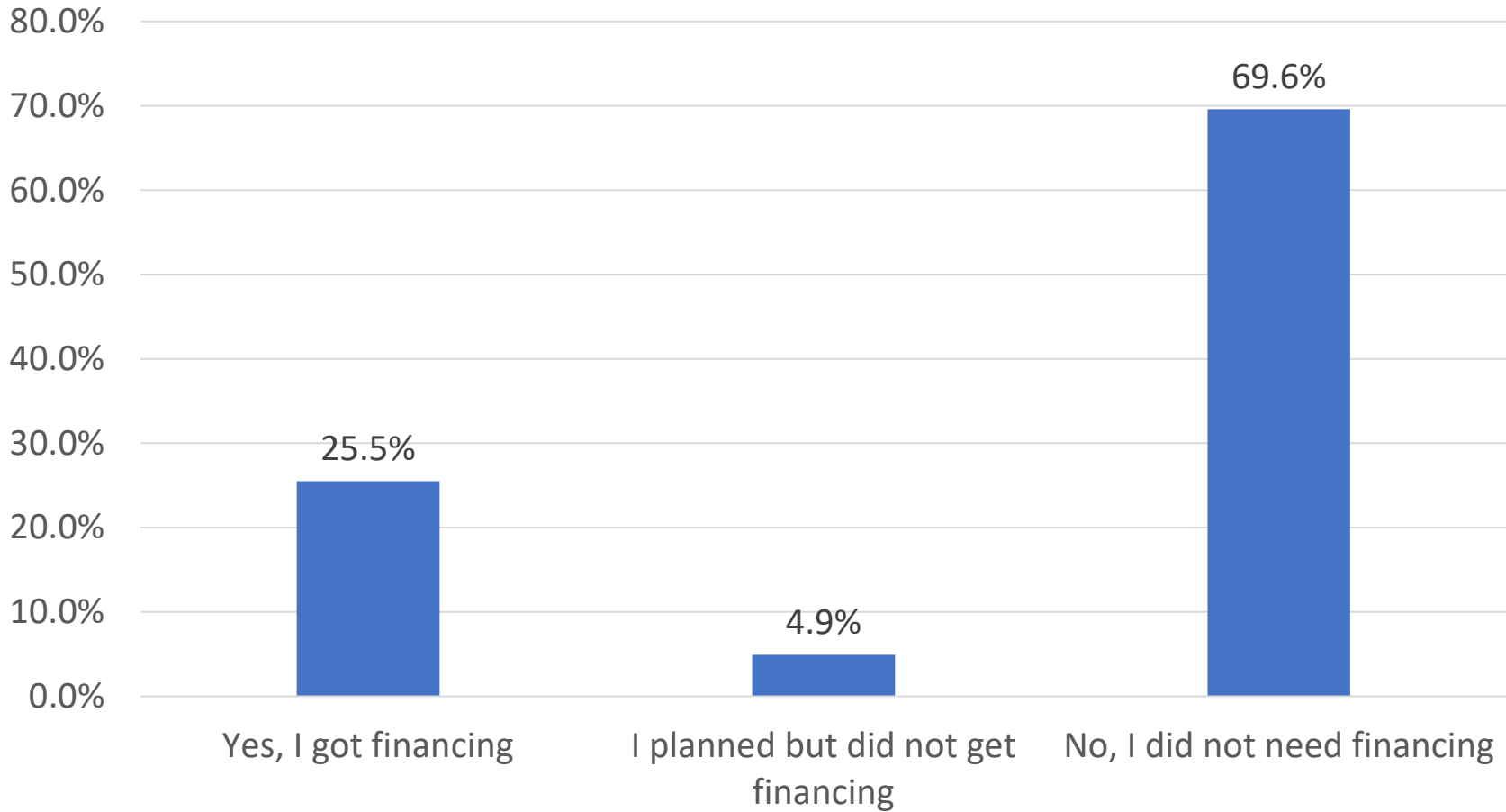


Availability of Assets to Start the Business



■ Yes ■ No

Financing Acquired after Starting the Business





