# Value Chain Analysis of Dates and Food for Restaurants in Heet District, Anbar Governorate

**September 2021**

Caritas Czech Republic

UNDP

## OPTIMUM ANALYSIS

Established in 2019, Optimum Analysis is a research company that operates throughout the Middle East. Its mission is to make a contribution to improving humanitarian and development programming, positively impact economic development, and build the capacity of national researchers. By combining the technical skills of international staff with the contextual knowledge of national researchers, and adhering to international standards for social science, Optimum Analysis is able to ensure that the highest quality data and analysis is being delivered. Core services include research design, data collection, and analysis, and report writing.

## CARITAS CZECH REPUBLIC

Following the mission of the Catholic Church, Caritas Czech Republic aims at serving the poor, promoting charity and justice around the world, and offering aid to poor people affected by natural disasters, violence, and conflicts. Present in Iraq since April 2015, Caritas Czech Republic supports internally displaced persons and vulnerable returnees to rebuild livelihoods and communities so that they recover from the crisis and live in a safe and secure environment by implementing various projects in different areas in Iraq, including Dohuk, Kirkuk, Ninewa, and Salah Al-Din governorates.

## DISCLAIMER

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### Team Structure

This report was written by Optimum Analysis. The following individuals made a significant contribution to the data analysis and report writing:

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## Abbreviations

| | |
|---|---|
| BMZ | German Federal Ministry for Economic Cooperation and Development |
| CCR | Caritas Czech Republic |
| CfW | Cash for Work |
| IDP | Internally Displaced Person |
| IQD | Iraqi Dinar |
| IS | Islamic State |
| KII | Key Informant Interview |
| NGO | Non-Government Organisations |

## EXECUTIVE SUMMARY

**Introduction**

Decades of recurring violence and political instability in Iraq have resulted in one of the worst humanitarian crises in the world. Populations living in governorates affected by the 2014-2018 conflict with the Islamic State in Levant (ISIL) have been faced with disruptions of all aspects of their lives, including access to health care, education, and livelihood opportunities. Since 2020, moreover, Iraq's economy has suffered the implications of a double crisis: an unprecedented decrease in oil export revenues coupled with the devastating impact of the public health measures imposed by the government to control the spread of COVID-19. This has resulted in a considerable increase in the number of people in need of livelihood assistance.

Anbar governorate is among the most heavily affected by the 2014-2018 conflict. Once known as the breadbasket of Iraq, the country's largest governorate has seen its infrastructure largely destroyed. Agriculture, in particular, was used by IS as a weapon of war, causing immense damage to the sector.

In August 2021, CCR commissioned Optimum Analysis to write this value chain analysis report based on data collected from stakeholders from the selected chains in Heet district. The specific value chains to analyse (dates and food for restaurants) were determined based on data collected by CCR. From this data, Optimum Analysis developed a list of products that showed potential for business development. The CCR team took the list and decided the two value chains to include in the value chain analysis. The main objective of the value chain assessment is to feed into the design of the specific livelihood activities that are to be implemented under the "*Sustainable Livelihoods & Economic Recovery in Heet, Anbar, Iraq"* project.

**Cross-Sectoral Findings**

Some of the findings applied both to the date and the food for restaurant value chains. Firstly, businesses in both value chains were severely affected by the COVID-19 pandemic and subsequent lockdowns and movement restrictions. Aside from limiting businesses to continue their operations, business owners also reported that demand for their products had decreased due to the pandemic.

Moreover, the data showed that recruitment within both value chains mostly occurred through informal channels. Only a few business owners in the food for restaurant value chain sometimes utilized the internet and social media but most business owners fully relief on the word of mouth. Business owners also reported that they prefer to recruit individuals who they already know. Previous experience was another trait that business owners focused on during recruitment. Qualifications and the completion of vocational training programs, however, were less important in the decision to recruit staff. The main challenges faced when recruiting new staff were that staff did not accept the salary offered and that available labour was not sufficiently skilled.

Lastly, when asked for the type of support most needed by business owners, microloans and credit was the most common given answer. Currently, some business owners have access to loans and credit through family members and friends while others have no access at all.

- **Recommendation 1:** Due to the possibility of future lockdowns and other movement restrictions due to the COVID-19 pandemic, it is recommended to include emergency preparedness training in the business training for current and aspiring business owners.
- **Recommendation 2:** Include modules on human resources in business training, including how to advertise job opportunities to increase the labour pool from which to select employees. Include information related to the advantages of public advertisement for jobs to ensure that staff are sufficiently skilled.
- **Recommendation 3:** Focus on the development of apprenticeships programs that provide trainees with three to six months of on-the-job experience. In collaboration with selected business owners, participants in the apprenticeship program should be offered a job if they complete the program.

- **Recommendation 4:** Support the establishment of a limited number of peer-to-peer lending groups to provide loans for start-ups. Ensure proper oversight of the activity to ensure the commitment of participants.

**Dates**

Businesses in the date value chain generally make a profit or break even. However, profit has decreased over the and the main reason for this was reported to be the import of cheaper products, an issue partly addressed by the government over the past couple of years through an import ban on agricultural products. Other reasons for decreased profits were the COVID-19 pandemic and the subsequent public health measures, high prices for the inputs necessary for production, and a lack of pesticides available at local markets. Moreover, it also appears that the quality of arable lands has decreased as a result of the damage perpetrated by IS during its presence in the area, resulting in decreased capabilities to cultivate crops.

Further challenges faced by date farmers in specific include that irrigation is not always available due to limited access to electricity to run water pumps. At the same time, farmers were unwilling to use treated wastewater for irrigation because they did not know how to treat wastewater. Furthermore, fertilizers and pesticides, as well as seeds, are not consistently available in the market and also were characterized by high prices. Lastly, the cost of renting machinery for farming placed the profit of date farmers further under pressure.

In terms of employment, the sector was found to rely heavily on women. However, they were most frequently involved in dates cultivation and harvesting, whereas the processing and trading sectors were dominated by males.

- **Recommendation 5:** Provide date farmers (but also possibly other farmers) with training on the use of wastewater for irrigation.
- **Recommendation 6:** Support the establishment of affordable fertilizers and pesticides supply chains. This may include the establishment of a business selling such fertilizers and pesticides.
- **Recommendation 7:** Develop and implement a voucher system to support farmers to purchase (with the received voucher) seeds at local stores that offer high quality seeds that are appropriate for the climate in Anbar.
- **Recommendation 8:** Provide groups of farmers with heavy machinery that they can use on a rotating basis.
- **Recommendation 9**: Develop activities to encourage women's inclusion in the sector beyond production jobs

**Food for Restaurants**

Generally, businesses in the food for restaurant value chain were either making a profit or were breaking even. Those who were making a loss reported that this was due to the lockdowns (in response to the COVID-19 pandemic), low demand for their products, and high expenses. Another factor that put profit margins under pressure include the devaluation of the Iraqi currency. Among business owners, furthermore, it was thought that turnover may increase if they would be able to add western options to their menus as the demand for western fast food has grown in the last couple of years. At the same time, not all ingredients to prepare western-style food were reportedly available at the local market.

Businesses in the food for restaurant value chain, moreover, faced different challenges around the purchase of inputs. Firstly, the availability of meat, chicken and beef is limited in Heet district, and this is mostly due to difficulties keeping these meats refrigerated. Moreover, tomatoes, watermelons, and cucumbers were reportedly also not consistently available at the local markets. However, it is unsure whether the unavailability is seasonally or if there are year-round availability issues.

In terms of employment opportunities, the sector was found to be highly dominated by men, whereas income generating activities for women were limited to home cooking only.

Lastly, the surveyed and interviewed business owners were unaware of business cooperatives and limited collaboration appeared to take place between businesses.

- **Recommendation 11:** Assist small restaurant owners through training on the preparation of western-style food based on ingredients available in the local markets.
- **Recommendation 12:** Support the development of the livestock value chain to ensure businesses can access refrigerated meat of different types throughout the day.
- **Recommendation 13:** Assess what vegetables have issues with availability year-round and support farmers to focus on those vegetables and fruits that are not consistently available at local markets.
- **Recommendation 14:** Support the development of business associations for food businesses. The aim of the association should be to deliver technical advice and training opportunities as well as support for business owners to access formal loan opportunities.
- **Recommendation 15**: Provide support to women willing to start or expand their home cooking businesses.

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Anbar
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Ninewa
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Sulaymaniyah
Syria
Salah al-Din
Iran
Diyala
Anbar
Iraq
Baghdad
Wassit
Kerbala
Babylon
Jordan
Qadissiya
Maysan
Najaf
Thi Qar
Basra
Saudi Arabia
Muthanna
Kuwait

# 1. INTRODUCTION

Decades of recurring violence and political instability in Iraq have resulted in one of the worst humanitarian crises in the world. Populations living in governorates affected by the conflict with the Islamic State (IS) have been faced with disruptions of all aspects of their lives including access to health care, education, and livelihood opportunities.

Since 2020, moreover, Iraq's economy has suffered the implications of a double crisis: an unprecedented decrease in oil export revenues coupled with the devastating impact of the public health measures imposed by the government to control the spread of COVID-19.[1] This has resulted in a considerable increase in the number of people in need of humanitarian assistance. The 2021 Humanitarian Needs Overview for Iraq estimates that over 3.4 million Internally Displaced Persons (IDPs) and returnees across Iraq need livelihoods assistance, which represents an increase of 41% compared to 2020.[2]

Anbar governorate is among the most heavily affected by the 2014-2018 conflict with IS. Once known as the breadbasket of Iraq, the country's largest governorate has seen its infrastructure largely destroyed.[3] The agricultural sector, in particular, has suffered immense damage. During its presence in Iraq, IS utilized agriculture as a weapon of war by looting harvests and agricultural equipment, sabotaging storage facilities and poisoning land as a form of collective punishment.[4] The consequences of this include the loss of a significant number of livestock and the destruction of irrigation systems, among others. Moreover, agricultural plots were, in some cases, deliberately contaminated with explosive ordnance to cause further harm and deprive the local population of their sources of income.

To address the above challenges, Caritas Czech Republic (CCR) launched the "*Sustainable Livelihoods & Economic Recovery in Heet, Anbar, Iraq"* project in partnership with UNDP in May 2021. Funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) with the total amount of 5,4 million EUR, the project aims to "f*acilitate recovery and enhance resilience of vulnerable communities by providing short and medium-term employment opportunities to (young) men and women".* CCR intends to achieve this through the following outputs:

- A rapid market assessment.
- A value chain analysis (this document).
- Skill development of 2,600 cash for work beneficiaries through short-term training.
- Community rehabilitation infrastructure through cash for work.
- Provision of business support to 705 vulnerable community members (40% women).
- Job placement targeting 50 vulnerable community members (40% women).

The initiative is planned to be implemented over the span of 14 months, until June 2022.

In August 2021, CCR commissioned Optimum Analysis to write this value chain analysis report based on data collected from stakeholders from the selected chains in Heet district. The specific value chains to analyse (dates and food for restaurants) were determined based on data collected by CCR. From this data, Optimum Analysis developed a list of products that showed potential for business development. The CCR team took the list and decided the two value chains to include in the value chain analysis. The main objective of the value chain assessment is to feed into the design of the specific livelihood activities that are to be implemented under the "*Sustainable Livelihoods & Economic Recovery in Heet, Anbar, Iraq"* project.

[1] OCHA. 2021. *Iraq Humanitarian Needs Overview 2021*. Available at: https://reliefweb.int/sites/reliefweb.int/files/resources/Iraq%20Humanitarian%20Needs%20Overview%20%28February%202021%29.pdf.
[2] Ibid.
[3] FAO (2018) Iraq Restoration of Agriculture and Water Systems Sub-Programme: 2018–2020. Available at: http://www.fao.org/3/ca1511en/CA1511EN.pdf.
[4] Ibid.

# 2. METHODOLOGY

Based on the objectives for this assignment, a mixed-methods research approach was utilised, which is outlined in the table below.

*Table 1. Methodology*

| Method | Source/Respondents | Quantity |
|---|---|---|
| **Preliminary Research** | | |
| **Desk Review** | Relevant secondary literature on livelihoods and markets, including in the date and food for restaurants value chain in Heet district, Anbar governorate. | N/A |
| **Research Methods** | | |
| **Key Informant Interviews**[5] | Supplier<br>• Dates: 8 in total<br>• Food: 7 in total<br><br>Traders<br>• Dates: 5 in total<br>• Food (restaurant owners): 7 in total | 27 in total |
| **Workshops** | Heet District<br>• Date farmers: 1 in total<br>• Restaurant owners: 1 in total | 2 in total |
| **Enterprise Survey** | Heet District<br>• Al Baghdadi subdistrict (10 surveys)<br>• Al Furat subdistrict (3 surveys)<br>• Al Kubaisa subdistrict (9 surveys)<br>• Al Mohamadi subdistrict (10 surveys)<br>• Heet Centre subdistrict (17 surveys) | 49 in total |

## 2.1 DESK REVIEW

A comprehensive desk review of secondary literature on livelihoods and markets, including the date and food for restaurants value chain in Heet district, Anbar governorate, was conducted by Optimum Analysis' Lead Researcher to increase her understanding of the local context. The results of this review were used to help interpret the results of the qualitative and quantitative data analysis.

