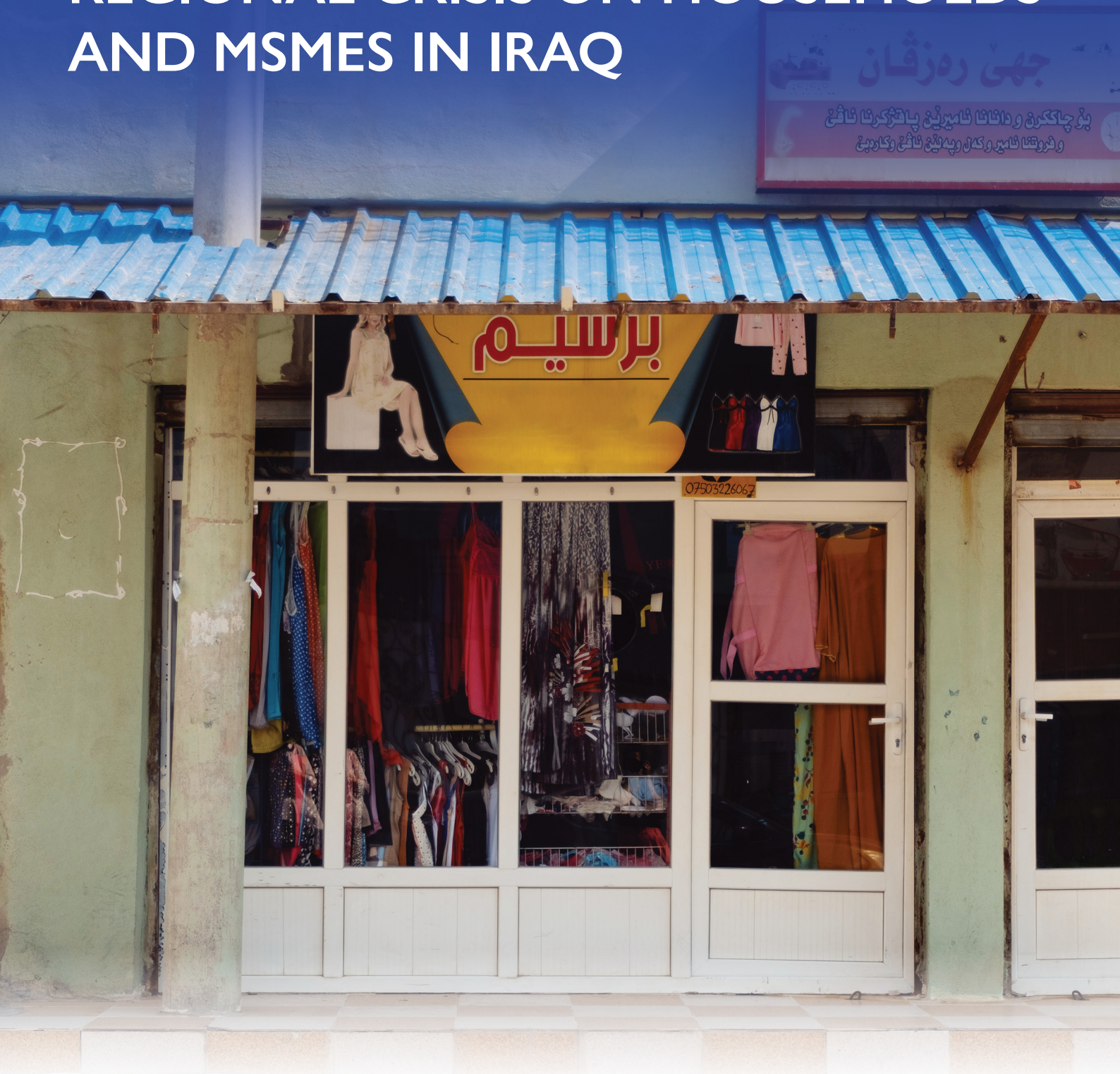


ECONOMIC IMPACTS OF THE REGIONAL CRISIS ON HOUSEHOLDS AND MSMEs IN IRAQ



OVERVIEW

Recent regional instability in the Middle East has generated measurable economic ripple effects across Iraq, with reported impacts including disruptions to oil exports, rising market prices and intensified electricity cuts. These pressures are felt across all 18 governorates. In this context, timely evidence to inform emergency response is urgently needed.

This rapid assessment aims to generate evidence on the economic impact of the crisis on households and businesses across Iraq, with data collected in April–May 2026. Specifically, the assessment seeks to capture the immediate economic impact on households through the perspectives of key informants and micro, small- and medium-sized enterprises (MSMEs) across a range of sectors, business size, gender and other factors. Structured interviews were conducted with 93 key informants and 277 MSMEs across all 18 governorates. [Map 1](#) and [Map 2](#) provide details on the location of the MSMEs and KIs interviewed.

The first part of the report highlights the key findings from the entire study. The second part presents the detailed community-level findings from key informants, followed by the detailed findings from the surveys with MSMEs. The last section of the report provides further information on the methodology, research questions and sampling.

KEY COMMUNITY¹-LEVEL IMPACTS (FEBRUARY AND APRIL–MAY 2026)

- **76.3** per cent of communities report no direct physical impacts and nearly all shops (**97.9%**) remain open.
- Supply chain disruptions are pervasive (**90.3%**), with border/trade restrictions and transport costs as the dominant channels.
- Commodity prices rose sharply across all main commodities. Tomato price increased by **151.0** per cent and LPG gas cylinders by **100.5** per cent.
- Average daily wages fell by **8.4** per cent.
- Employment disruption affected nearly **70** per cent of communities, most commonly through reduced salaries (**68.8%**), job losses or reduced business operations (**61.3%**) and reduced working hours (**53.8%**).
- Remittance flows were largely stable, although **11.8** per cent of communities reported decreased remittances.
- Electricity grid cuts intensified in **91.4** per cent of communities. Communities are largely relying on generators and solar panels as backup.
- Service access disruptions were most acute for schools (**17.2%**), Internet and telecommunications (**14.0%**) and banks (**12.9%**), with government-imposed suspensions being the dominant cause.
- Coping strategy adoption is widespread, with purchasing on credit and postponing purchases the most common responses.

¹ For the purpose of this assessment, a community refers to urban neighbourhood or village.

