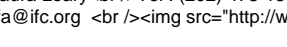




Oil Revenues, Economic Growth and Decreased Violence had Little Impact on Iraq's Poor

Oil Revenues, Economic Growth and Decreased Violence had Little Impact on Iraq's Poor
In 2012, one-fifth of Iraq's population lived below the poverty line, and a significant share of the Iraqi people was vulnerable to falling into poverty, according to a new World Bank Group report. Although the country experienced high economic growth, averaging seven percent annually between 2008 and 2012, poverty fell by only 4 percentage points during this time, and the richer segments of the population reaped more of the benefits. Iraq has been a nexus of conflict and fragility for decades, and faces yet another crisis today, which will have important implications for the welfare of its people. Addressing this crisis will take time and concerted effort; however, there may be important lessons from the recent period of relative peace, 2007-2012, that can help identify and address the root causes of poverty, exclusion, and continued violence and insecurity. The Unfulfilled Promise of Oil and Growth: Poverty, Inclusion and Welfare in Iraq, 2007-2012, provides the first in-depth analysis of Iraq's economic and social development since 2006-07, a period marked by recovery in the oil sector, a massive scaling up of oil revenues, and extensive efforts by the government to meet the high expectations of the people. "This report provides incisive analysis on the relationship between past growth and poverty reduction in Iraq," said Robert Bou Jaoude, World Bank Country Manager for Iraq. "It outlines policy implications for a more inclusive growth process, serves as a guide to ensure social and economic targets are indeed met, and lays out priorities and actions necessary for enhancing the welfare of Iraq's citizens." The report, which is based on two rounds of nationwide and comprehensive household surveys from 2007 and 2012, shows that the establishment of a civilian-elected government in 2005-06 was followed by a period of strong economic growth. Poverty, however, declined only modestly, and deep deprivations in non-monetary dimensions persisted. Close to half the population in Iraq has less than primary level education; almost a third of children ages 0 to 5 are stunted; over 90 percent of households in Baghdad, and central and southern governorates receive less than 8 hours of electricity a day; a third of men and 90 percent of women aged 15 to 64 are neither employed nor looking for work; and more than 60 percent of the calories consumed by the poor come from a nationwide food subsidy program. And this was the situation before the current crisis. The reports findings also reflect Iraq's difficult legacy of violence, fragility, and institutional weakness. Iraq faces enormous long term challenges that may take a long time to overcome," said Nandini Krishnan, World Bank Senior Economist and Lead Author of the Report. The continued internal violence and insecurity in some parts of the country between 2003 and 2012 contributed to deepening economic and social fragmentation: Iraq lost more than 100,000 civilians to violence and the provinces north and west of Baghdad continued to be unstable. As a result, welfare was severely constrained. Between 2007 and 2012, the government tried to redistribute oil revenues through public transfers and public sector employment. The results were mixed. The reports recommendations, therefore, aim for a more inclusive development strategy that can strengthen the relationship between citizens and the state. While these will bear fruit in the medium and long terms, the seeds must be sown now. Implementing an effective and comprehensive system of safety nets will address the multiple deprivations and vulnerabilities of the population, while redressing the human capital deficit. While an immediate and effective response to the crisis in Iraq today is essential, as Iraq looks forward, it will need to address these fundamental development challenges to build an inclusive economy and society. "The in-depth poverty analysis will provide a clear understanding of the development challenges facing Iraq and serve as the basis for preparing new development policies aimed at improving standard of living in a broad and inclusive manner," said Dr. Mehdi Al-Alaak, Head of the Prime Ministers Office and Head of Technical Committee of Poverty Reduction Strategy in Iraq. "The World Bank played an active role in providing the Ministry of Planning with technical assistance. We hope this support will continue during the preparations for a new strategy that takes into account the internal displacement that has resulted in an increase in poverty." The World Bank in Iraq
The World Bank's portfolio for Iraq consists of 3 projects valued at US\$230 million focusing on infrastructure (water and electricity generation), youth employment, and capacity and institution building. Media Contacts
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