Ministry of Planning



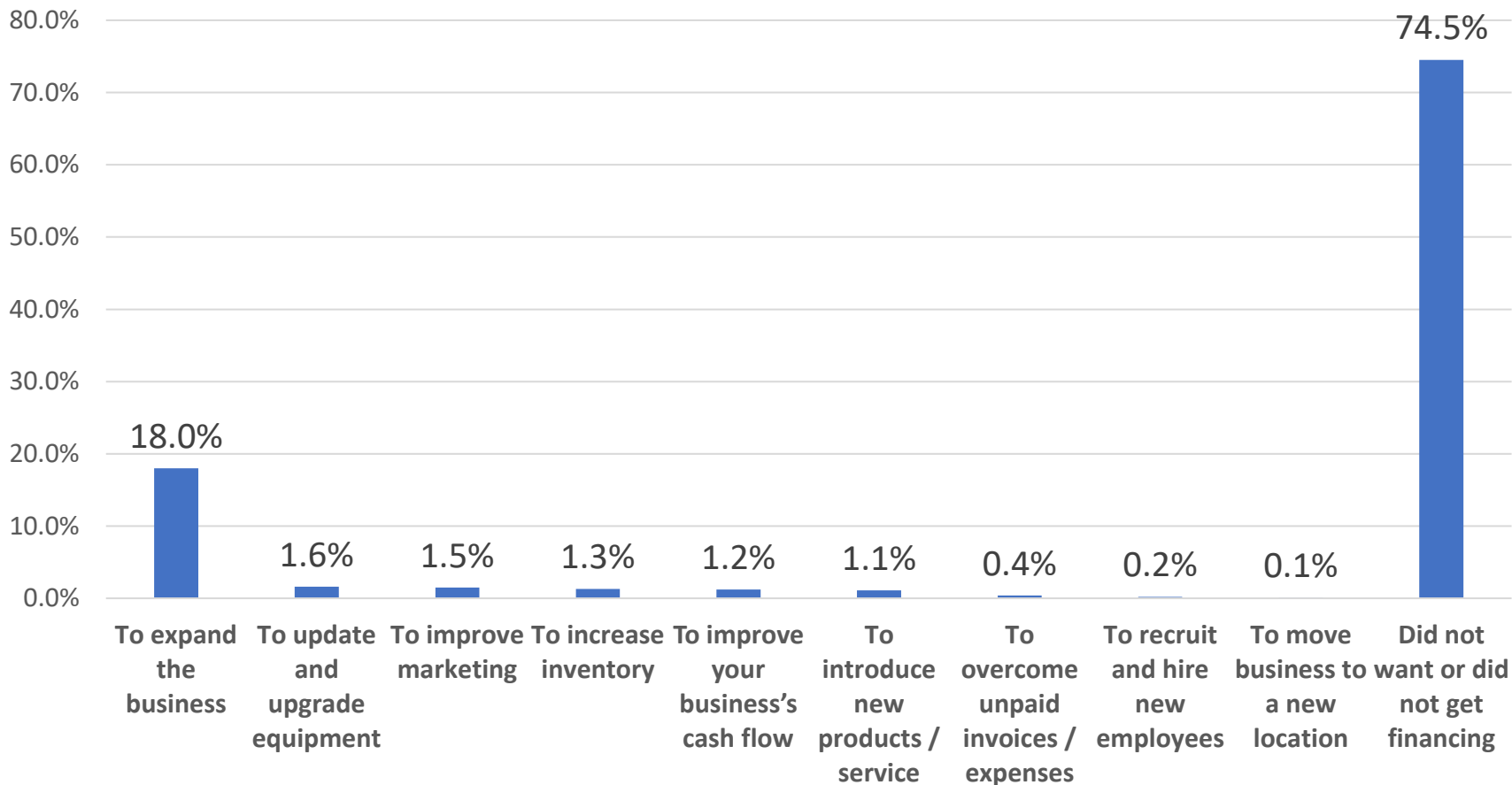
Finance



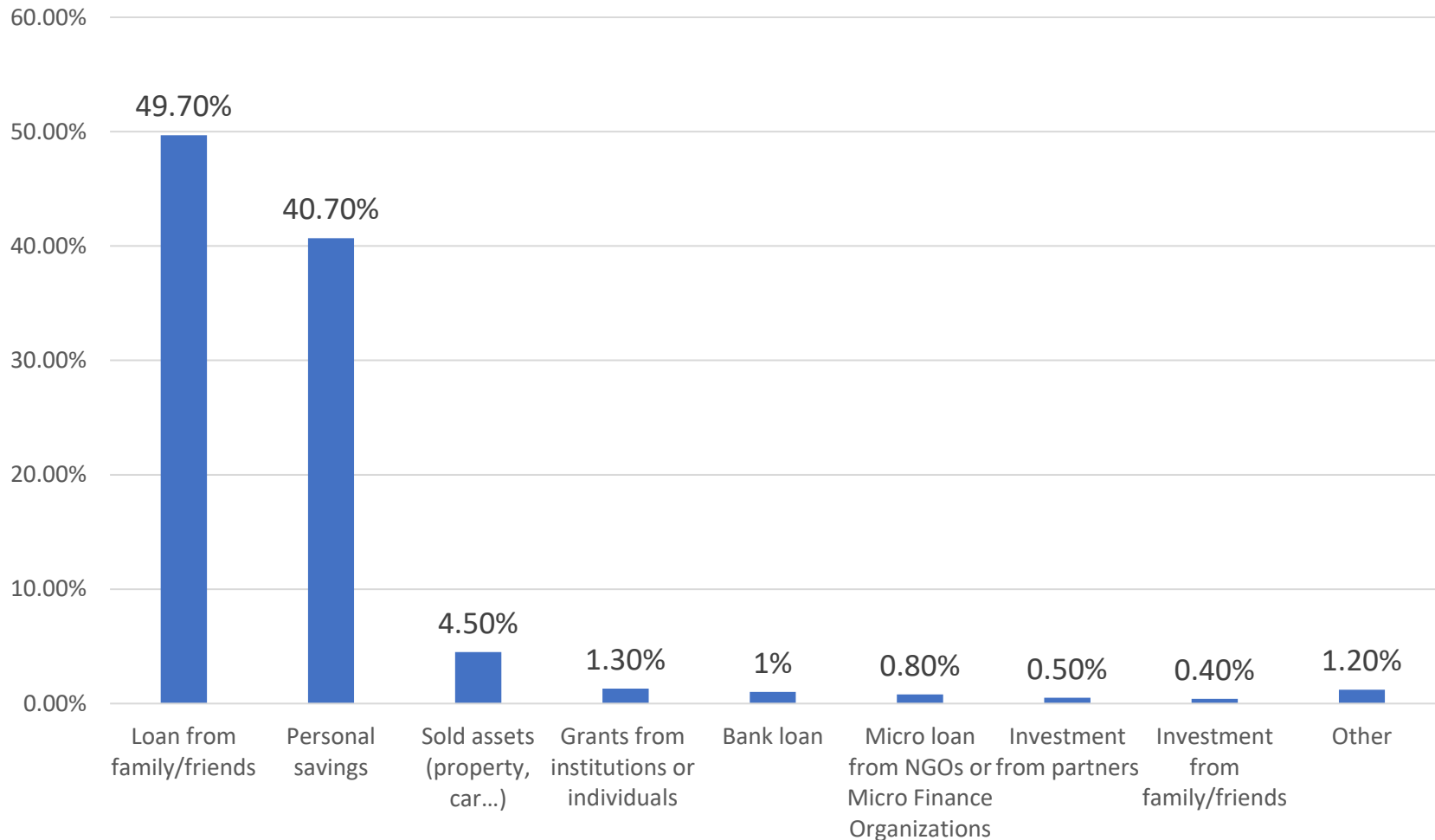
USAID
FROM THE AMERICAN PEOPLE