KEY MSMEs IMPACTS

- 32.5 per cent of MSMEs surveyed reduced their activities since the start of the crisis and 6.9 per cent temporarily shut down.
- 95.0 per cent of MSME owners reported that the price of their main stock items increased since the start of the crisis, by an average of +40.8 per cent.
- Over four in five businesses (84.8%) are experiencing increases in power cuts from the main grid.
- 84.5 per cent of businesses reported a decrease in their monthly revenues compared to the same period last year, with an average decrease of 36.2 per cent.
- Nearly half of the MSMEs (48.0%) have implemented measures that negatively impact their employees' livelihoods, including reducing salaries and working hours and delaying salary payments.
- 84.9 per cent of MSMEs are implementing unsustainable coping strategies including using business savings, delaying payments to suppliers, using household savings and borrowing money from friends and family. Less than 1 per cent borrowed money formally from banks.
- Female MSME owners are much more likely to use their household savings to support their business during the crisis (42.7%) than male MSME owners (28.2%).
- Over half of the MSMEs surveyed in Baghdad, Diyala and Al-Muthanna estimate that their business could not keep operating more than six months if the current situation continues.

CONCLUSION

The assessment found that the economic impact of the regional crisis is felt in all governorates across Iraq, even in governorates that have not experienced direct physical damages linked to the hostilities. The community-level and MSME findings are mutually reinforcing, reflecting a consistent pattern of economic stress. The estimated wage declines and employment disruptions captured by key informants translate directly into the revenue losses reported by businesses, while the supply chain disruptions and price increases felt at the community level compound the cost pressures faced by MSMEs. The energy crisis also cuts across both. Grid disruptions reported at community level are directly increasing operating costs for businesses, while households and MSMEs alike are being pushed toward coping strategies.

Across the 93 communities surveyed through key informants, the crisis triggered an economic shock that has impacted households' livelihoods and welfare. Physical damage to markets, infrastructure and residential areas remains limited (76.3% of communities reporting no direct impact), yet supply chains are disrupted in 90.3 per cent of communities. Prices are rising across most food and household commodities. Daily wages have fallen by an average of 8.4 per cent, and employment impacts affected 48.4 per cent of communities. Over three quarters of communities reported reduced salaries and nearly two thirds reported job losses or reduced business operations. Service disruptions, particularly grid cuts (91.4%) and reduced school access (17.2%) were reported. As a result, 91.4 per cent of communities were pushed toward coping strategies, with the most prevalent being purchasing on shop credit (96.8%) and postponing purchases (93.6%).

MSMEs are struggling due to the increase of stock prices, increased energy prices and reduced demand, largely caused by a decline in customers' purchasing power. Some 85.4 per cent faced a decrease in revenue compared to last year, with a mean decrease of 36.2 per cent. As a result, most MSMEs are implementing coping strategies that negatively impact their business sustainability (e.g. using business savings), their employees (reducing number of staff and salary) and their own household (using household savings), as well as the wider community (delaying payments to suppliers and borrowing from friends and family). Over a quarter of businesses report they cannot keep operating for more than six months under the current conditions, with the main needs reported being cash grants (95.8%), energy support (30.9%) and support to access credit or loans (24.2%).

COMMUNITY-LEVEL FINDINGS



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Security, Movement and Market Activity

The majority of respondents (76.3%) reported no direct physical damage in their communities related to the regional crisis. Among those who did, the most frequently reported were damage to markets or commercial areas and to electricity or water infrastructure (9.7% each), followed by drone attacks or airstrikes (3.2%) and damage to residential areas (2.2%). A few reported damages to oil fields or other impacts (1.1% each).

Nearly all communities (97.9%) reported shops remaining open, with either all or most shops operational. Movement patterns

have slightly shifted, with around 18 per cent of communities reporting reduced movement outside the home and 2.2 per cent reporting a significant reduction.

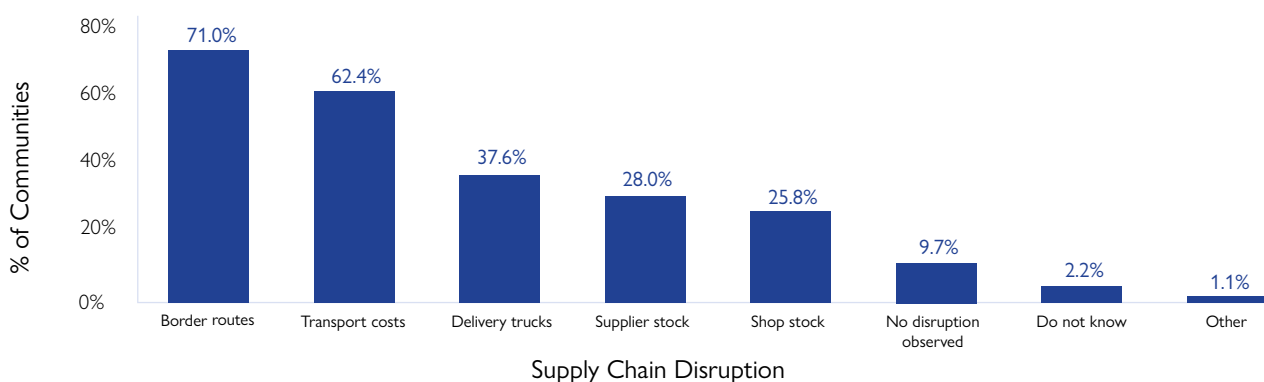
In 8.6 per cent of communities, only specific household members currently go out, while a small share reported avoidance of certain times of day (5.4%) and increased reliance on delivery services (2.1%). Only 1.1 per cent of communities reported an overall increase in movement.

Supply Chain Disruptions

Supply chain disruptions are widespread, with only 9.7 per cent of communities reporting no disruption. The most dominant disruption is border crossing or trade route restrictions, reported by 71 per cent of communities. Higher transport and logistics costs were reported by 62.4 per cent of communities. Furthermore, 37.6 per cent of communities reported less

frequent delivery truck arrivals, 28 per cent reported suppliers or wholesalers cutting deliveries, and 25.8 per cent reported local shops reducing stock. A few (1.1%) reported other disruptions, including increased tariffs. These disruptions are cutting across all commodity types, with even basic staples such as vegetables and fuel affected.