## 2.2 RESEARCH PHASE

### 2.2.1 QUALITATIVE INTERVIEWS

**Key Informant Interviews**: KIIs are an effective method to access a population of stakeholders who have first-hand knowledge about the researched topics. For this study, selected KII respondents were assumed to have in-depth knowledge about barriers to education for persons with disabilities.

Qualitative interviews were deemed highly appropriate for this study as they are expected to provide rich and in-depth information considering the context and objectives of this study. Qualitative interviews are especially useful to gain an understanding of underlying reasons, opinions, and motivations among a group of people with regards to the topic under research. Qualitative interview guides were developed by CCR. In addition, all KIIs were conducted by the CCR team. After completion of the KIIs, the data was submitted to Optimum Analysis.

[5] Due to gaps in the data identified after the initial data analysis was done, the CCR team contacted some of the participants to ask them a set of additional questions. Moreover, CCR also contacted two additional date suppliers, as well as two additional restaurant owners, who were asked the additional set of questions only.

### 2.2.2 Workshops

Workshops allow for nuanced and open-ended responses to difficult questions, eliciting more information on attitudes, perceptions, and experiences that otherwise cannot be obtained by a quantitative survey.

CCR organized two workshops, one for date farmers and one for restaurant owners. Questions to be answered during the workshop were developed by CCR. For date farmers, the questions revolved around general production, labour, profits, distribution/sales, processing, business support, soil, pests and diseases, land management, irrigation, seeds, fertilizers, pesticides, machinery, processing, and climate. For restaurant owners, the questions revolved around general production, labour, profits, machinery, processing, distribution/sales, and business support. After completion of the workshops, the data (notes) from the workshops was submitted to Optimum Analysis.

### 2.2.2 Quantitative Data

An enterprise survey was done with business owners who sold dates or restaurant food as one of their main products. The questionnaire, which included skip logic, was developed based on the objectives of the assessment. The enterprise survey was designed by CCR. Questions in the enterprise survey revolved around the business demographics, business performance, job placement capacity, business challenges and opportunities, finance, and sources of information. All surveys were completed by the CCR team and CCR conducted quality control on incoming data. After the data was collected and cleaned, the full dataset was submitted to Optimum Analysis.

## 2.3 Analysis Phase

After all qualitative data was received by Optimum Analysis, the Lead Researcher first read through each interview to gain a holistic overview of the perceptions and attitudes of the respondents towards the research questions. Then, the data was organized into themes and sub-themes, allowing the Lead Researcher to structure the data in line with the objectives of the assessment. After the data was organized and coded, it was possible to systematically draw out key findings and quotes.

After receiving all quantitative data, it was analysed using STATA statistical software. STATA is a complete, integrated statistical software package that provides options for data manipulation, visualization, statistics, and reproducible reporting. The analysis focused on identifying the most significant findings as they related to the objectives of the assessment. For this, the Lead Researcher made use of descriptive statistics.

## 2.4 Limitations

There are several limitations to this research. First and foremost, the data for this research had to be collected in a very short period, thereby putting pressure on the CCR research team to conduct a large number of interviews and surveys each day of data collection. The time pressure faced by the CCR research team limited opportunities for them to conduct quality control on incoming data.

Secondly, the qualitative interview guides contained a high number of questions, making the interviews relatively long in duration. As a consequence, respondents became less engaged towards to latter part of the interview, giving shorter and shorter answers. Closely related, slightly different interview guides were used for respondents from the same category. This resulted in a situation in which not all questions were answered by all the suppliers and traders.

The above two challenges resulted in a situation in which the data collected through qualitative interviews lacked detail. More specifically, answers to open-ended questions generally only constituted few words or one or two sentences maximum. Some of the given answers, moreover, indicate that the interviewer and respondent did not fully understand the question. In this regard, it should be noted that the CCR team delivered a two-day training to the researchers before the start of data collection. However, this did not prevent confusion about questions fully.

For the quantitative data, the limited time to collect the data also had an impact. After data collection was finished, for example, it was revealed that a small number of questions had only been asked to a very small number of respondents due to errors in the skipping patterns. These questions were excluded from the analysis to prevent any inaccuracies in the analysis. Furthermore, answers sometimes contradicted each other. This resulted in a situation in which some of the questions had to be excluded from the analysis.

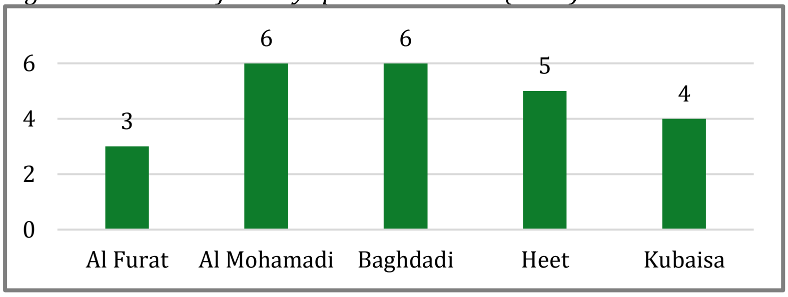
# Dates

# 3. Value Chain Analysis Dates

## 3.1 Demographics of Businesses

In total, 24 businesses located in five sub-districts in Heet (See: Figure 1) were included in the survey. The person responding to the survey was either the business owner (88%, n=21) or the manager (13%, n=3). All of them were male (100%, n=24) and their age ranged from 21 to 69. While all businesses sold dates as one of their main products, 75% (n=18) belonged to the agricultural sector, 17% (n=4) to the retail sector, and 8% (n=2) to the manufacturing sector.

*Figure 1. Number of Surveys per Sub-District (n=24)*




On average, the surveyed businesses were operating for 23 years (4-10 years: 17% (n=4); 11 to 20 years: 21% (n=5); 21 to 30 years: 42% (n=10); and 31 to 38 years: 21% (n=5)). The business owners mostly owned the business property (75%, n=18) although a small percentage also rented their business property (privately: 17%, n=4; government: 8%, n=2).

Aside from surveys, qualitative data was collected. Firstly, qualitative interviews were conducted with six suppliers of dates in four subdistricts, namely Baghdadi, Al Furat, Kubaisa, and Al Mohamadi. Farming was the principal activity of dates suppliers interviewed for this assessment. All date suppliers interviewed had been working as farmers for decades and some of them had inherited the businesses from their parents. At a later stage of the analysis, two additional business owners were interviewed. Both interviews took place in Heet district.

While most interviewed suppliers produced and sold whole dates[6], two of them also sold date palm seeds[7]. Moreover, two businesses produced date syrup.[8] These businesses procured their raw materials from other date farmers. A variety of different dates were sold by the date farmers, including Al-Zahidi, Al-Maktoum, Al-Burma, Al-Maamouri, Al-Sharsi, and Al-Majhoul. Aside from the date production, farmers also produced other crops, including wheat, barley, vegetables, olives, and fruit. The two businesses producing date syrup, moreover, also produced tahini paste.

Secondly, qualitative interviews were conducted with five business owners who trade dates.[9] Four of them only sold dates and date products, whereas the fifth one also sold sesame and sesame paste.[10] Four of the businesses were owned by the respondents while one was owned by the respondents and another business partner.[11]

Lastly, one workshop was held with date farmers. In total, there were eight participants in the workshop, and all were male returnees.

## 3.2 Business Regulations

The traders interviewed for this analysis were asked to name the rules and regulations their business needs to comply with. An overview of the provided answers can be found in the table below.

[6] KII with Dates Suppliers (x11)
[7] KII with Dates Suppliers (1); and KII with Dates Suppliers (3).
[8] KII with Dates Suppliers (7); and KII with Dates Suppliers (10).
[9] The subdistrict in which those businesses were based are not mentioned in the interviews.
[10] KII with Dates Suppliers (1).
[11] KII with Dates Suppliers (3).

**75% (n=18) of the surveyed businesses were officially registered with a government ministry or directorate.**

Information on the businesses' expenses for taxes, licenses, and other fees was also provided (See: Table 4). Unfortunately, no information on the frequency of the payments was provided.

*Table 2. Requirements to Open a Business[12]*

| Requirement | Institution in charge |
|---|---|
| Business license | Municipality |
| Permit | Department of Health |
| Business venue must be a minimum of four metres high | Civil Defence Directorate |
| Ensure hygiene conditions | Municipality and Department of Health |

*Table 3. Taxes, Licences, and Other Fees[13]*

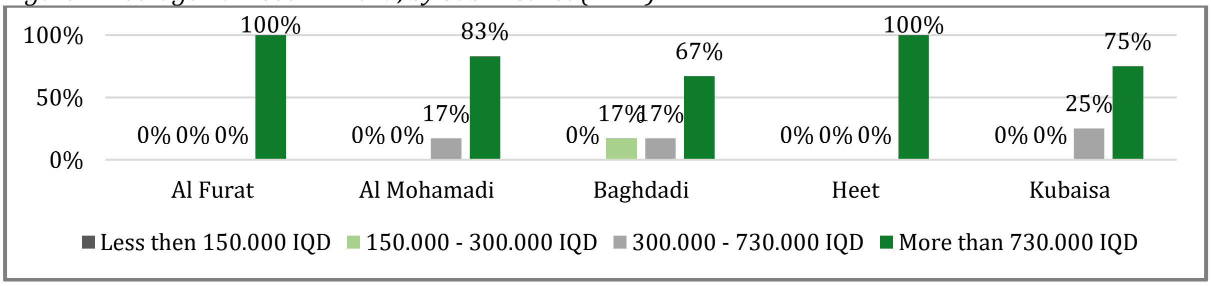
| Type | Amount (in IQD) |
|---|---|
| Health examination certificate | 160,000 |
| Municipality | 6,000-20,000 |
| Water | 6,000-30,000 |
| Electricity | 6,000-200,000 |

Then, as part of the additional qualitative data collected, participants in KIIs were asked to what extent the existing rules and regulations pose an obstacle to run a business in the dates farming and trade sectors. In the case of farming, the data suggests that the rules and regulations farmers have to comply with do not hamper businesses. In the case of businesses that produce dates syrup, however, a business owner said that high taxes and difficulties in obtaining an industrial license do pose a challenge.[14] Traders, on the other hand, said that no specific rules and regulations exist, suggesting that the dates trade may, at least in part, be occurring informally.[15]

## 3.3 Profit and Loss

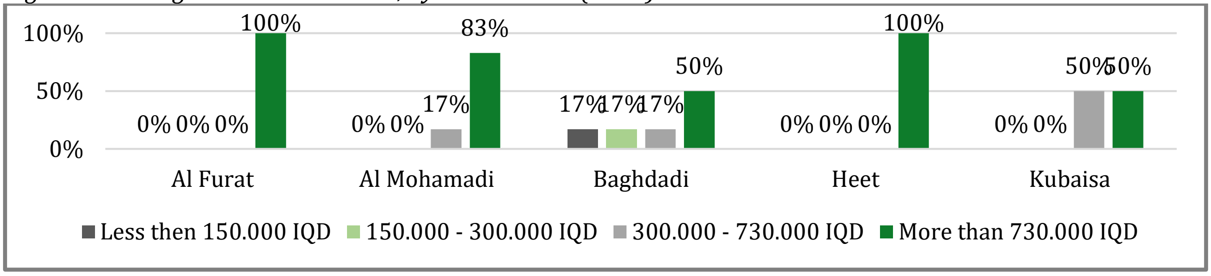
To understand more about the profitability of the businesses surveyed, respondents were first asked about their turnover in 2019 and 2020 (See: Figure 2 and 3). Unfortunately, the answer options provided to respondents were unrealistically low with three answer options representing all business owners who had a turnover between 0 and 730.000 Iraqi Dinar (IQD), which is between 0 and 500 USD. As a result, the majority of business owners opted for the fourth and final answer option (more than 730.000 IQD, which is more than 500 USD). As such, it can only be concluded that most of the surveyed businesses had more than 500 USD in turnover both in 2019 and 2020.

*Figure 2. Average Turnover in 2019, by Sub-District (n=24)*




[12] KII with Dates Suppliers (x4).
[13] KII with Dates Suppliers (x4).
[14] KII with Dates Suppliers (8).
[15] KII with Dates Traders (4) and KII with Dates Traders (5).

*Figure 3. Average Turnover in 2020, by Sub-District (n=24)*

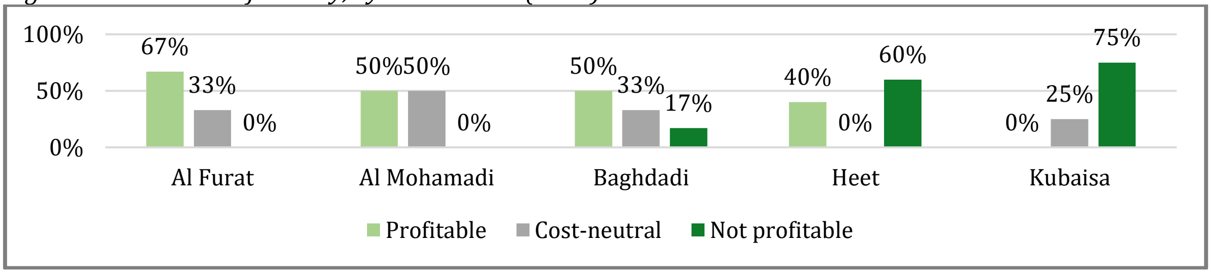



When comparing the data from 2019 (See: Figure 2) with the data from 2020 (See: Figure 3), it appears that businesses in Baghdadi and Kubaisa have experienced a slight decrease in turnover. This is most likely due to the COVID-19 pandemic. For the other three sub-districts, it is not possible to draw any conclusions since most respondents reported that they made more than 730.000 IQD during both years.