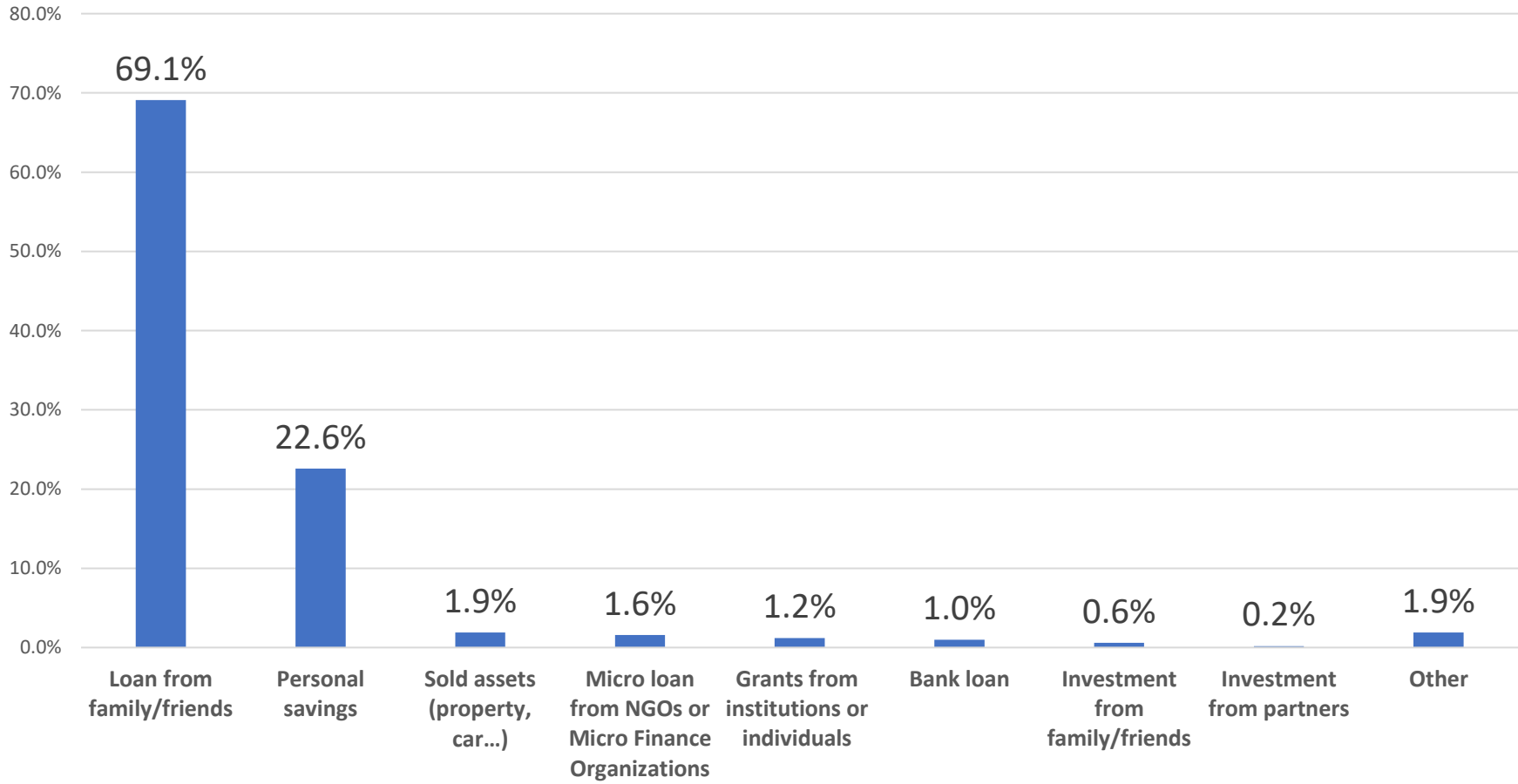
Reason of Planned Financing



Type of Financing Acquired or Planned at Start Up Business