Figure 1. Supply chain disruption, percentage of communities reporting each disruption type



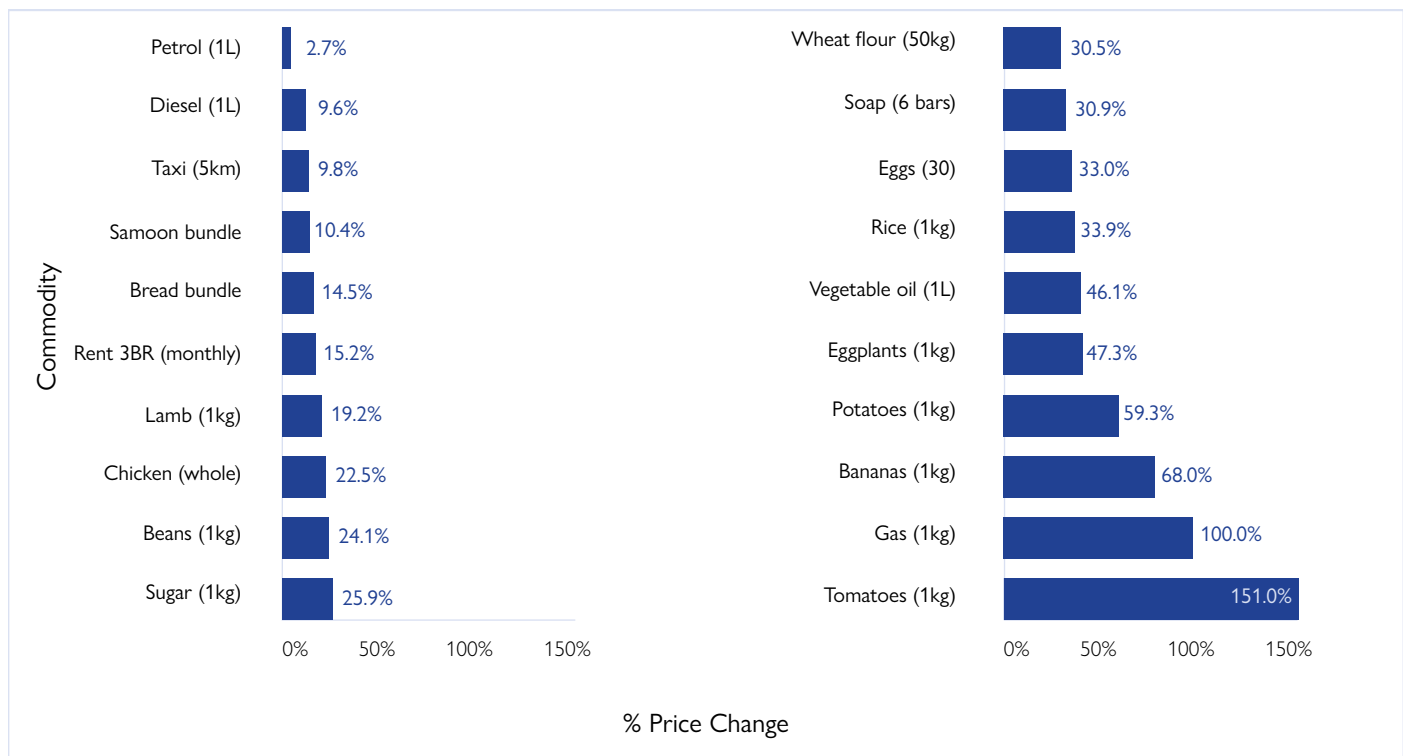
Price Changes by Commodity

Community-reported prices were compared between February 2026 and the current period (April–May 2026). Price increases are widespread across food staples, vegetables and household goods, while fuel and some staples show mixed patterns. The most affected commodities were tomatoes (per kilogram), up 151.0 per cent and LPG Gas Cylinder (10 kg), up by 100.5 per cent. On the other hand, petrol (per litre) and diesel (per

litre) were the least affected, rising by 2.7 and 9.6 per cent respectively.

The hostilities were widely perceived as the primary driver of price changes. Nearly half of all surveyed communities attributed price changes solely to the regional escalation (48.4%), while 46.2 per cent reported a combination of the hostilities and other contributing factors including import tariffs.

Figure 2. Commodity price change: February and April–May 2026



Consumer Demand

Key informants in over half of all communities (54.8%) reported perceiving a decline in consumer demand since February 2026, with 22.6 per cent describing a significant decrease and 32.3 per cent a slight decrease. A further 32.3 per cent reported no noticeable change, while 12.9 per cent reported slightly or significantly increased demand, concentrated in Duhok and Salah Al-Din. Demand decline was mostly reported in Qadisiya, Al-Muthanna and Al-Anbar, while Wassit and Kerbala reported no change.

Among communities reporting any demand change, the dominant driver was changes in household income or purchasing power (79.4%), followed by travel restrictions to larger markets (12.7%), increased use of delivery service (7.9%) and changes in how often people leave their home (7.9%). A further 15.9 per cent reported other reasons, including precautionary bulk purchasing of food due to fears of border closures or supply shortages and reduced spending driven by concerns over falling incomes.

Employment Impacts

Employment disruption is widespread but mostly moderate in scale. Across all 93 communities, 48.4 per cent reported an impact on few households (1–25%), 17.2 per cent on some households (26–50%), and 4.3 per cent on most households (51–75%), while 30.1 per cent reported no employment impact.

The most commonly reported employment disruptions were reduced salaries (68.8%), job losses or reduced business operations (61.3%) and reduced working hours (53.8%). Beyond these, 47.3 per cent of communities reported some shift to alternative or informal work, 26.9 per cent indicated workers were unable to reach their place of work, 37.6 per cent noted some out-migration in search of employment, and 22.6 per cent reported a shift to home-based activities.

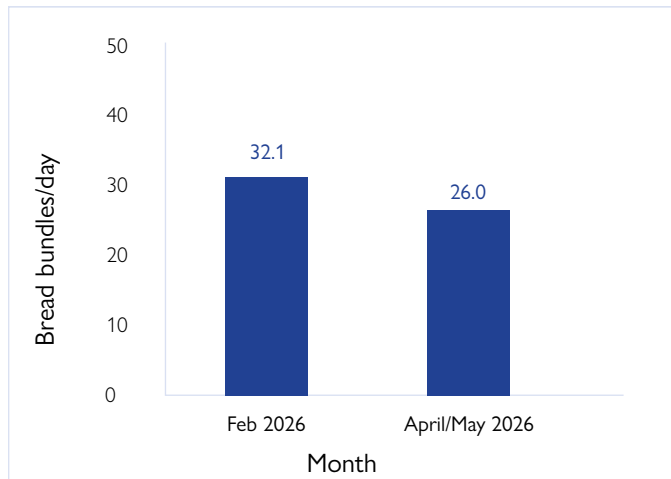
Daily Wages

Based on key informant estimates, mean daily wages declined from 22,941.2 Iraqi dinars (IQD) in February 2026 to IQD 21,023.3 in April–May 2026, representing an average decline of 8.4 per cent across the country. Twelve governorates faced a decline in daily wages. The largest decline was reported in Qadissiya (-23.1%), while the lowest was reported in Al-Muthanna (-4.0%). Thi Qar and Al-Anbar were the only governorates to report an increase (+20.8% and +5.0% respectively). Diyala, Duhok, Kirkuk and Missan reported no change.