**96% (n=23) of surveyed respondents report that they keep their business accounting up to date. One respondent reported that he does not keep his accounting up to date because he does not need to.**

Survey respondents were also directly asked whether their business was profitable. When divided by sub-district, some interesting geographical differences appear. However, it should be kept in mind that the sample per sub-district is relatively low, and caution should be taken when interpreting the data. According to the data, the most profitable businesses are located in Furat and Al Mohamadi sub-districts while the least profitable businesses were located in Heet and Kubaisa. The situation in Kubaisa appears quite concerning as none of the surveyed businesses in this sub-district reported making a profit.

*Figure 4. Business Profitability, by Sub-District (n=24)*




Survey respondents who did not make a profit were asked for the reasons behind this. Five (83%) reported that their expenses are too high and three (50%) reported that there is too much competition in the area. Two respondents (33%), lastly, highlighted that the lockdowns resulted in their business becoming less profitable.

Data from suppliers of dates and workshop participants shows that farming represents their main source of income. According to the data, however, date production is currently considerably less profitable than some years ago, as sales have decreased substantially.[16] A serious decrease was also reported in the price of dates.[17] The main reason for a decrease in profit was reported to be the import of cheaper products, an issue partly addressed by the government over the past couple of years through an import ban on agricultural products as part of the local products protection policies.[18,19] Another reason for decreased profit were the COVID-19 pandemic and the subsequent public health

[16] KII with Dates Suppliers (x4)
[17] Before IS, a ton of dates was reported to reach, in some cases, 750,000 IQD, whereas in 2020 the price was reported to be 350,000 IDP per ton.
[18] KII with Dates Suppliers (2); KII with Dates Suppliers (3); KII with Dates Suppliers (6); and KII with Dates Traders (4).
[19] FAO (February 2021) *GIEWS Country Brief – Iraq*. Available at: https://reliefweb.int/sites/reliefweb.int/files/resources/IRQ_12.pdf.

measures imposed by Iraq's authorities.[20] This was reported to have resulted in an estimated five tons of dates being wasted (fed to livestock).[21,22] Other reasons mentioned the high prices of the inputs necessary for production[23] and a lack of pesticides causing diseases in crops.[24] One date supplier, moreover, said that the quality of arable lands has decreased as a result of the damage perpetrated by IS during its presence in the area, resulting in decreased capabilities to cultivate crops.[25] Closely related, data suggest that, during the presence of IS, some farmers had to abandon their lands completely.[26] In addition, the devaluation of the Iraqi Dinar was also reported to have had an impact on profitability in the sector.[27]

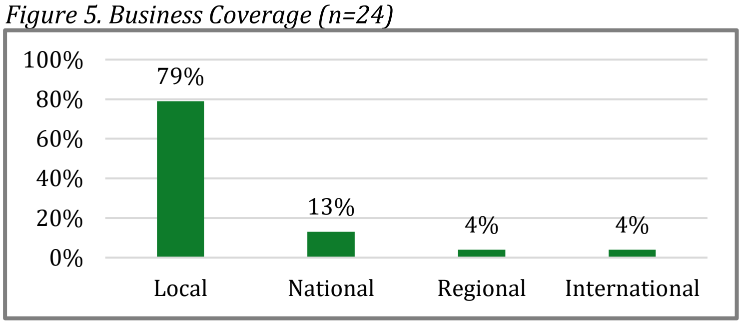
With respect to marketing, moreover, the high competition was described as a major obstacle.[28] (See: Competition) At the same time, however, the data also suggests that no events promoting the sector seem to be taking place locally or nationally and that, in general, the means for product promotion are limited.[29] Moreover, farmers said that no efforts are being made by the Ministry of Agriculture (MoA) to promote the national dates produce and/or export.[30] When asked about what could be done in the area of marketing to allow business expansion, the answers provided by suppliers and traders were closely related to the challenges presented above. For instance, the need for a closer collaboration with MoA to increase exports was brought up on several occasions. Promoting the sector on social media was repeatedly mentioned by participants in KIIs.[31]

Interviewed traders, lastly, were asked to name the three most important factors that could make their business more profitable. Their answers included expanding the business, the ability to store big amounts of dates, access to good quality of dates, correct storage techniques, increased capital, and workforce, acquiring new equipment, and closer distances to markets

## 3.4 Competition

To better understand the level of competition that the surveyed businesses face, the respondents were first asked about the coverage of their business. As can be seen in the figure below, the majority of businesses only cover their neighbourhood. This indicates that the pool of customers on which most of the surveyed businesses depend for their turnover and profit is relatively small in size.

*Figure 5. Business Coverage (n=24)*




Qualitative data from date suppliers, moreover, aligns with the above. The respondents explain that they sell their products within Heet district, most frequently to traders from within their subdistrict,[32] as well as to traders in Heet centre.[33] Only one supplier also sold its products in Haditha district[34]

[20] KII with Dates Suppliers (3). Workshop Participants
[21] It is unclear whether this amount represents the amount per farmer or the total amount wasted between all of them.
[22] Workshop Participants.
[23] KII with Dates Suppliers (2); KII with Dates Suppliers (3); KII with Dates Suppliers (6); and KII with Dates Suppliers (7).
[24] KII with Dates Suppliers (1) and KII with Dates Suppliers (2).
[25] KII with Dates Suppliers (4).
[26] KII with Dates Suppliers (1); KII with Dates Suppliers (4); and KII with Dates Suppliers (5).
[27] KII with Dates Suppliers (3) and KII with Dates Suppliers (7).
[28] KII with Dates Suppliers (1); and KII with Dates Suppliers (2); KII with Dates Suppliers (5); and KII with Dates Suppliers (6); KII with Dates Suppliers (7); and KII with Dates Traders (4).
[29] KII with Dates Suppliers (1); and KII with Dates Suppliers (7).
[30] KII with Dates Suppliers (1) and KII with Dates Suppliers (7).
[31] KII with Dates Suppliers (1); and KII with Dates Suppliers (2); KII with Dates Suppliers (3); and KII with Dates Suppliers (5); KII with Dates Suppliers (7); and KII with Dates Traders (5).
[32] KII with Dates Suppliers (x5).
[33] KII with Dates Suppliers (x4).
[34] KII with Dates Suppliers (6).

Then, survey respondents were asked about the number of competitor businesses in the area that they cover. Half of the respondents (50%, n=12) reported having one to five competitors and the other half (50%, n=12) said six to 12. Compared to 2019, moreover, most respondents did not notice a change in the number of competitors (67%, n=16). At the same time, 21% (n=5) said that the number of competitors was higher at the time of data collection than in 2019 and 13% (n=3) said that the number of competitors was lower.

For date traders, qualitative data reveals that there are several competing businesses in each of the traders' areas. However, the traders highlighted that competition also existed in terms of the varieties of dates offered.[35] When asked if the competition had changed in the past five years, their answers varied considerably: some said that no changes have been observed, whereas others reported an increase or decrease for certain suppliers. Two traders agreed that the number of producers has increased.[36] The reasons for this were increased demand for local dates in the market and increased stability.

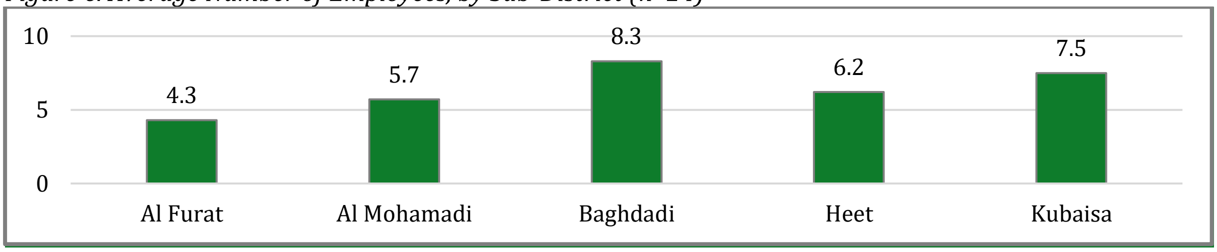
Further information from traders suggests that, when buying produce from farmers and other traders, the interviewed traders most frequently rent a vehicle to transport the produce and pay for this themselves. As for the distances between the supplier and trader, this varied between 20 to 500 km, suggesting that some of the produce is unavailable locally, or at least not in the required quantity or quality. In line with this, the costs for transportation reported by traders also varied: from 20 thousand to 2 million IQD.

Lastly, survey respondents reported having an average of 120 customers per month (range 2 to 1000). Most of the businesses, furthermore, depended on individuals or households (75%, n=18) or local business traders (75%, n=18) as their main customers. All of the survey respondents, lastly, agreed that the number of customers was higher before the COVID-19 pandemic.

## 3.5 Human Resources

The businesses included in the survey varied heavily in size, with business owners employing between 2 to 20 staff (average: 6.6). The figure below shows the average number of staff employed by sub-districts. Divided by gender, businesses had on average five male employees and two female employees.[37] The majority of the employees (5.5 on average) were working full-time.

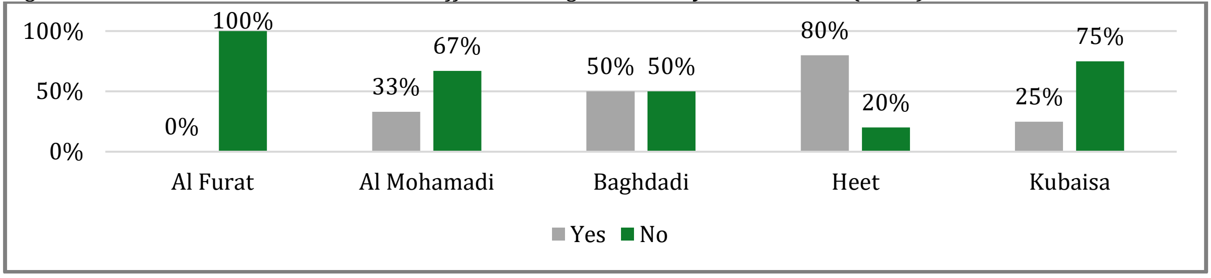
*Figure 6. Average Number of Employees, by Sub-District (n=24)*




Then, the respondents were asked whether they were planning to hire additional employees in the coming months. The results of this can be found in the figure below. Again, there are some clear differences between sub-districts. More specifically, Heet sub-district stands out from the other districts as more than half of the businesses plan to hire additional staff in the coming months.

[35] KII with Dates Suppliers (2); KII with Dates Suppliers (3); and KII with Dates Suppliers (4).
[36] KII with Dates Traders (3); and KII with Dates Traders (4).
[37] The total number of employees per business did not always match with the reported number of males and females working in the business. As such, the average number of female and male staff working in the businesses have been rounded to full numbers.

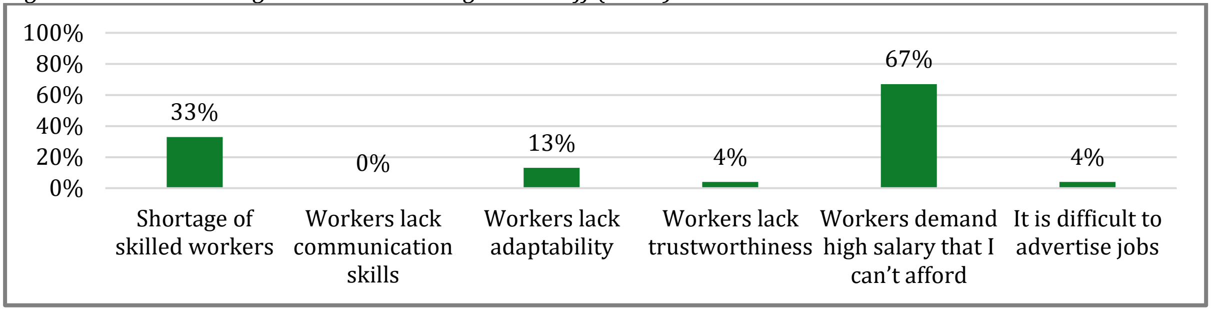
*Figure 7. Plans to Recruit Additional Staff in Coming Months, by Sub-District (n=24)*




On average, respondents who indicate wanting to hire additional staff report wanting to hire nine additional staff on average (range 3 to 25). Among business owners not planning to hire additional staff, the main reasons for this are that while they need additional staff, they cannot afford additional staff (57%, n=8) and that they do not need additional staff (43%, n=6).

Respondents were also asked what the three main challenges are when recruiting new staff. The results of this can be found in the figure below. The results indicate that the surveyed businesses mostly face challenges findings staff willing to work for the salary offered.