Type of Financing Acquired After Starting business





Ministry of Planning



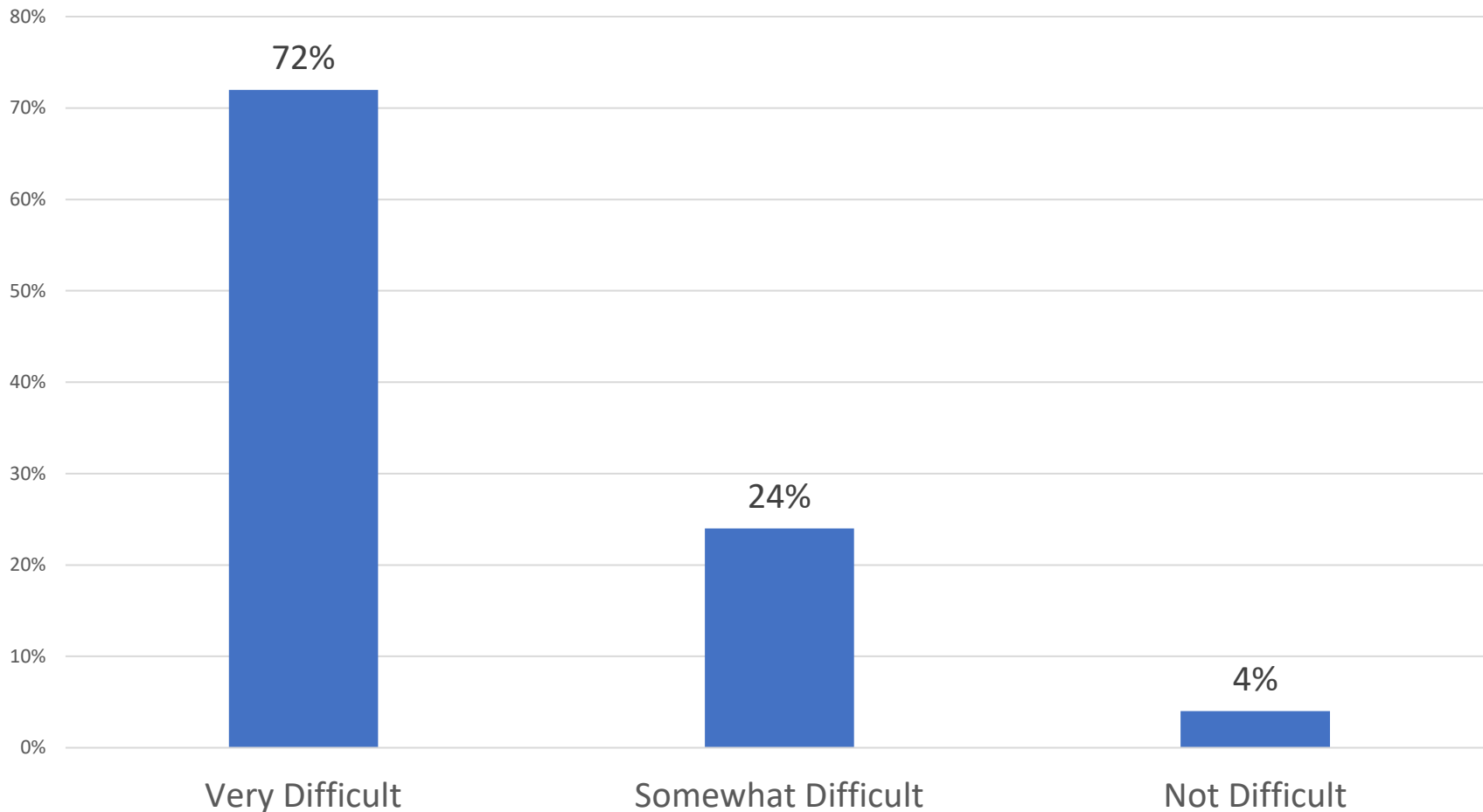
Finance



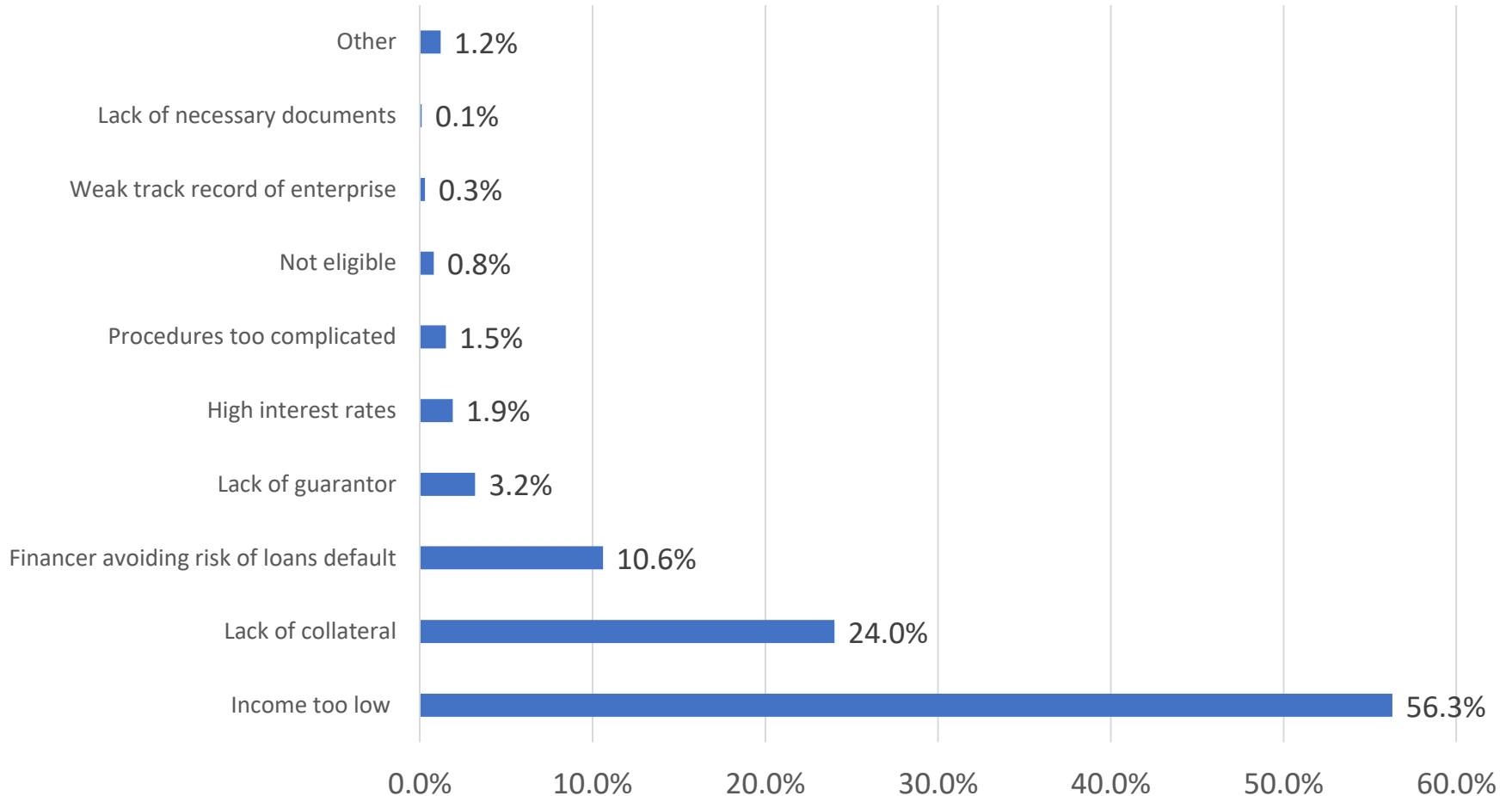