Purchasing Power Proxy

Between February and April/May 2026, the real purchasing power of daily wage earners declined significantly across Iraq. At the national level, the average worker could afford 26.0 standard bread bundles per day with their daily wage, down from 32.1 in February (-19.0%).

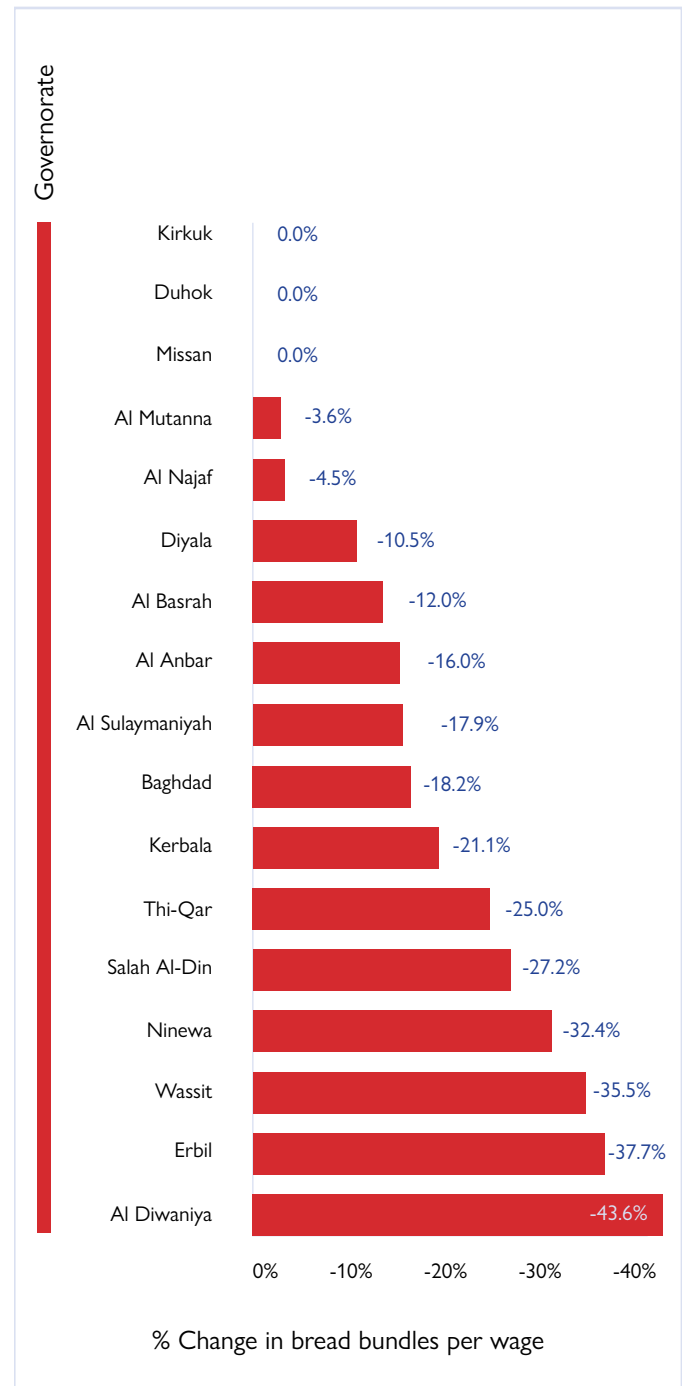
Figure 3. National purchasing power change: April–May wage vs. February 2026



To measure the purchasing power, the analysis constructs a wage-to-bread-price ratio as a proxy for real purchasing power. Specifically, for each community, the reported daily wage (in IQD) is divided by the local price of a standard bread bundle (defined here as a pack of four pieces of bread) to produce a single number: how many of those bundles a day’s wage could buy. This ratio captures simultaneously the effect of wage deterioration and food price inflation; if wages fall, the ratio drops, and if bread prices rise, the ratio drops too. A decline in the ratio, therefore, reflects a deterioration of real purchasing power regardless of which force is driving it. Nationally, the mean bread bundle price rose by 14.5 per cent per cent, while mean daily wages fell by 8.4 per cent, compressing purchasing power from both sides. Babil is the only governorate excluded from this proxy, as no wage data was reported for it.

The sharped decreases were observed in Qadissiya (-43.6%) and Erbil (-37.7%), while the smallest declines were recorded in Al-Muthanna (-3.6%) and Al-Najaf (-4.5%). Kirkuk, Duhok and Missan reported no change.

Figure 4. Purchasing power change by governorate, bread bundles affordable: April–May wage vs. February 2026



Remittances

Remittance flows were largely stable, with 46.2 per cent of communities reporting no change and 25.8 per cent indicating that remittances were not common in their area. Decreases were reported in 11.8 per cent of communities, affecting most