*Figure 8. Main Challenges when Recruiting New Staff (n=24)*




To better understand the recruitment decisions of business owners, they were then asked what they are looking for when recruiting new staff. The most given answer was 'previous experience' (92%, n=22). However, a large number of respondents also answered they preferred hiring someone they know (83%, n=20). This together with the findings that all respondents report that recruitment is done through word of mouth (100%) provides evidence for the hypothesis that recruitment mostly happens through informal channels and little advertisement is done through formal offline and online channels. Answer options including qualifications (8%, n=2) and vocational training (4%, n=1) were only answered by a limited number of respondents. This might be in part because they will receive on-the-job training.

**61% (n=14) of surveyed respondents are not willing to employ ad person with a disability and 39% (n=9) are not willing to employ a woman.**

Data obtained during qualitative interviews largely aligns with the quantitative data. Related to employment, one dates trader explained that the largest part of the employment offered by the sector is seasonal work and workers that work in farming are mainly driven to work in farming by the lack of other employment opportunities.[38] Moreover, participants in the workshop noted that the sector offers income-generating opportunities to women and youth, but not to persons with disabilities. Concerning women, in particular, participants in KIIs suggest that the dates farming sector offers employment opportunities for women mainly during the harvest season.[39] In fact, it was reported that the sector is highly dependent on women's labour during that period.[40] This aligns with secondary sources suggesting that the agricultural sector in Iraq, which

[38] KII with Dates Traders (4).
[39] KII with Dates Suppliers (x5); KII with Dates Traders (4); and KII with Dates Traders (5).
[40] KII with Dates Suppliers (1).

absorbs the majority of women in the private sector, is highly reliable on womanpower.[41,42] Moreover, some said that women could also work in pollinating the palm trees[43] and as well as in packaging the date fruits before they are sold to traders[44], even though others considered these tasks to be suitable for male youth only[45]. As for the two businesses owners who produced date syrup, they said that male youths are highly required as employees. However, they do not offer employment opportunities to women. This is due to the fact that the work requires the use of heavy machinery, which is reportedly not suitable for women.[46] The second business owner said that local customs and traditions do not allow for women to work in the sector.[47] None of the interviewed suppliers and traders suggested that there is room for women within trade, which together with the above adds up to the conclusion that within the dates sector, women are at the bottom of the pyramid in terms of employment opportunities and, therefore, income.

Data obtained during the workshop suggests that previous experience in planting and harvesting, together with a good reputation were among the skills and characteristics reported to be most sought after when hiring manpower. Furthermore, participants in KIIs said that employment in demand requires knowledge in harvesting practices, types of produce and quality classification, as well as in processing and packaging.

Lastly, 96% (n=23) of respondents claim to be willing to hire an apprentice for at least three months. The only respondent who did not want to hire an apprentice said that this was because he has no time to train new staff.

## 3.6 Start-Ups

Participants in KIIs were asked how easy it is for farmers to join date farming. The data suggest that starting a successful business in the sector depends on a number of factors. Some of the prerequisites mentioned include sufficient capital (to hire manpower, procure seeds, etc.), experience in dates cultivation, access to quality soil, adequate storage, and modern equipment.[48]

The interviewed suppliers and traders were then asked how easy or difficult it is to start a small business in dates or agro-input trading. The two respondents who ran businesses producing dates syrup confirmed that capital is a key factor.[49] One of them further explained that starting a business of that kind is costly.[50] The same source also said that the ability to procure and learn how to use the necessary equipment and machinery is another important factor. As for trading, opening a small trading business was described as relatively easier than farming or producing dates fruit derivatives (i.e. date syrup). Capital was, again, mentioned as one of the most important factors together with renting or owning an adequate venue.[51] Securing the transportation of the produce was brought up as another aspect to be taken into account.[52] In terms of the skills required, one trader interviewed said that starting such a business can be difficult if a person lacks the necessary knowledge (for instance, on how to differentiate the different types of dates and how to store them adequately) and/or the ability to promote their goods and build a customer base.[53]

[41] UN Women/Oxfam (December 2018) *Gender Profile Iraq – A Situation Analysis on Gender Equality and Women's Empowerment in Iraq*. Available at: https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620602/rr-gender-profile-iraq-131218-en.pdf.
[42] IAU (March 2012) *Women in Iraq Fact Sheet*. Available at: https://nina-iraq.com/wp-content/uploads/2014/03/Women-In-Iraq-Fact-sheet-English.pdf.
[43] Date palm trees require hand pollination, which usually takes place in February-March each year.
[44] KII with Dates Suppliers (2); KII with Dates Suppliers (3); and KII with Dates Suppliers (5).
[45] KII with Dates Suppliers (1) and KII with Dates Suppliers (6).
[46] KII with Dates Suppliers (7)
[47] KII with Dates Suppliers (8).
[48] KII with Dates Suppliers (x5).
[49] KII with Dates Suppliers (7) and KII with Dates Suppliers (8).
[50] KII with Dates Suppliers (8).
[51] KII with Dates Traders (4) and KII with Dates Traders (5).
[52] KII with Dates Traders (3).
[53] KII with Dates Traders (5).

As for the specific amount of funds required to start a farming business, the data is overall not specific enough, as most participants in KIIs were not asked to specify the scale of production and/or farm size the amount they mentioned relates to. On one occasion, a farmer said that cultivating a plot of 20 dunams[54] would approximately require 5 million IQD (or 250 thousand IQD per dunam)[55].[56] Information on the costs of seedlings was also provided. According to the data, date palm seedlings can cost between 6 thousand and 25 thousand IQD per unit, depending on the type of dates.[57] The Al-Zahidi type was described as the cheapest.

Like with farming, the information on the funds required to run a business producing date syrup lacks detail, as it is unclear what quantities of syrup are produced for the provided costs. Likewise, the overall amounts provided to describe the capital needed for trading also lacked detail concerning the amounts of dates sold. However, the price of a ton of the cheapest type of dates was said to be 400 thousand IQD.[58] No information was provided about other expenses (e.g. transportation, etc.)

## 3.7 Specific Business Challenges

### 3.7.1 Land and Irrigation

Participants in the workshop reported that the soil in their lands has not been tested because there are no laboratories that offer such service in the area. They said, however, that they enrich the soil with store-bought animal-based organic fertilizer and locally composted animal manure.

To manage the land used for date cultivation, the farmers who participated in the workshop practised fallowing. About 50% of the land was reported to be put to fallow every season. However, the reasons for not cultivating agricultural lands were not solely related to fallowing, but also a lack of manpower and insufficient financial resources.

Irrigation, lastly, is sometimes unavailable in Heet district due to limited access to electricity to run water pumps. The amount farmers pay for electricity to run water pumps was reported to be high, even though it varied based on the size of each water pump. Moreover, farmers reported unwillingness to use treated wastewater for irrigation. This was because they lack knowledge on how to treat wastewater.

### 3.7.2 Pests and Diseases

According to the participants of the workshop, some of the factors that result in pests and diseases are a lack of tillage and control of pests, as well as a lack of available pesticides. The most prevalent pests were reported to be the lesser date moth and the Dubas bug. Interviewed suppliers, moreover, confirmed this but also named several other pests, including fungi, spiders, earthworms, and weevils.[59]

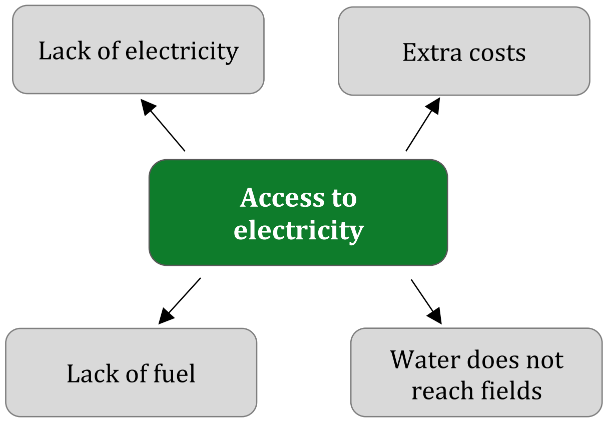
Participants of the workshop reported that they use animal manure as a fertilizer, because of its affordability. The quality of fertilizers in the market was overall assessed as good, but they were often unavailable to procure. While procuring Jordanian Diammonium phosphate fertilizer would make farmers more resilient, the price is high (around 75 thousand IQD per 50 kg). Regarding pesticides, farmers reported using insecticides and fungicides procured from agricultural stores in the area. Again, these were not always available. Moreover, their price was unaffordable for some farmers, something that was also confirmed by interviewed suppliers.[60]

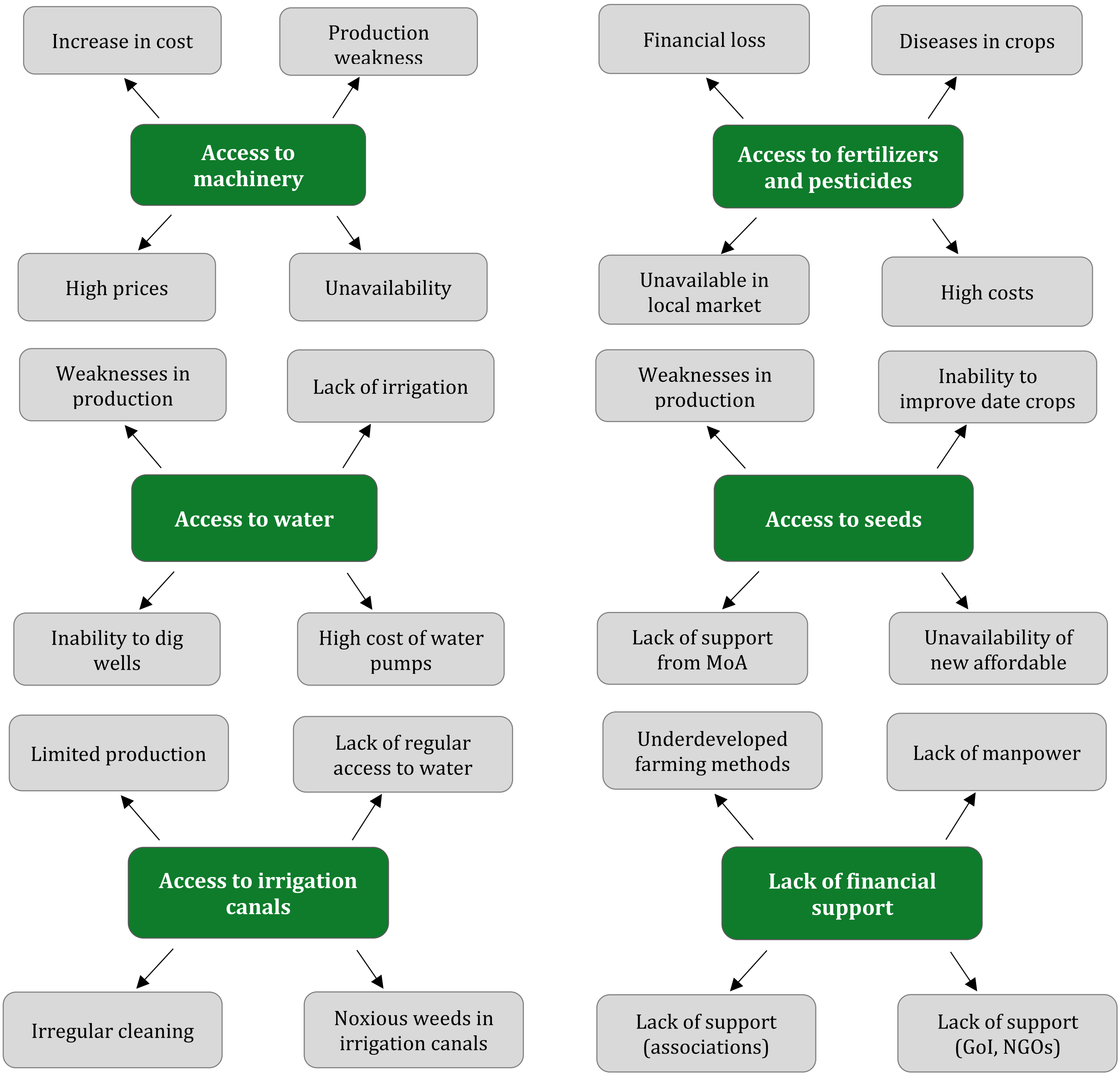
[54] Ottoman unit of area equivalent to 2,500 m$^2$.
[55] Even though the timeframe was not mentioned, it can be assumed that the farmer referred to the overall costs per year.
[56] KII with Date Suppliers (3).
[57] KII with Dates Suppliers (6).
[58]
[59] The translation of some pests and diseases into English was often inaccurate, resulting in some of them not being mentioned in the report.
[60] KII with Dates Suppliers (1); KII with Dates Suppliers (2); and KII with Dates Suppliers (5).

# Workshop Problem Tree – Dates

**Identified problems:**

- Access to electricity
- Access to agricultural machinery
- Access to fertilizers and pesticides
- Access to water
- Access to seeds
- Access to irrigation canals
- Lack of financial support



### 3.7.3 Seeds

Farmers who participated in the workshop said that they procure date seeds from the local market. However, the price of seeds is high, and they are not always available. When asked if there are seed varieties that could potentially make farming more resilient to disasters and unreliable markets, farmers responded affirmatively. However, they also said that the price of such seeds is too high, and this was also confirmed by interviewed suppliers.[61] Farmers do, however, save seeds from their harvest for the following season.

