

13. Type of financing¹	Direct management through Procurement Indirect management with the entities to be selected in accordance with the criteria set out in section 4.3.2
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1.2. Summary of the Action

Following two decades of wars and conflict, Iraq, an Upper Middle-Income Country with substantial resources, is still fragile, in a process of post-conflict recovery, challenged by both internal and external political instability, economic recession and poor public service delivery. The pending full re-integration of displaced people remains a driver of conflict and a threat to Iraq's internal stability and security. The Iraqi population in general and in particular groups in vulnerable situations such as women and children in vulnerable situations and displaced populations (Syrian refugees, Iraqi IDPs and returnees from the EU and elsewhere), are ever more so affected by significant rises in poverty, of the number of people in need of humanitarian assistance, and in un- and underemployment. Distrust in state institutions, a lack of basic services including education and social protection, but also of decent jobs, as well as continued displacement remain key drivers of conflict and a threat to Iraq's social cohesion.

The EU remains committed to Iraq's development, as the country's economic recovery and the consolidation of its democracy are key to promote stability not only in Iraq, but also in the wider region. This Action is the EU's first in favour of Iraq in the 2021-2027 programming period, designed in the context of the EU concluding its shift from post-crisis recovery support to Iraq through Special Measures to long-term development programming through a dedicated Multi-annual Indicative Programme (MIP) and Annual Action Plans (AAPs). In line with the MIP's objective to consolidate the country's fragile political and economic stability, this Action will aim to contribute to the government's efforts in addressing needs linked to protracted displacement and creating conditions for the inclusion of displacement-affected populations into national systems. Creating the conditions for access to national systems by displacement-affected populations ensures the sustainability of EU efforts in line with the durable solutions agenda and promotes the transition away from humanitarian assistance for displaced populations to a long-term development approach.

Against a backdrop of political pressure to improve service provision and end the displacement crisis, it is ever more urgent to reform service provision in Iraq for the benefit of all Iraqis and to create the conditions for displaced populations to access national identification documents, to benefit from essential basic services such as education and social protection, and to engage in decent jobs. The Action focuses on the reform of the national labour market, national education and social protection systems, whilst addressing significant obstacles in governance. As such, the Action contributes to the objectives of the three priority areas of the MIP for Iraq, notably through its foci on job creation for the youth; human development around education and social protection; and digital governance reforms for durable solutions. By tackling the challenges of protracted displacement and creating the conditions for the displaced populations' integration into national systems, the Action responds to the EU's pledges at the Conferences on *Supporting the Future of Syria and the region* in 2020 and 2021 (EUR 75 million), thereby continuing with the humanitarian-peace-development nexus approach (the triple Nexus).

This Action is aligned with Commission priorities of Migration and Mobility, Sustainable Growth and Jobs, and Digitalisation. The Action will mainly work towards SDGs 4 (quality education), 5 (gender equality), 8 (decent work and economic growth), and 10 (reduced inequalities). The Action will also contribute to the Team Europe Initiative on 'Sustainable and inclusive socio-economic perspectives for Iraq'. Applying a triple Nexus approach, the Action capitalises on prior and ongoing EU's interventions and is in line with the partner country's priorities of addressing protracted displacement and finding durable solutions for displacement-affected groups. It aims to place Iraq people's needs at the centre of policy decisions, stabilisation and reforms efforts. In light of the ambition to support the creation of a social contract, building human and social capital, the Action focuses on mutually reinforcing interventions, maximising innovation, fostering synergies and engaging communities and civil society as well as leveraging private investment. To ensure effectiveness, the Action proposes the continuation of programmatic approaches with trusted partners that demonstrate a strong absorption and implementation capacity.

¹ Art. 27 NDICI-Global Europe Regulation