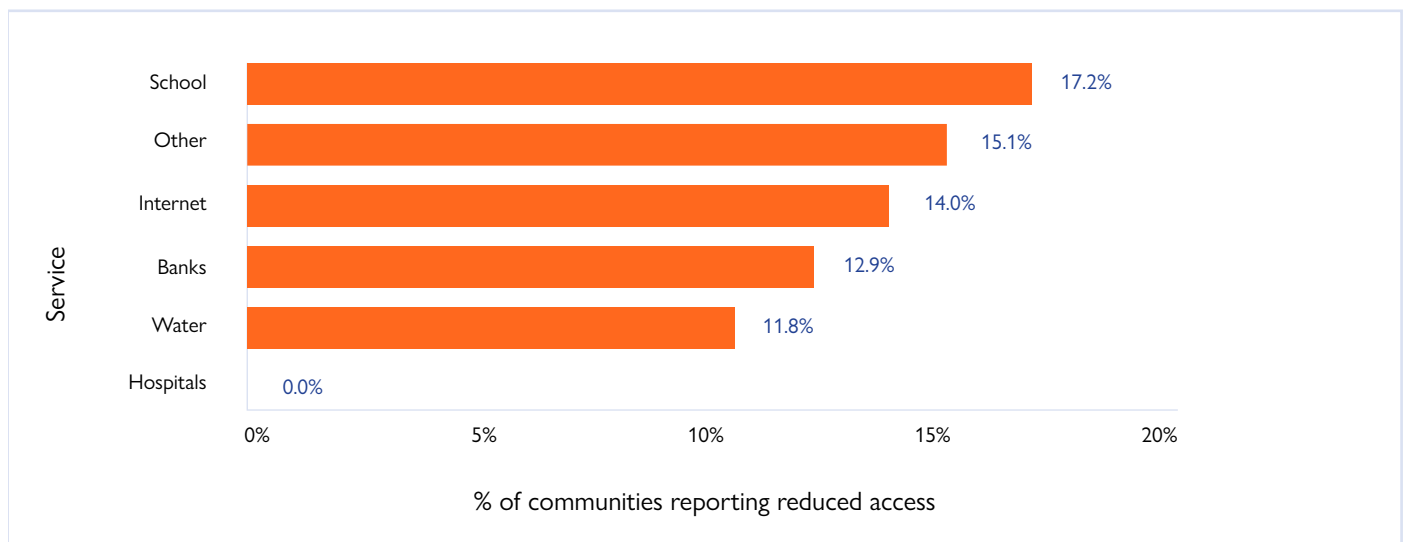
or some households, concentrated in Al-Basrah, Al-Muthanna, Al-Najaf, Ninewa, Salah Al-Din and Thi Qar. Increased remittances were rare, reported by just 1.1 per cent of communities, all located in As Sulaymaniyah.

Service Access

Service access disruptions were most acute for schools, with 17.2 per cent of communities reporting reduced or no access, followed by internet and telecommunications (14.0%), banks (12.9%) and water supply (11.8%). Hospital access remained unchanged across all communities surveyed. Other services disrupted reported by 15.1 per cent of communities included increased electricity cuts hours and reduced access to fuel or gas, linked to disruptions in oil field operations.

Where disruptions occurred, government or authority-driven service suspensions were perceived as the dominant cause, reported by 81.3 per cent of communities experiencing school disruptions and 83.3 per cent of those reporting bank access issues. For internet and telecommunications, authority suspensions were also reported as the primary driver (61.5%). However, water supply disruptions were more varied: 27.3 per cent attributed them to authority suspensions and 54.6 per cent reported other factors, including Tigris River pollution.

Figure 5. Reduced service access by sector, communities reporting "less accessible" or "not accessible at all"



Electricity

Most communities experienced increases in electricity grid cuts. Only 8.6 per cent of communities reported no increase in electricity grid cuts. Of the 91.4 per cent affected, 33.3 per cent reported severe cuts of more than six additional hours per day, 31.2 per cent reported increased cuts of two to four additional hours, 20.4 per cent reported moderate cuts of four to six additional hours and 6.5 per cent reported near-total outages.

Severe disruptions were most concentrated in Al-Najaf and Duhok (100.0% of key informants reported their community was affected), Qadisiya and Thi Qar (80.0%), and Wassit, Kerbala, and Al-Anbar (60.0%). Al-Basrah, Missan and Ninewa reported predominantly increased cuts (100.0%, 80.0% and 75.0% respectively), while As Sulaymaniyah (80.0%) and Erbil (40.0%) recorded the highest shares of near-total outages.

Communities are coping through multiple backup energy sources, most commonly community generators (78.5%), followed by private generators (54.8%) and solar panels (40.9%). Only 12.9 per cent reported having no alternative energy source.



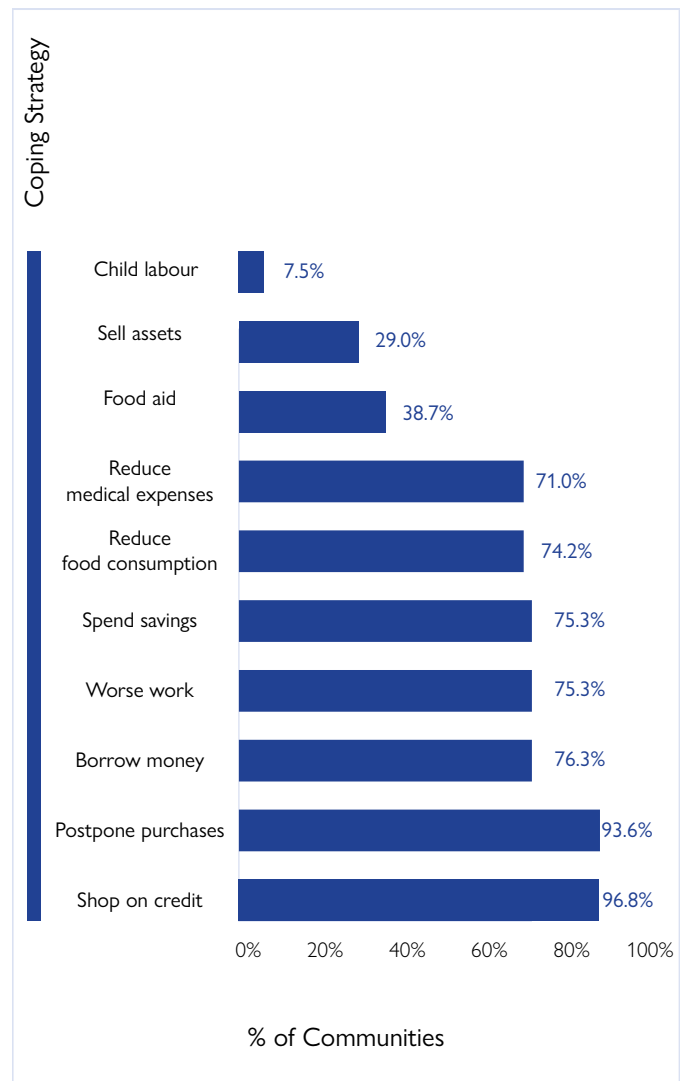
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Coping Strategies

Over nine in 10 (91.4%) key informants reported that households in their communities have to use coping strategies. At the overall household level, 45.2 per cent of communities reported a few households (1–25%) using at least one coping strategy, 35.5 per cent reported some households (26–50%) and 9.7 per cent reported most households (51–75%). Only 8.6 per cent of communities reported no coping strategy used.