### 3.7.4 Machinery

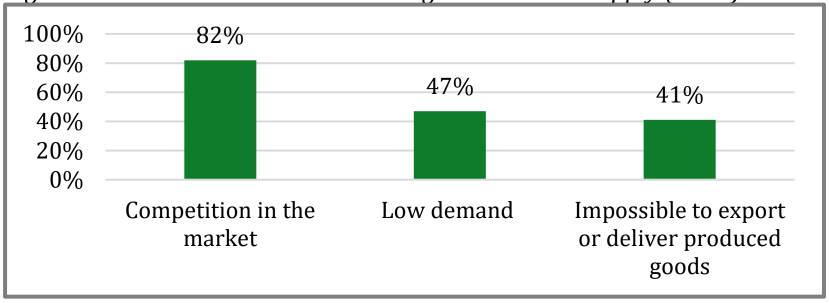
According to the farmers in the workshop, sprinklers, water pumps and tractors available to farmers were all rented. However, the price of renting this machinery was reportedly high. Suppliers interviewed also highlighted difficulties around renting or purchasing agricultural equipment.[62]

### 3.7.5 Inputs, Supply and Human Resources

When survey respondents were asked to name the main challenge are that they face with regards to the business, five respondents (21%) said that they do not face any challenges. Moreover, 71% (n=17) reported that their main challenges are related to sales, 63% (n=15) reported challenges related to inputs, and 4% (n=1) reported challenges related to human resources.

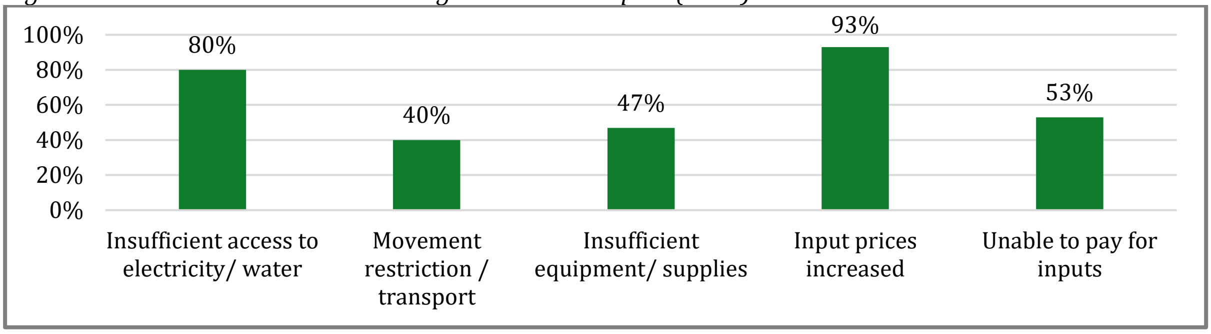
Among the respondents who reported sales as one of their main challenges, most report that this is related to competition in the market, followed by low demand and it being impossible to export or deliver produced goods (See: Figure 9).

*Figure 9. What are Your Main Challenges Related to Supply (n=17)*




For inputs, moreover, the main challenges are related to the increase in input prices as well as the insufficient access to electricity and water (See: Figure 10). This was also confirmed during interviews with suppliers. Suppliers revealed that they mostly procure their inputs from Heet market,[63] at agricultural shops in Al Baghdadi town,[64] as well as at agricultural shops in Kabaisa town.[65] The data further suggests that businesses producing dates do not receive any support in terms of item procurement from the MoA, unlike businesses cultivating other types of produce, like wheat.[66,67]

*Figure 10. What are Your Main Challenges Related to Inputs (n=15)*



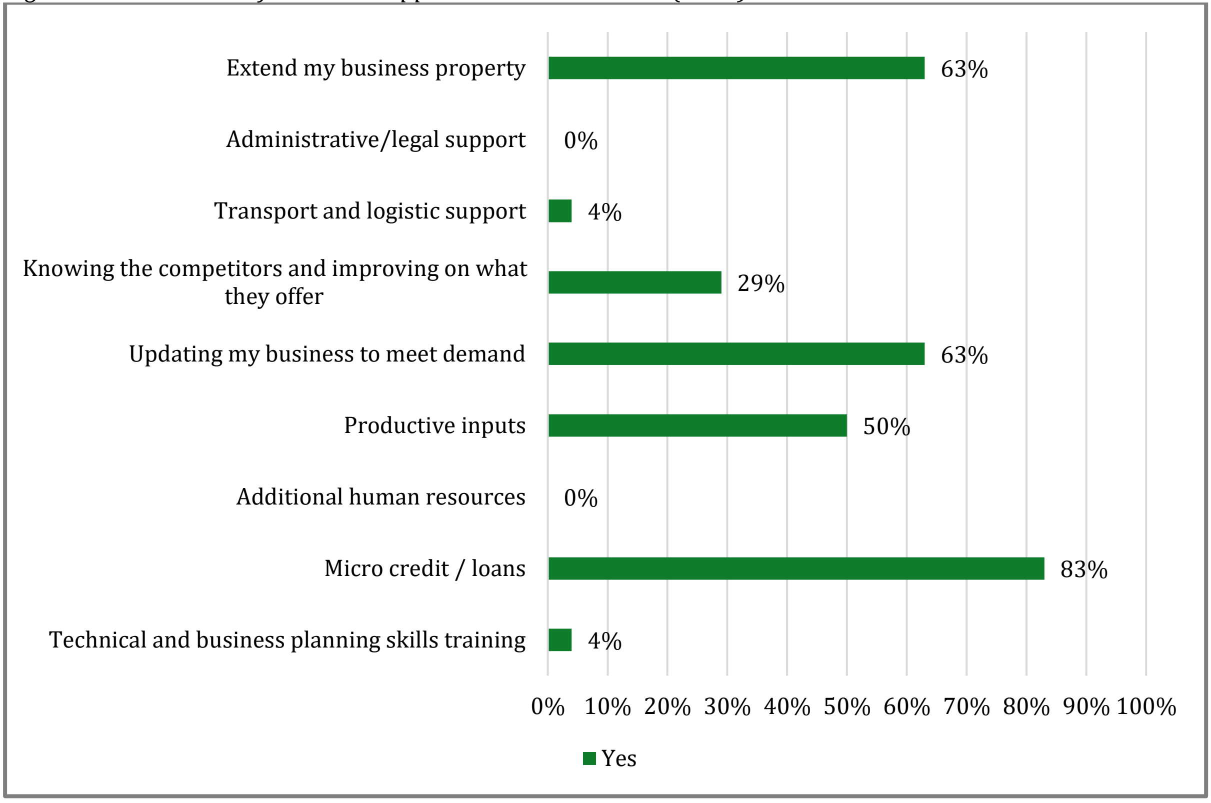

[61] KII with Dates Suppliers (x6).
[62] KII with Dates Suppliers (3); KII with Dates Suppliers (4); and KII with Dates Suppliers (6).
[63] KII with Dates Suppliers (1); KII with Dates Suppliers (2); KII with Dates Suppliers (5); and KII with Dates Suppliers (6).
[64] KII with Dates Suppliers (2) and KII with Dates Suppliers (6).
[65] KII with Dates Suppliers (3) and KII with Dates Suppliers (4).
[66] KII with Dates Suppliers (2) and KII with Dates Suppliers (3).
[67] FAO (February 2021) *GIEWS Country Brief – Iraq*. Available at: https://reliefweb.int/sites/reliefweb.int/files/resources/IRQ_12.pdf.

## 3.7 Business Support

Data from suppliers reveals that businesses involved in the date value chain do not receive support from the government.[68] Closely related, no projects to support seed multiplication are being implemented in Anbar governorate.[69] When asked about the most needed support from the government, the provision of pesticides,[70] fertilizers,[71] seeds,[72] and fuel[73] were the most frequent answers given. When asked about the type of support they would request from non-government organisations (NGOs), suppliers said that, aside from the above, they would like to receive agricultural equipment, including irrigation equipment,[74] and financial support.[75]

Business owners surveyed were also asked what type of support they most needed. The results of this analysis can be found in the figure below. If provided with the selected type of business support, moreover, this would allow 71% (n=17) of respondents to expand their business. 21% (n=5) to maintain their business and 4% (n=1) to avoid closing the business.

*Figure 11. What Kind of Business Support do You Most Need (n=24)*




Microcredit and loans were most often reported as needed by businesses in the date value chain. To understand this better, respondents were asked about the availability of micro-credit and loans. Among the respondents, 71% (n=17) report that family and friends lend money and 4% (n=1) report that banks do so. 29% (n=7) also report that they do not know who lends money in their community. As such, it can be concluded that respondents are largely unaware of formal institutions providing loans to business owners.

[68] KII with Dates Suppliers (4); KII with Dates Suppliers (5); and KII with Dates Suppliers (6).
[69] KII with Dates Suppliers (3).
[70] KII with Dates Suppliers (x6).
[71] KII with Dates Suppliers (x5).
[72] KII with Dates Suppliers (x4).
[73] KII with Dates Suppliers (x4).
[74] KII with Dates Suppliers (x5).
[75] KII with Dates Suppliers (x4).

**Regarding loans, one interviewed trader said that he received help from farmers who agreed to give him produce in return of receiving half of the profit made at the end of each day.**

Among the surveyed business owners, moreover, 67% (n=16) reported that they had loaned money for their business at least once in the past. When asked about the affordability of the repayment plan, 94% (n=15) said that the plan was reasonable and 6% (n=1) said that it was difficult to pay back to loan following the repayment plan. While this appears positive, it should be kept in mind that most of the respondents mentioned that they can only loan from family members or friends. As such, previous loans were likely obtained either through a family member or a friend. As such, the repayment plan may have been more flexible than a formal repayment plan usually is.

### 3.8 Trade Cooperatives and Sources of Information

Respondents were also asked if there are any trade or business cooperatives in their area. 46% (n=11) answered this question affirmatively.[76] Moreover, none of the interviewed traders was a member of a trade association. Some of them, however, did collaborate with other traders.[77] Date traders interviewed for this assessment said that they receive information on the market for dates from farmers and other traders, including traders in Baghdad who are involved in export.[78]

Lastly, respondents were asked who they consult if they are looking for information in their community. Answers included family (75%, n=18), the community leader (54%, n=13), and farmers (50%, n=12). All other answer options were given by less than 20% of the respondents.

[76] Unfortunately, no follow-up questions were asked to understand the involvement of business owners with such cooperatives.
[77] KII with Dates Traders (2); KII with Dates Traders (3); and KII with Dates Traders (4).
[78] KII with Dates Traders (1); KII with Dates Traders (3); and KII with Dates Traders (4).

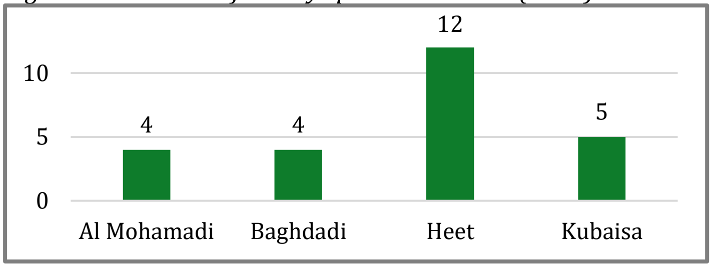
# Food for Restaurants

# 4. Value Chain Analysis Food for Restaurants

## 4.1 Demographics of Businesses

In total, 25 food/restaurant businesses located in four sub-districts were included in the survey (See: Figure 12). The person answering the survey was either the business owner (76%, n=19) or the manager (24%, n=6). All respondents were male (100%, n=25) and their ages ranged from 19 to 59. All of the surveyed businesses were part of the foodservice sector (100%, n=25).

*Figure 12. Number of Surveys per Sub-District (n=25)*




On average, the surveyed businesses were operational for 6 years (range 1 to 33 years). In addition, the business owners generally rented the business property (privately: 68%, n=17; government: 8%, n=2) and only 24% (n=8) of the surveyed businesses owned their business property.

Aside from the quantitative survey, qualitative data was collected. First, five KIIs were conducted with restaurant owners. Three of them had opened their business very recently (in 2020 and 2021).[79] One was a takeaway restaurant[80] and another one only offered delivery.[81] Moreover, all interviewed business owners were running their businesses by themselves without a business partner. The Restaurant owners sell food to individual customers while most of them also offered food delivery.[82] Interestingly, only some of them reported preparing/cooking food.[83]

Secondly, five interviews[84] were conducted with food suppliers in Heet district. Some of the interviews were conducted in Baghdadi, Kubaisa, and Al Mohamadi subdistricts, whereas information on the specific location was not available for others. Three suppliers said that, aside from providing food products to restaurants, they also sell to individual customers.[85] The sale of food products represented the main economic activity of all interviewed food suppliers. The interviewed food suppliers sold fruit and vegetables, meat, fish, chicken, dairy, and other foods.

Lastly, one workshop was held with restaurant owners. In total, there were six participants in the workshop, and all were male returnees.