USAID
FROM THE AMERICAN PEOPLE



Difficulty to Access to Financing



Reasons for Difficulty in Obtaining Finance





Ministry of Planning



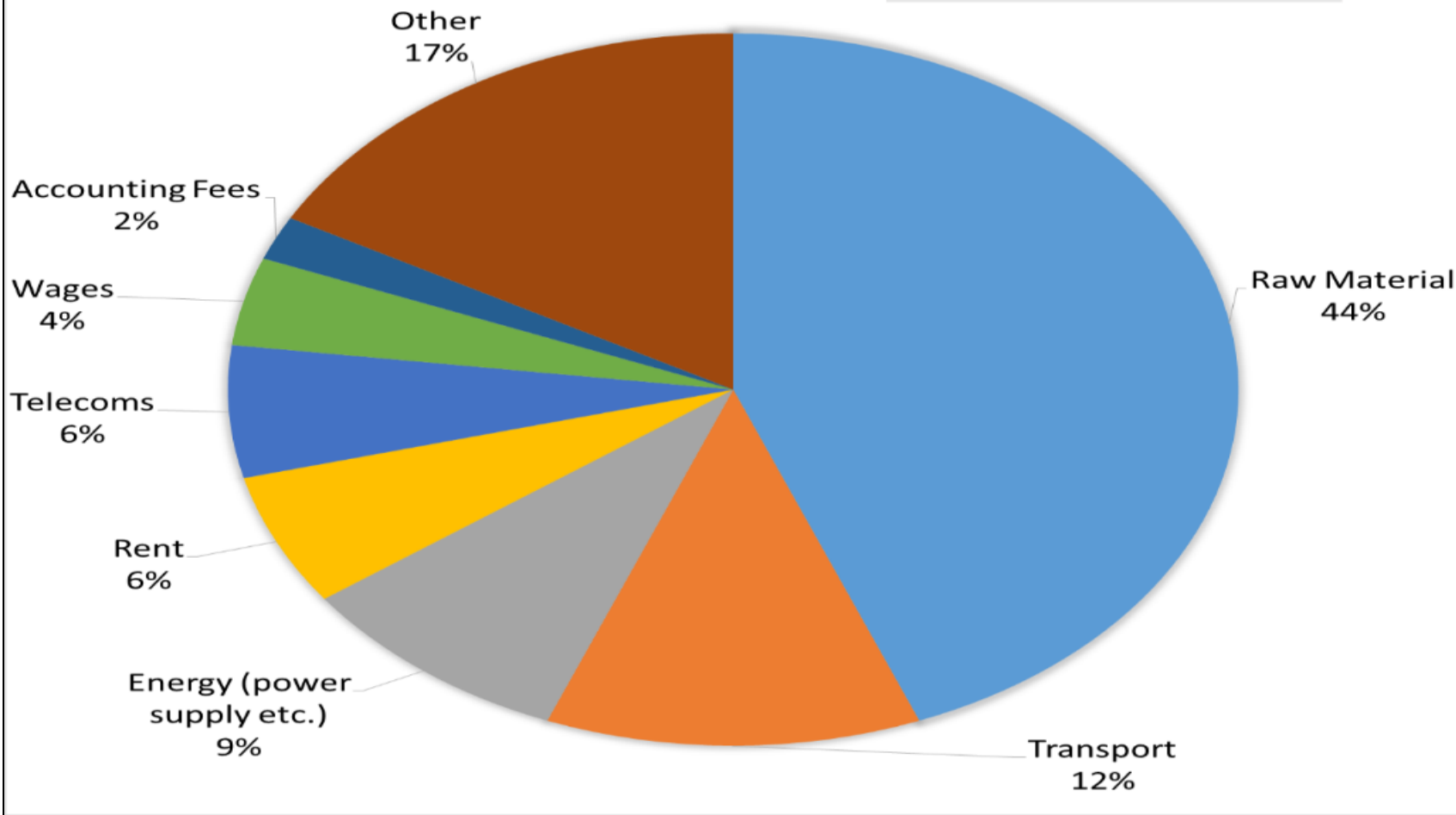
Finance



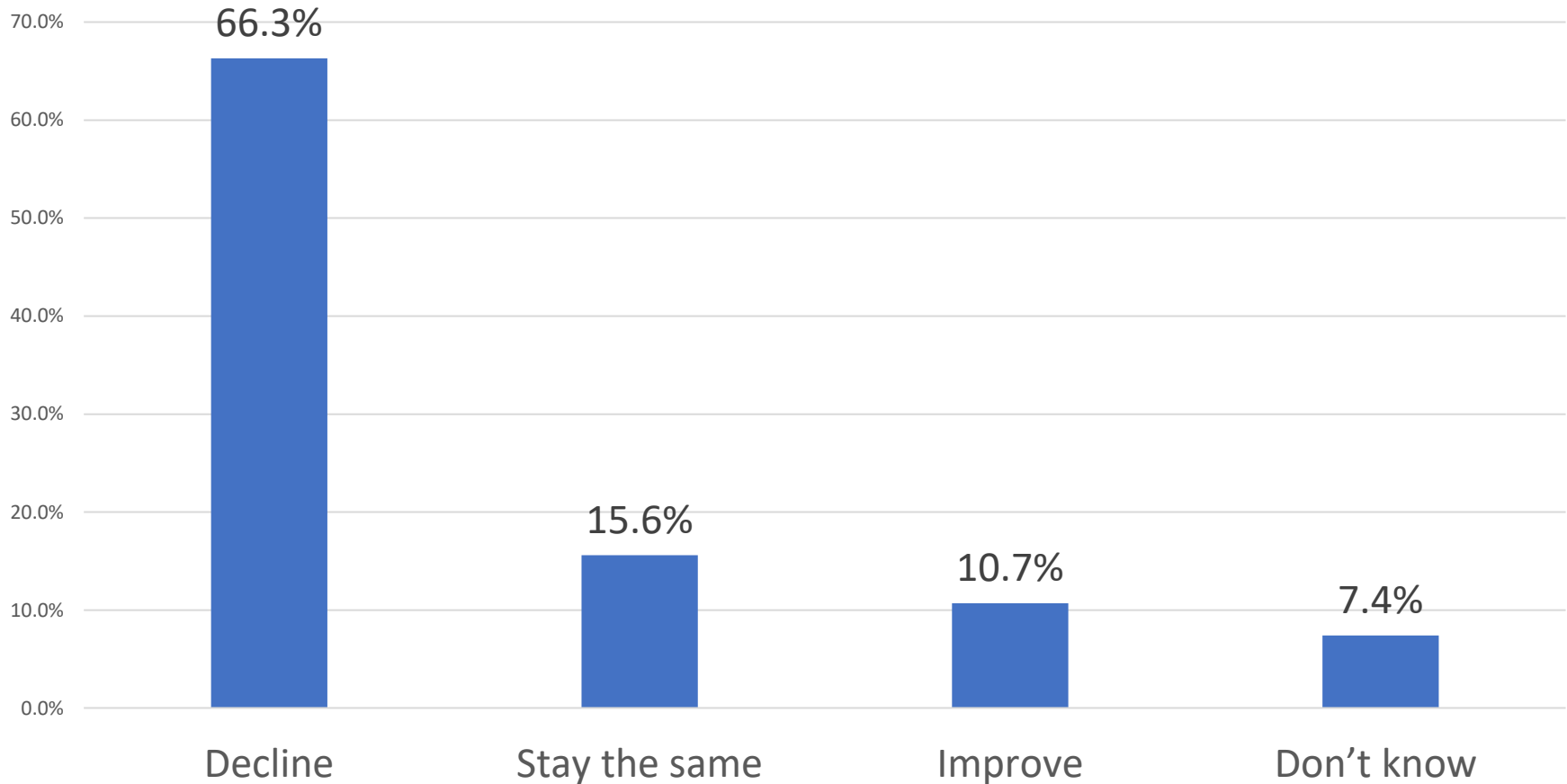
USAID
FROM THE AMERICAN PEOPLE