The most prevalent strategies, measured as the share of communities where at least some households are using each approach, were purchasing on shop credit (96.8%), postponing purchases (93.6%), borrowing money (76.3%), spending savings (75.3%), taking on lower-quality or lower-paid work (75.3%), reducing food consumption (74.2%) and reducing medical spending (71.0%). Less common strategies included food aid reliance (38.7%) and asset sales (29.0%). Child labour was the least reported strategy, reported in 7.5 per cent of communities.

Figure 6. Communities where at least some households use the following coping strategies



Future Outlook

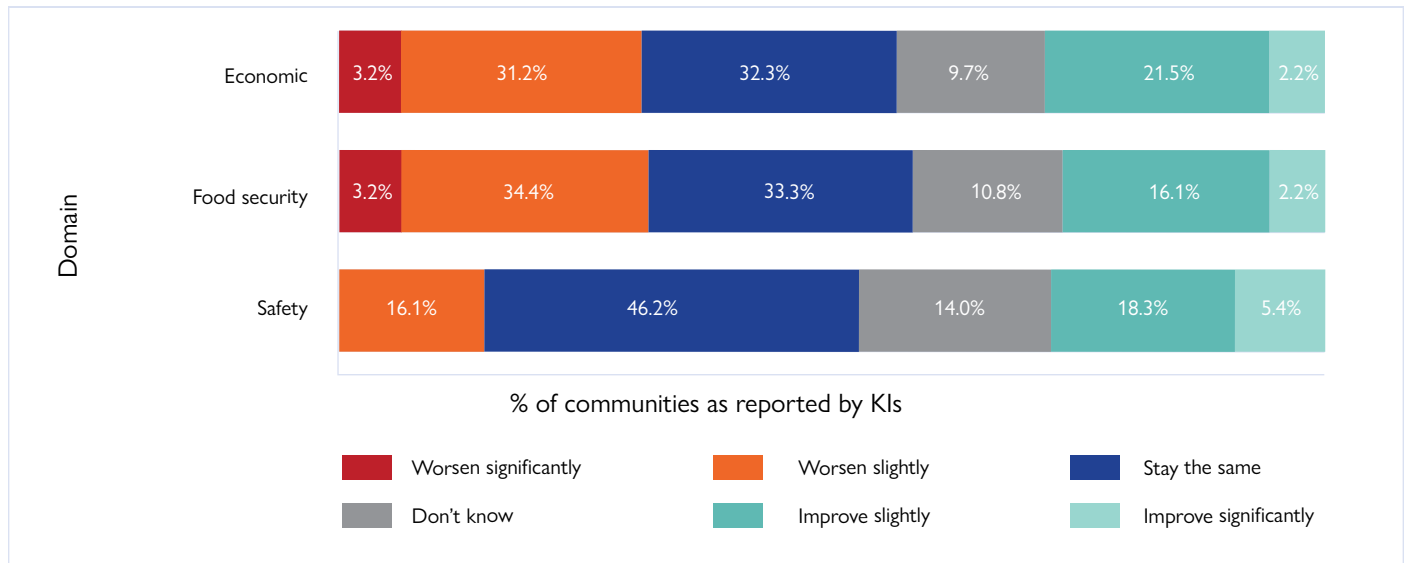
Key Informants were asked to assess the likely trajectory of food security, the economic situation and the safety situation over the coming three months.

Food security carries the most pessimistic outlook, with 37.6 per cent of communities expecting the food security situation to worsen (34.4% slightly, 3.2% significantly), 33.3 per cent expecting no change and 18.3 per cent expecting some improvement (16.1% slightly, 2.2% significantly).

The economic situation is also viewed pessimistically, with 34.4 per cent expecting a deterioration (31.2% slightly, 3.2% significantly), 32.3 per cent expecting no change, and 23.7 per cent expecting improvement (21.5% slightly, 2.2% significantly)

The safety situation is viewed more optimistically. Only 16.1 per cent of communities expect the safety situation to slightly worsen, 46.3 per cent expect no change and 23.8 per cent expect improvement (18.3% slightly, 5.4% significantly).

Figure 7. Outlook for next 3 months



MSMES FINDINGS



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Businesses Operating

Only 57.8 per cent of MSMEs interviewed are operating as normal since the start of the crisis, while 33 per cent reduced opening hours or suspended some activities, and 6.9 per cent temporarily shut down. Beyond their own businesses, respondents also reported that in their wider community, 5.3 per cent of businesses on average had to temporarily shut down and 1.5 per cent permanently shut down since the crisis started. Female business owners were more likely to temporarily shut down the business or reduce their opening hours: 13.5 per cent of women temporarily shut down their business due to

the crisis, compared to 3.7 per cent of men. The impact of the crisis on MSMEs varies highly by governorate. Over two thirds of the businesses in Kirkuk (75.0%), Al-Muthanna (73.3%), Diyala (69.2%) and Babil (66.7%) reduced their opening hours, suspended some activities, or temporarily shut down the business since the start of the crisis, which is significantly higher than the national average of 39.4 per cent. Notably, 26.7 per cent of MSME owners interviewed in Kerbala reported that they temporarily shut down their businesses since the start of the crisis.

Figure 8. Percentage of MSMEs that reported having temporarily shut down, reduced their opening hours or suspended some activities since the start of the crisis