## 4.2 Business Regulations

**64% (n=16) of the surveyed businesses were officially registered with a government ministry or directorate.**

Restaurant owners interviewed through KIIs named some rules and regulations their businesses need to comply with. (See: Table 6). The restaurants' expenses for taxes, licenses, and other fees were also discussed with the restaurant owners (See: Table 7). However, no information on the frequency of these payments was provided.

[79] KII with Restaurant Owners (1); KII with Restaurant Owners (2); and KII with Restaurant Owners (4).
[80] KII with Restaurant Owners (4).
[81] KII with Restaurant Owners (2).
[82] KII with Restaurant Owners (x4).
[83] KII with Restaurant Owners (2); and KII with Restaurant Owners (4).
[84] It should be noted that the interview guidelines used with the different food suppliers slightly differed from one another, resulting in some questions being answered to some of them only.
[85] KII with Food Suppliers (3); KII with Food Suppliers (4); and KII with Food Suppliers (7).

*Table 4. Requirements to Open a Restaurant*[86]

| Requirement | Institution in charge |
|---|---|
| License | MoLSA |
| Permit | Department of Health |
| Civil defence license | Civil Defence Directorate |

*Table 5. Taxes, Licences, and Other Fees*[87]

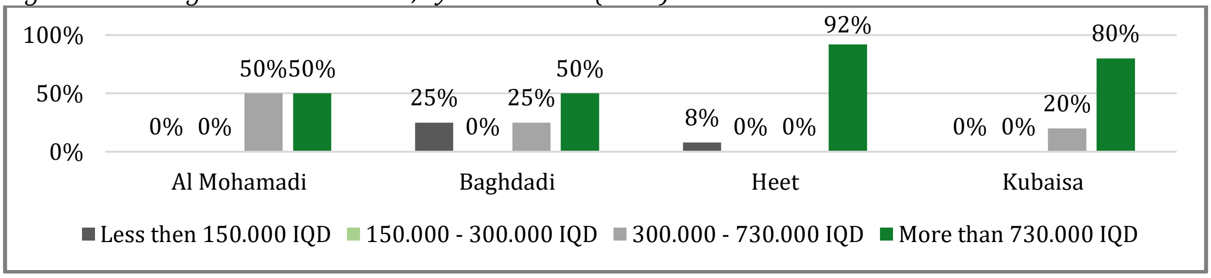
| Type | Amount (in IQD) |
|---|---|
| Municipality | 7,000-50,000 |
| Water | 10,000-70,000 |
| Electricity | 15,000-250,000 |

Lastly, controls conducted by the Department of Health were reported to be the only monitoring mechanism in place for food supplying businesses in Heet district.[88]

## 4.3 Profit and Loss

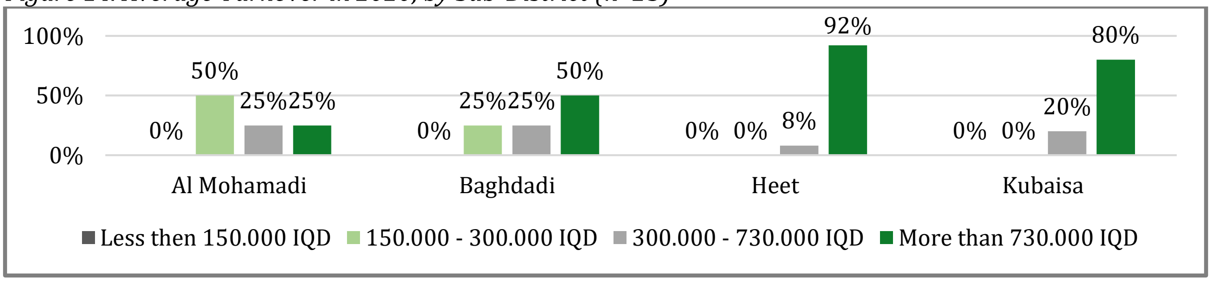
To understand more about the profitability of the sampled businesses, survey respondents were asked for the total amount of turnover for the years 2019 and 2020. As mentioned before, the answer options provided to respondents for this question unfortunately are very low. More specifically, three out of the four answer options from which respondents could choose were unrealistically low (turnover between 0 and 730.000 IQD, which is between 0 and 500 USD). As such, the majority of business owners opted for the fourth answer option (more than 730.000 IQD). Conclusions related to the turnover of businesses can therefore not be drawn. Instead, it can only be said that most businesses made more than 500 USD in total turnover both in 2019 and 2020.

*Figure 13. Average Turnover in 2019, by Sub-District (n=25)*




When comparing the data from 2019 (See: Figure 2) with the data from 2020 (See: Figure 3), it appears that businesses in Baghdadi and Heet have experienced a slight decrease in average turnover while Al Mohamadi experienced a slight increase in turnover. The decrease in Baghdadi and Heet is most likely due to the COVID-19 pandemic.

*Figure 14. Average Turnover in 2020, by Sub-District (n=25)*

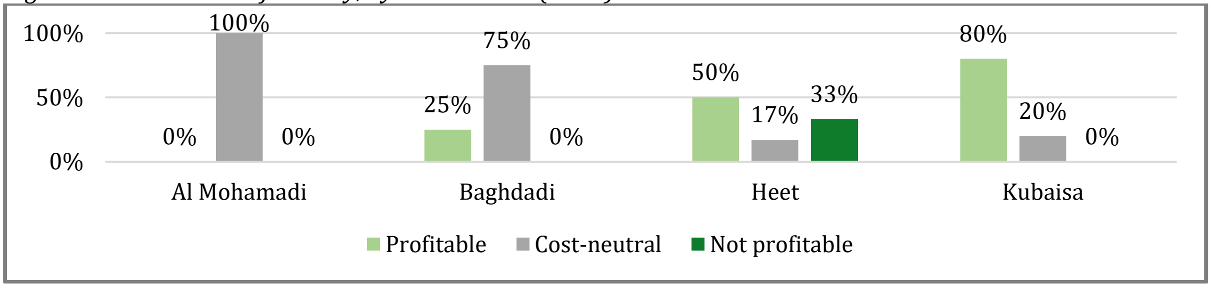



[86] KII with Restaurant Owners (x5).
[87] KII with Restaurant Owners (x5).
[88] KII with Food Suppliers (x7). Workshop participants

Respondents were also asked whether their business was profitable. Divided by sub-district, the data shows that the most profitable businesses were surveyed in Kubaisa sub-district. Heet, moreover, showed the most variety regarding profit and loss, with more than one profitable and unprofitable business.

**96% (n=23) of surveyed respondents report that they keep their business accounting up to date. One respondent did not keep his accounting up to date and the reason for this is that he felt that this is not needed.**

*Figure 15. Business Profitability, by Sub-District (n=25)*




Lastly, surveyed restaurant owners who reported making a loss were asked for the reasons behind this. All four of the respondents reported the lockdowns (in response to the COVID-19 pandemic) as a reason for being unprofitable. This is in with expectations as food services have been one of the most hard-hit sectors during the pandemic. Three respondents (75%), moreover, report that there is a low demand for their products and two respondents (50%) remarked that their expenses are too high to make a profit.

Qualitative data from interviewed restaurant owners and workshop participants partly aligned with the above. The restaurant owners reported that the COVID-19 mobility restrictions represented a serious obstacle for both successful purchase and sale of products. High prices of products and the devaluation of the Iraqi currency were also mentioned as putting profit margins under pressure. All of the interviewed restaurant owners, furthermore, agreed that to increase their revenue, they would have to expand their businesses. Some of them also mentioned having to add additional services to attract additional customers.[89] This may include adding western options to menus as the demand for western fast food has grown in the last couple of years. At the same time, the participants reported that not all ingredients to prepare western-style food were available at the local market.[90] Workshop participants, moreover, report using social media and come up with competitive offers to attract more customers.

The KIIs conducted at a later stage also inquired on the challenges faced by businesses in the sector in terms of marketing. The data suggests that there is a lack of specialists in marketing to hire for this purpose, as well as a lack of interest in new marketing ideas.[91] Advertising costs were also reported to be high.[92] When asked how marketing can be improved, participants in KIIs mentioned collaboration with marketing companies and integrating social media for marketing.[93]

Food suppliers, lastly, reported a decrease in sales and, therefore, income. Like with dates suppliers, the reasons behind this include decreased demand and purchasing power due to the COVID-19 pandemic as well as to the recent devaluation of the Iraqi Dinar.[94] In the case of one fruit and vegetable

[89] KII with Restaurant Owners (1); KII with Restaurant Owners (4); and KII with Restaurant Owners (5).
[90] Workshop Stakeholders.
[91] KII with Restaurant Owners (1); KII with Food Suppliers (4); and KII with Food Suppliers (7).
[92] KII with Restaurant Owners (3).
[93] KII with Restaurant Owners (1); KII with Restaurant Owners (3); KII with Restaurant Owners (6); and KII with Restaurant Owners (7); KII with Food Suppliers (2); and KII with Food Suppliers (7).
[94] KII with Food Suppliers (x7).

supplier, high temperatures affecting the crops was also mentioned as an important reason for the decrease in profit.[95]

## 4.4 Competition

To better understand the level of competition faced by the surveyed businesses, respondents were first asked about the coverage of their business. All surveyed businesses only cover locally (100%, n=25), which is in line with expectations considering that most of the businesses are restaurants.

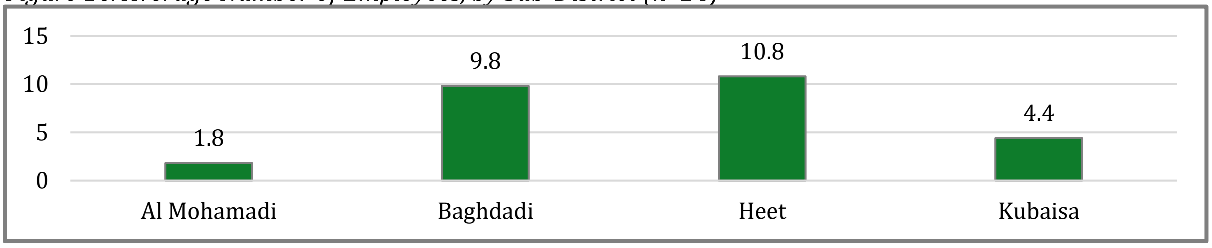
Then, the respondents were asked about the number of competitors in the area that they cover. Most of the surveyed respondents (76%, n=19) reported having one to five competitors and one respondent reports that he has more than 21 competitors (4%). The remainder said that they had no competitors (20%, n=5), which seems unlikely considering the characteristics of the foodservice sector. Compared to 2019, moreover, most respondents did not notice a change in the number of competitors (56%, n=14). However, 16% (n=4) said that the number of competitors was higher at the time of data collection than in 2019 and 8% (n=2) said that the number of competitors was lower.[96] KIIs with restaurant owners, on the other hand, all indicate that the number of restaurants/food shops, as well as the number of slaughterhouses in the area, has increased in the past five years due to an increase in the demand for restaurants.

On average, the businesses reported having 3792 customers per month (range 30 to 54.000). All of the businesses, furthermore, depended on individuals and households as customers (100%, n=25). In addition, slightly over one-third of the business owners also reported government agencies and public enterprises as being among their main clients. Most respondents, lastly, agreed that the number of customers was higher before the COVID-19 pandemic (88%, n=22) and the remaining 12% (n=3) did not know whether that was true or not.

## 4.5 Human Resources

The businesses included in the survey varied significantly in size, with business owners employing between 1 to 36 staff (average: 7.9). The majority of the employees (7.6 on average) were working full-time.

*Figure 16. Average Number of Employees, by Sub-District (n=24)*




**71% (n=17) of surveyed respondents are not willing to employ ad person with a disability and 79% (n=19) are not willing to employ a woman.**

The figure above shows the average number of staff employed per sub-district. As can be seen, the average number of staff employed by businesses in different sub-districts varies widely and the reason for this is unknown. Divided by gender, businesses had on average eight male employees and no female employees.[97] This aligns with data from the workshop and the KIIs conducted, suggesting that women are not suitable to work in restaurants.[98] Some respondents informed that women can earn income preparing home-cooked meals, which was described as the only opportunity for them in the

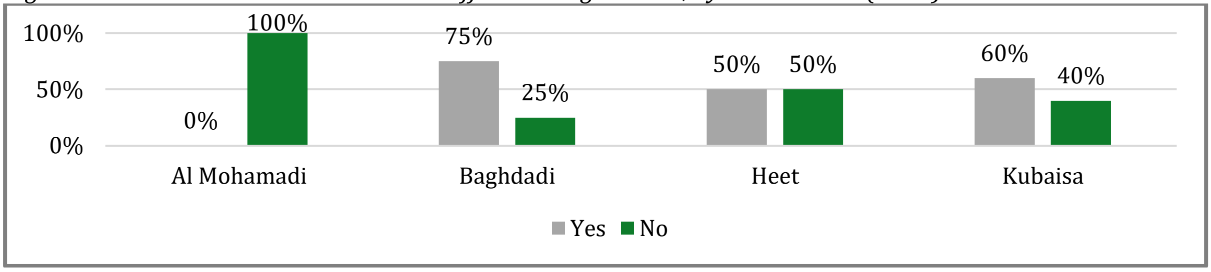
[95] KII with Food Suppliers (6).
[96] The remainder did not know the answer to this question (20%, n=5)
[97] The total number of employees per business did not always match with the reported number of males and females working in the business. As such, the average number of female and male staff working in the businesses have been rounded to full numbers.
[98] KII with Restaurant Owners (1); KII with Restaurant Owners (4); and KII with Restaurant Owners (7).

food service sector.[99] Similar findings hold true for food shops, where women were also said to be excluded from the labor force.[100] As for persons with disabilities, the data obtained during the workshop suggests that they are unable to work in the sector. However, male youth were highly demanded as chefs, cashiers, dishwashers, cleaners, etc., in the case of restaurants, and as shop assistants, butchers, etc., in the case of food shops.[101]

Then, the survey respondents were asked whether they were planning to hire additional employees in the coming months (See: Figure 17). Al Mohamadi sub-district stands out from the others as none of the business owners in this district is planning to recruit additional staff.