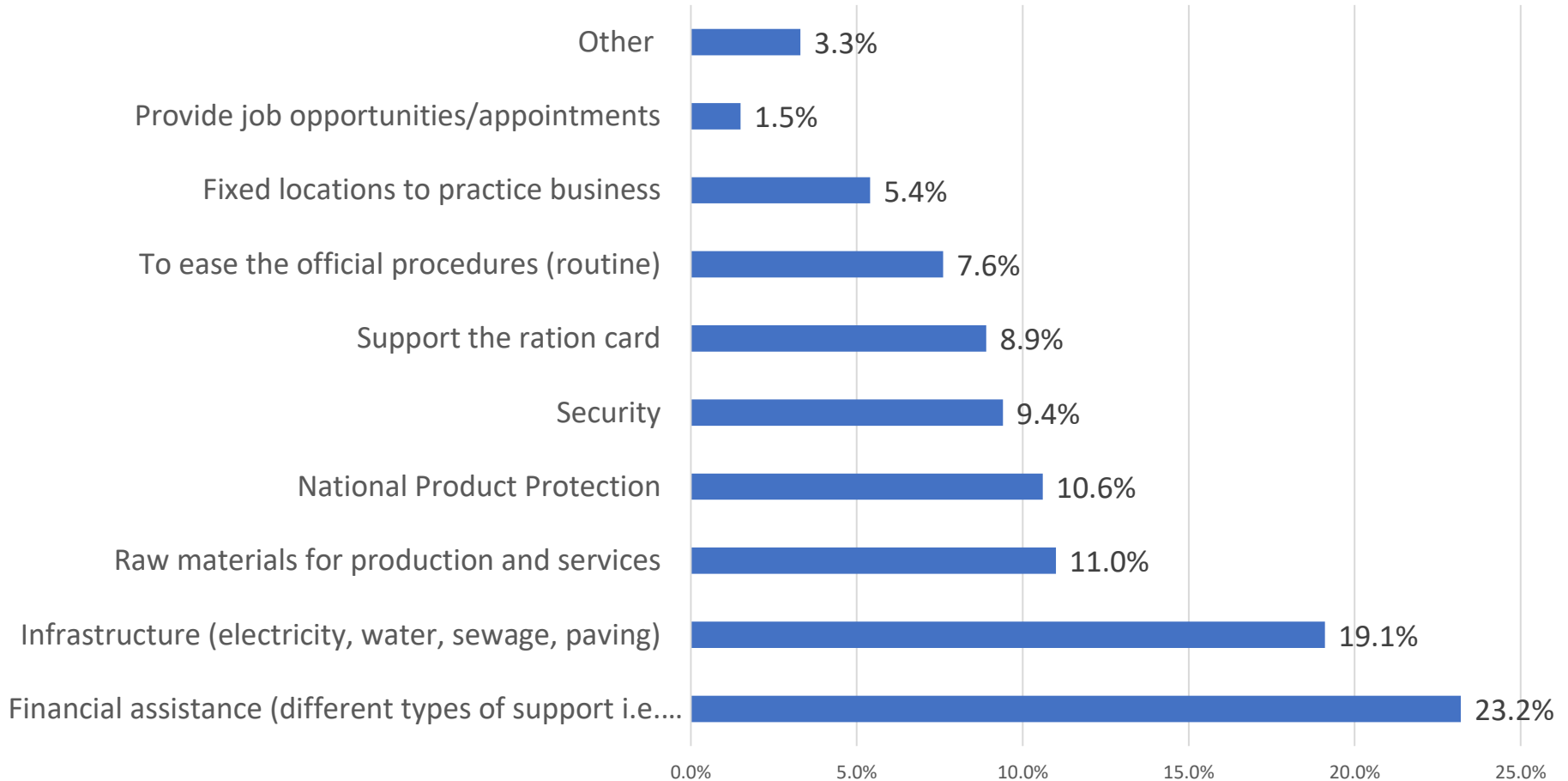
Distribution of Operating Expenditures



Perception of MSME Owners on how the Economy will develop in the next Year



Opinion of MSMEs on the Type of Government Support Needed to Improve Businesses





Ministry of Planning



USAID
FROM THE AMERICAN PEOPLE



THANK YOU