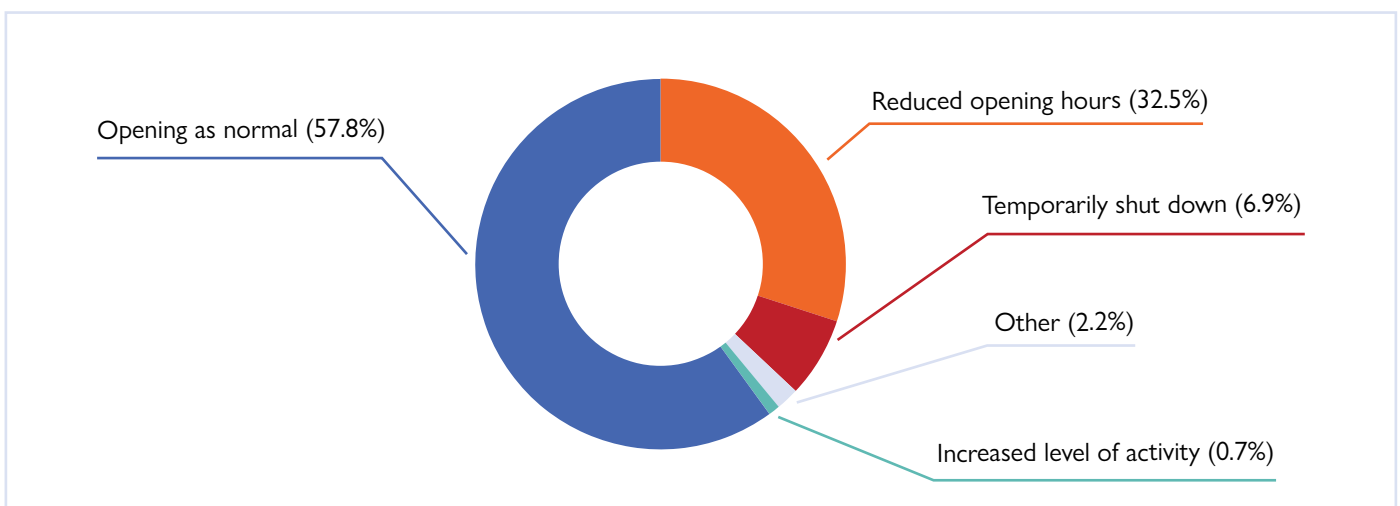
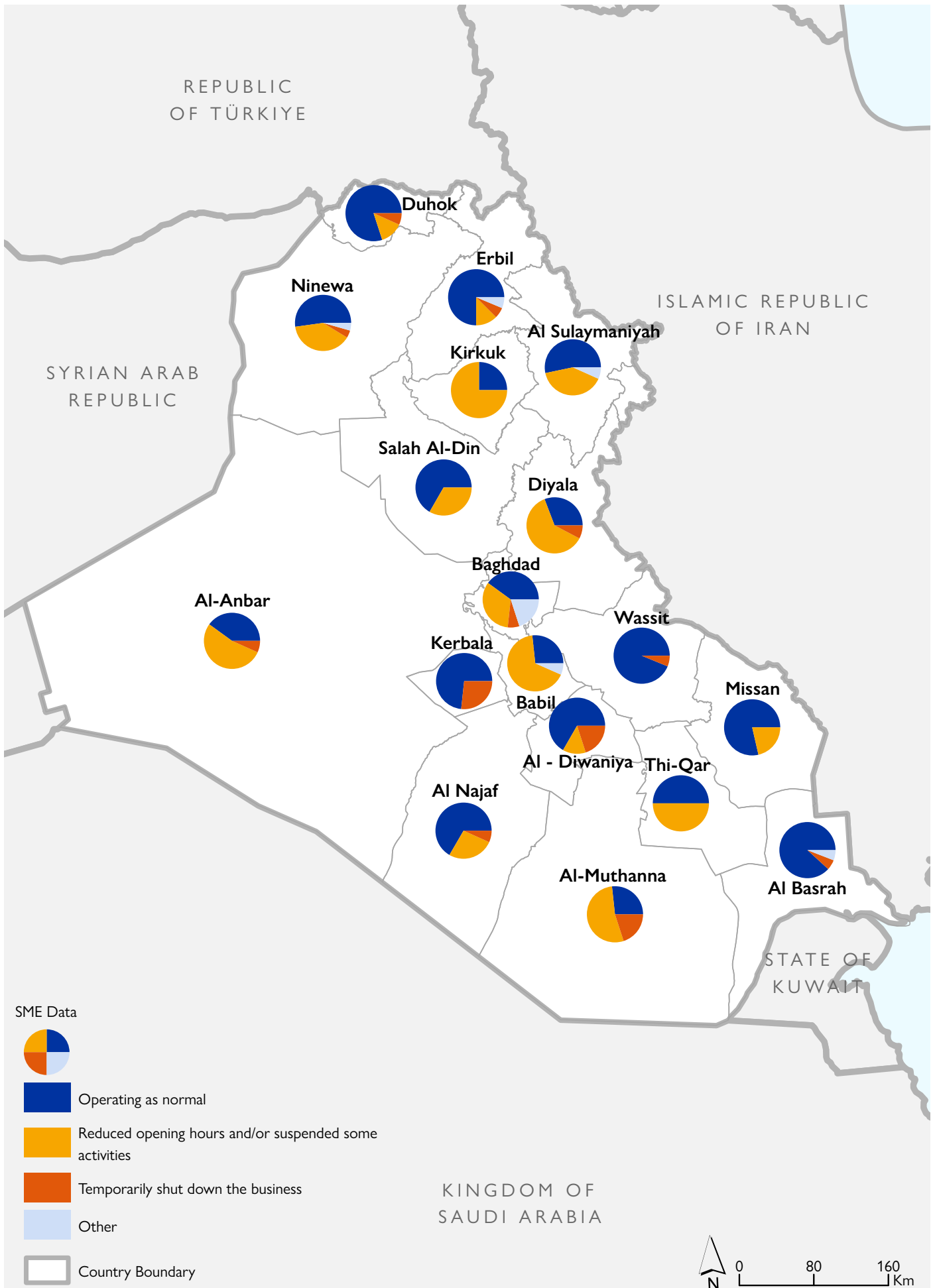


Figure 9. Changes in MSMEs activity level since the start of the conflict, by governorate



Business expenses

The increased cost of living is affecting most business owners. Nearly all reported that the price of at least one of the three main stock items had increased since the onset of the crisis (95.0%). For most, all of their main stock items increased in price. The price of 89.3 per cent of the businesses' main stock items reportedly increased, by an average of 40.8 per cent. To