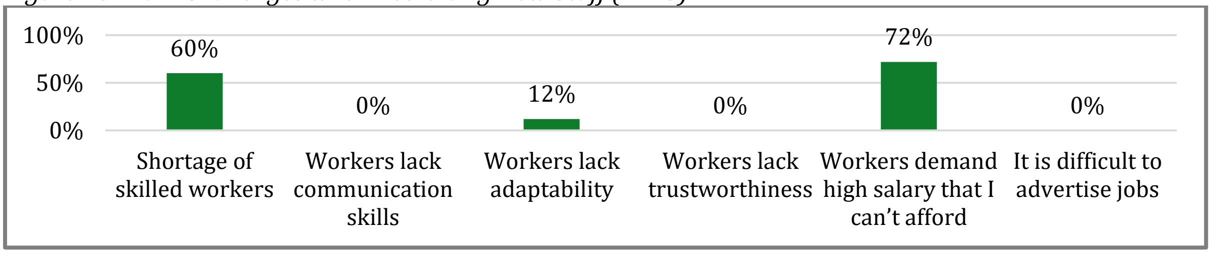
Among those planning to hire additional staff, the average number of staff needed was three (range 1 to 8). Among business owners not planning to hire additional staff, the main reasons for this were that they do not need additional staff (62%, n=8). All of the remaining respondents report that while they do need additional staff, they are unable to cover the cost of additional staff (38%, n=5).

*Figure 17. Plans to Recruit Additional Staff in Coming Months, by Sub-District (n=25)*




Survey respondents were also asked what the three main challenges are when recruiting new staff. The results of this can be found in the figure below. The results indicate that the surveyed businesses mostly face challenges findings staff willing to work for the salary offered and finding skilled workers. In line with this, participants from the workshop highlighted that demands for increased salaries for staff as well as demands for annual leave or other staff benefits were some of the main challenges the business owners were dealing with.

*Figure 18. Main Challenges when Recruiting New Staff (n=25)*




Only one respondent reported having difficulties advertising jobs. This may be in part be because not many business owners formally advertise available jobs. All respondents report that recruitment is done through word of mouth (100%, n=25) and only some of them also report using the internet and social media (16%, n=4) to recruit new staff. Recruitment thus mostly occurs at an informal level. During recruitment, furthermore, restaurant owners are mostly looking for someone with previous experience (84%, n=21) and someone they already know (84%, n=21). Qualifications and vocational training were only mentioned by 16% (n=4) of respondents. This may be explained by the fact that, as reported by participants in KIIs, inexperienced staff hired to work at both restaurants and food shops can often undergo on-the-job training or receive guidance from experienced staff.[102] This was

[99] KII with Restaurant Owners (3); and KII with Restaurant Owners (6).
[100] KII with Food Suppliers (1); KII with Food Suppliers (4); and KII with Food Suppliers (7).
[101] KII with Restaurant Owners (x5) and KII with Food Suppliers (x4).
[102] KII with Restaurant Owners (3); KII with Restaurant Owners (4); and KII with Food Suppliers (4).

said to be particularly the case for service staff. This may be in part due to a lack the training opportunities in the region. Chefs, however, are usually required to have previous experience.[103]

Lastly, 96% (n=24) of respondents reported that they are interested in hiring an apprentice for at least three months. The only respondents who did not want to hire an apprentice said that this was because he has no space in his business and no open vacancy.

## 4.6 START-UPS

In line with the rest of the analysis, participants in qualitative interviews named three principal factors which are determent for food shop/restaurant businesses: sufficient capital, manpower, and a venue with a suitable location.[104] A small such business, however, was described to require limited capital and a small venue.[105] No observations were made with regard to how easy or difficult it may be to come up with a product that would attract consumers.

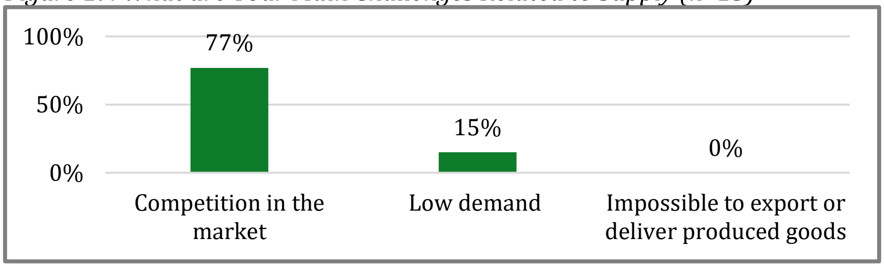
When restaurants and food shop owners who participated in KIIs were asked to provide insight on the capital needed to run a business like theirs, no information on the size of their businesses was included. As such, it is not possible to draw conclusions on the required amount.[106]

Lastly, qualitative data suggests that people in the targeted communities show interest in joining the food service and trade sector. This is due to the large demand for such services in the area. However, this does not reportedly hold true for shops selling fruit and vegetables.[107]

## 4.7 SPECIFIC BUSINESS CHALLENGES

Survey respondents were asked what the main challenge are that they face with regards to the business. Surprisingly, nine respondents (36%) reported that they do not face any challenges. Moreover, more than half of the respondents reported that their main challenges were related to inputs (52%, n=13) or sales (52%, n=13).

*Figure 19. What are Your Main Challenges Related to Supply (n=13)*




Among the respondents who reported sales as one of their main challenges, most report that this is related to competition in the market, followed by low demand (See: Figure 19). Closely related, when interviewed restaurant owners were asked what they should do to increase the quality of the products they offer so that they can sell more, all of them said that they would need to rely more on local products, of which the quality is reportedly higher. Contrary to information reported by food suppliers, moreover, two of them also said that local products are cheaper.[108]

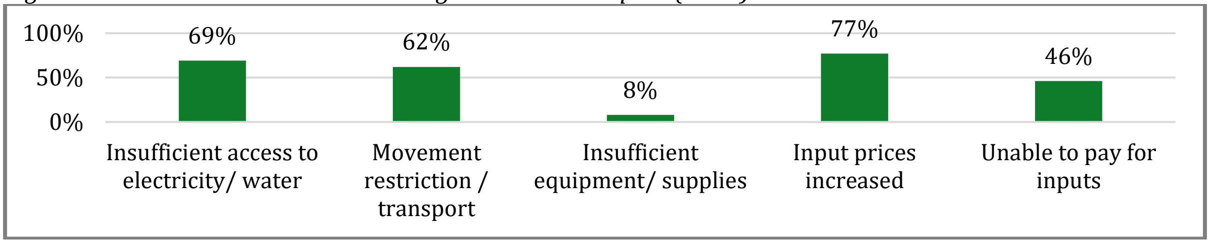
For inputs, moreover, the main challenges are related to the increase in input prices, insufficient access to electricity and water, and movement restrictions/transportation (See: Figure 20). From workshop participants, moreover, it is revealed that the high price of the equipment is one of the main barriers for restaurants owners to develop their business.

Four of the interviewed food suppliers, furthermore, report that they sell both locally produced and imported products (fruit, vegetables, meat, and other foods), whereas the remaining three reported

[103] KII with Restaurant Owners (4) and KII with Restaurant Owners (7).
[104] KII with Restaurant Owners (1); KII with Restaurant Owners (3); KII with Restaurant Owners (4); and KII with Restaurant Owners (6).
[105] KII with Restaurant Owners (4); KII with Restaurant Owners (6); and KII with Restaurant Owners (7).
[106] The amounts provided vary from 4 million to 60 million IDQ.
[107] KII with Food Suppliers (1).
[108] KII with Restaurant Owners (1) and KII with Restaurant Owners (4).

relying on local production only (fish, chicken, and meat).[109] Imported products were said to compete with local production in the market and this is mainly said to be because of the lower prices of imported products.[110] However, food suppliers were overall in agreement that local products are of higher quality.

*Figure 20. What are Your Main Challenges Related to Inputs (n=13)*

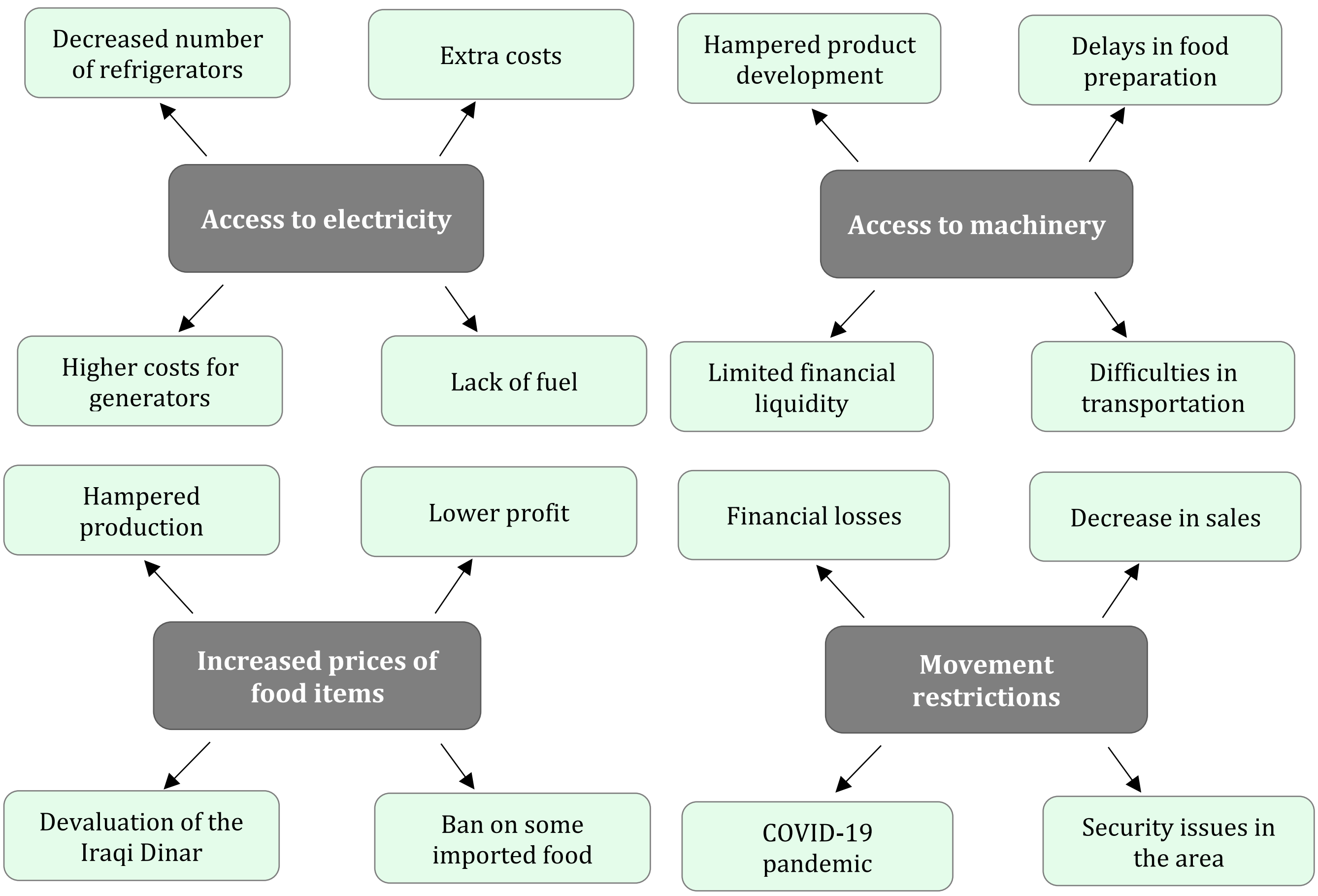



[109] KII with Food Suppliers (2); KII with Food Suppliers (3); and KII with Food Suppliers (7).
[110] KII with Food Suppliers (x4).

## Workshop Problem Tree – Food for Restaurants

**Identified problems:**

- Access to electricity
- Access to machinery
- Increased prices of food items
- Movement restrictions




Furthermore, food suppliers procure their products mainly in Heet district (Heer Centre, Baghdadi, and Al Mohamadi).[111] Two suppliers, however, procured their products in Ramadi district.[112] Difficulties in sourcing products were reported for fish, chicken and meat, including beef, as well as for tomatoes, watermelons and cucumbers.[113] In the case of meat, chicken and beef, the issues faced by suppliers relate to these inputs' limited availability and high price in the market, as well as high temperature and difficulties to maintain them cool.[114] Tomatoes, watermelons and cucumbers were said to also be limitedly available in the market. Moreover, all suppliers but one reported on issues concerning transportation. More specifically, it was reported that checkpoints and security checks were a particular challenge,[115] as well as access to fuel.[116]

[111] KII with Food Suppliers (x6).
[112] KII with Food Suppliers (1) and KII with Food Suppliers (4).
[113] KII with Food Suppliers (x5).
[114] KII with Food Suppliers (x4).
[115] KII with Food Suppliers (6) and KII with Food Suppliers (7).
[116] KII with Food Suppliers (2); and KII with Food Suppliers (3).

When asked about challenges in terms of storage, all food suppliers reported electricity cuts and not having a sufficient number of refrigerators as a particular obstacle. This challenge has become more prevalent due to the increasingly hotter summers in Anbar. Related to this, high electricity and water costs were also reported.[117] This aligns with data from the workshop participants, who highlight that access to electricity is a serious issue for restaurants in Heet district. The restaurants were reported to rely on power generators when government electricity is unavailable. In line with this, all of them reported having access to a power generator. Aside from electricity, other energy sources used for food preparation were cooking gas and coal.

Lastly, most food suppliers said that checkpoints on the roads hamper the transportation of their products. In the case of livestock, only a limited number of animals were reportedly allowed to be transported through checkpoints, which hinders some suppliers' capability to procure sufficient inputs.[118] Other challenges mentioned include limited means of transport, high temperatures, and high transportation costs. A supplier who sells fish and chicken also reported that authorization from the Directorate of Animal Resources is also required.[119]

Restaurant owners, furthermore, reported relying on between two and three input suppliers. Concerning the quantities procured by each restaurant on an average month, these vary based on the size of the businesses. All inputs were reported to be procured from within Heet district. Payments are done in cash. Unlike dates traders, restaurant owners in the sample tend to procure their inputs locally, within two-five kilometres away from their restaurants. In one case, a restaurant owner obtained meat from a slaughterhouse 20 km away.[120] Slaughterhouses deliver meat to restaurants, whereas other products are transported by the restaurant staff themselves. Only one of the restaurants had a vehicle for delivery.[121]

## 4.8 Business Support

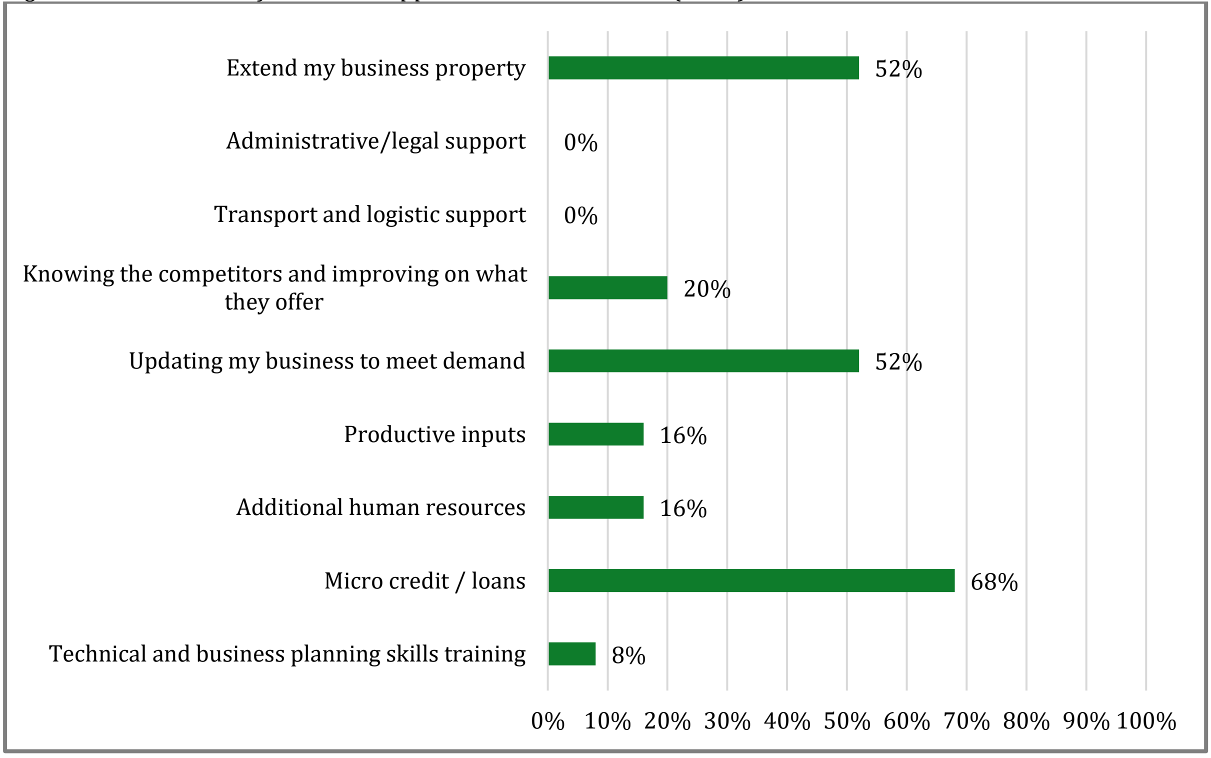
Qualitative interviews with food suppliers and data from restaurant owners who participated in the workshop revealed that there is no government support for food restaurants in Heet district. Suppliers were then asked what type of support they would like to receive from the government. Their answers were closely related to the challenges presented formerly, and include support concerning transportation, increased access and decreased price of electricity, relaxed security measures at checkpoints, etc.

Lastly, food suppliers and participants in the workshop were asked if they had received any support from NGOs in the past and, in case they have not, what type of support they would request. Only one of them had received such support in the past.[122] The support consisted of financial support, as well as feed and medicines for their livestock. The rest of the food suppliers said that they would like to receive support in the form of provision with refrigerators to store their products,[123] financial support,[124] and support with fuel,[125] among others.

Respondents to the survey were also inquired business owners as to the type of support they are most in need of (See: Figure 21). If provided with the selected type of business support, moreover, 80% (n=20) of respondents feel that this would allow them to expand their business. 4% (n=1) report that it would allow them to maintain their business and 16% (n=4) reported that neither of those two options would occur.

[117] KII with Food Suppliers (2) and KII with Food Suppliers (4).
[118] KII with Food Suppliers (3).
[119] KII with Food Suppliers (2).
[120] KII with Restaurant Owners (4).
[121] KII with Restaurant Owners (5).
[122] KII with Food Suppliers (2).
[123] KII with Food Suppliers (x6).
[124] KII with Food Suppliers (x4).
[125] KII with Food Suppliers (3); KII with Food Suppliers (5); and KII with Food Suppliers (7).

*Figure 21. What Kind of Business Support do You Most Need (n=25)*




The most often reported form of business support needed by survey respondents is access to micro-credit and loans. This aligns with data on the availability of groups or institutions providing loans or credit. Among the respondents, 56% (n=14) reported that family and friends are available to loan money and 46% (n=11) reported that they do not know where to lend money for business development. Interviews with restaurant owners further confirm this. When asked about the source of their capital to start their businesses, the owners said that they were supported by family and friends and/or had their savings, confirming once again the unavailability of other sources for financial mechanisms for business owners, including loans and/or credit.

Among the surveyed business owners, lastly, 68% (n=17) reported that they had loaned money for their business at least once in the past. When asked about the affordability of the repayment plan, moreover, 94% (n=16) said that it was reasonable and 6% (n=1) say that he had difficulties replaying the money per the repayment plan. The fact that respondents only were aware of loan options with their family and friends, however, indicates that the loans received in the past may have been more flexible than when loaning from loans are taken from a formal loan or credit institution.

## 4.9 Trade Cooperatives and Sources of Information

Survey respondents were also asked if there are any trade or business cooperatives in their area. None of the surveyed respondents was aware of any such cooperatives. Moreover, none of the interviewed restaurant owners was a member of a trade association. Collaboration with other restaurants in the area was reported by two restaurant owners only.[126]

Lastly, respondents were asked who they consult if they are looking for information in their community. 84% (n=21) said that they will consult with their family. All other answer options were given by less than 20% of the respondents. Moreover, only one business owner interviewed through a KII said that they received market information and advice related to the prices of the food inputs they need for their business.[127] They received that information from traders.

[126] KII with Restaurant Owners (1); and KII with Restaurant Owners (3).
[127] KII with Restaurant Owners (1).

# 5. Conclusions & Recommendations

| | Conclusions | Recommendations |
|---|---|---|
| **Both Value Chains** | • Businesses in the date and food for restaurants value chains were severely impacted by the COVID-19 pandemic and subsequent public health measures, because of the lack of resilience and skills necessary to withstand economic shock. Fluctuation of demand and supply also severely impacts the survivability of small-scale businesses. Government intervention to support local business have been little or non-existent. | **Recommendation 1:** Due to the possibility of future lockdowns and other movement restrictions due to the COVID-19 pandemic, it is recommended to include emergency preparedness training in the business training for current and aspiring business owners. |
| | • Businesses for both value chains lacked the mechanisms and approaches to identify and recruit skilled staff. Owners preferred to hire someone from their immediate family or network, limiting the pool of skilled labour. Another challenge was finding individuals willing to accept the salary level offered. | **Recommendation 2:** Include modules on human resources in business training, including how to advertise job opportunities to increase the labour pool from which to select employees. Include information related to the advantages of public advertisement for jobs to ensure that staff are sufficiently skilled. |
| | • Business owners in the date and food for restaurant value chains preferred to recruit labour with previous experience. Qualifications and vocational training were less important in the decision to recruit staff. | **Recommendation 3:** Focus on the development of apprenticeships programs that provide trainees with three to six months of on-the-job experience. In collaboration with selected business owners, participants in the apprenticeship program should be offered a job if they complete the program. |
| | • Business owners are unaware of formal institutions that provide loans and are therefore dependent on family and friends if they need a loan for their business. | **Recommendation 4:** Support the establishment of a limited number of peer-to-peer lending groups to provide loans for start-ups. Ensure proper oversight of the activity to ensure the commitment of participants. |

| | | |
|---|---|---|
| **DATES** | • The insufficient power supply for the region due to an aging and damaged power network, is causing date farmers to not utilize existing irrigation systems due to the need for pumps to run the water to their crops. Farmers were unwilling to use treated wastewater for irrigation because they did not know how to treat wastewater. | **Recommendation 5:** Provide date farmers (but also possibly other farmers) with training on the use of wastewater for irrigation. |
| | • Fertilizers and pesticides are not consistently available in the market and due to their high prices, put pressure on the profit of date farmers. | **Recommendation 6:** Support the establishment of affordable fertilizers and pesticides supply chains. This may include the establishment of a business selling such fertilizers and pesticides. |
| | • Good quality seeds were often too expensive for farmers who therefore opted for cheaper variants. | **Recommendation 7:** Develop and implement a voucher system to support farmers to purchase (with the received voucher) seeds at local stores that offer high quality seeds that are appropriate for the climate in Anbar. |
| | • The cost of renting machinery placed the profit of date farmers under pressure. | **Recommendation 8:** Provide groups of farmers with heavy machinery that they can use on a rotating basis. |
| | • Within the sector, women are at the bottom of the pyramid in terms of employment opportunities and, therefore, income. | **Recommendation 9**: Develop activities to encourage women's inclusion in the sector beyond production jobs. |
| | • Little is done to promote the products of the sector. No such events take place locally or nationally. | **Recommendation 10:** Encourage collaboration between the sector, the MoA and other relevant stakeholders to organize events aiming to promote the nationally produced dates. |

| | | |
|---|---|---|
| **FOOD FOR RESTAURANTS** | • Most restaurants still offer Iraqi food. However, the demand for western food has steadily increased in the past couple of years and this provides business opportunities for existing and new businesses. | **Recommendation 11:** Assist small restaurant owners through training on the preparation of western food based on ingredients available in the local markets. |
| | • The availability of meat, chicken and beef is limited, and this is mostly due to difficulties keeping these meats refrigerated. This provides opportunities for current and aspiring business owners in the livestock sector. | **Recommendation 12:** Support the development of the livestock value chain to ensure businesses can access refrigerated meat of different types throughout the day. |
| | • Among vegetables and fruit, tomatoes, watermelons, and cucumbers were reportedly not consistently available at the local markets. However, it is unsure whether the unavailability is seasonally or if there are year-round availability issues. | **Recommendation 13:** Assess what vegetables have issues around availability year-round and support farmers to focus on those vegetables and fruits that are not consistently available at local markets. |
| | • Business owners were unaware of business cooperatives and limited collaboration appeared to take place between businesses. | **Recommendation 14:** Support the development of business associations for food businesses. The aim of the association should be to deliver technical advice and training opportunities as well as support for business owners to access formal loan opportunities. |
| | • There are limited opportunities for women to develop businesses in the sector aside from home cooking. | **Recommendation 15**: Provide support to women willing to start or expand their home cooking businesses. |
| | • There is a lack of marketing services in the region business owners can turn to in order to promote their products. | **Recommendation 16:** Create links with existing marketing companies to improve marketing techniques used to promote services and products in the sector. |