Business revenues

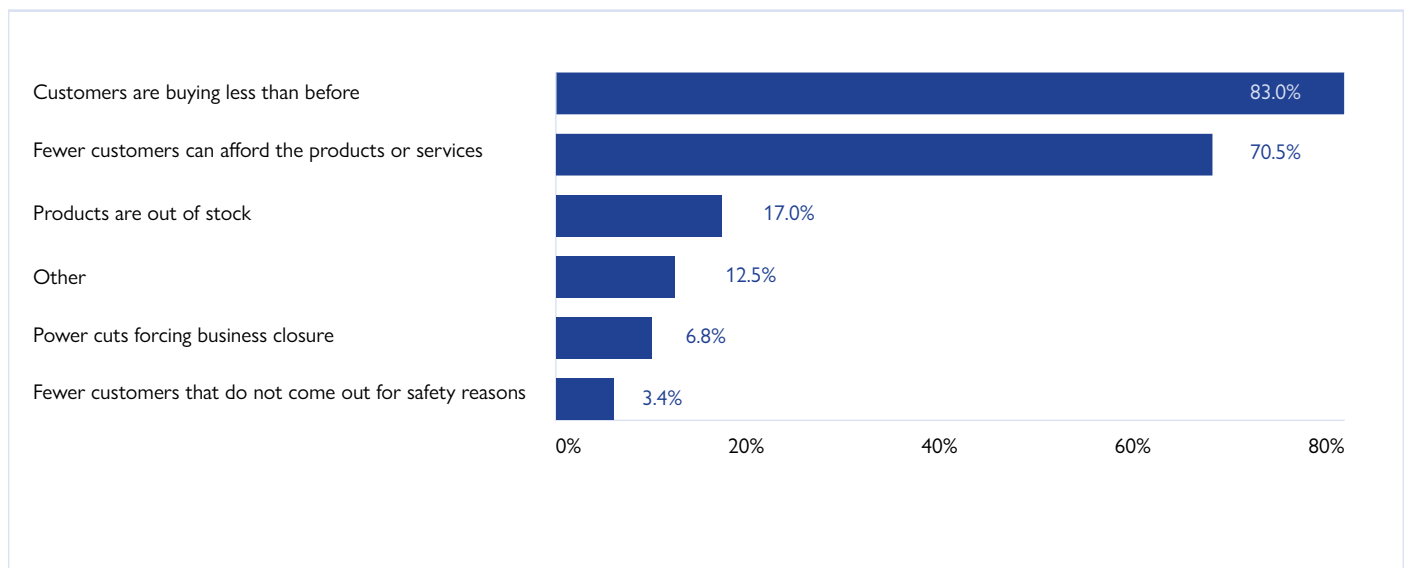
Despite selling products and services at a higher price, 84.5 per cent of MSMEs reported a decrease in revenue compared to the same period the previous year. In reflection of the increase in stock item prices, many MSMEs have increased their selling price. MSMEs have increased the price of three quarters (73.7%) of their best-selling products and services, by an average of 30.2 per cent. Despite being a large price increase, it is below the average increase of 40.8 per cent for their main stock purchases.

Most businesses (84.5%) reported that their revenues were lower in the month preceding the study than over the same month in 2025. For these businesses, the average decrease in revenue was 36.2%. Among the MSMEs experiencing a decrease

adjust, 27.2 per cent of interviewed business owners are already trying to buy alternative stock. In addition to price increases, 7.5 per cent of stock items have become impossible to buy through usual channels, requiring the owner to find alternatives or adjust their activity.

in revenues, the main cause cited was a change in customer purchasing power. As shown on the figure below, 83.0 per cent reported that their revenues decreased because customers are buying less than before and 70.5 per cent because fewer customers can afford the products or services. A total of 57.6 per cent of respondents reported fewer sales of their best-selling products than before the hostilities. A smaller proportion of businesses also reported lower revenues due to a lack of stock (17.0%), power cuts (6.8%) and fewer customers coming out due to safety reasons (3.4%). Challenges with stocks reported by MSMEs align with the key informant survey, where 90.3 per cent reported supply chain disruptions in their communities.

Figure 10. Perceived reasons for revenue decline, among MSMEs with reduced revenues

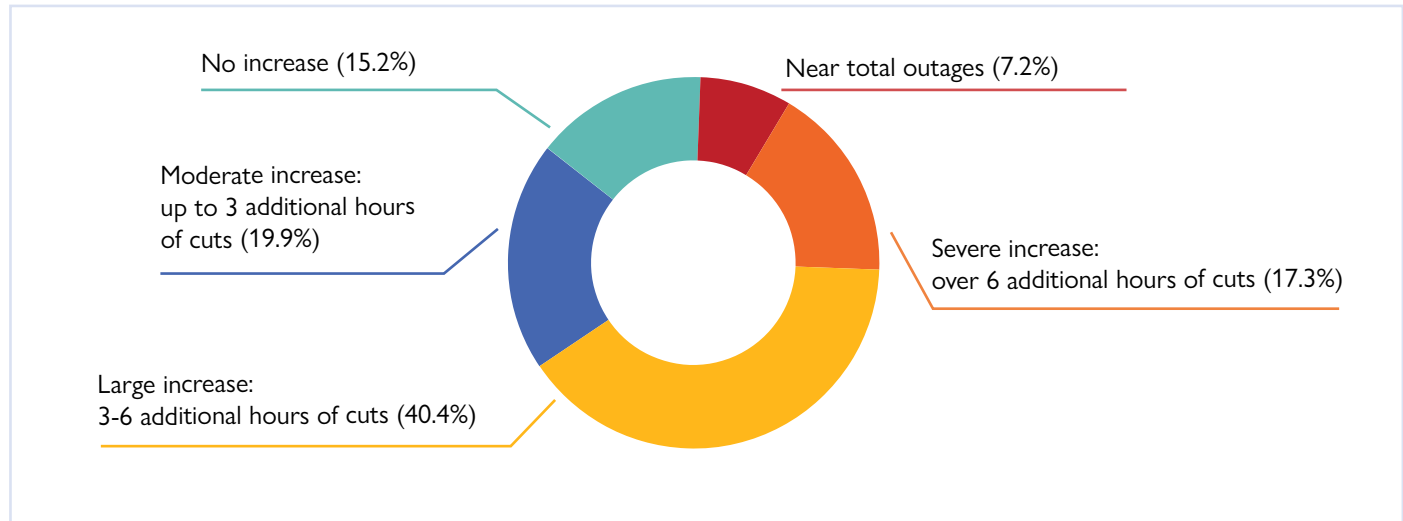


Energy

Electricity from the main grid is increasingly unreliable, but few businesses have been able to adapt by investing in alternative energy sources. Over four in five businesses (84.8%) are experiencing increases in power cuts from the main grid, compared to before the conflict. For a quarter of businesses (24.5%), the

cuts from the main grid increased by over six hours per day, including 7.2 per cent experiencing near total outages. cuts from the main grid increased by over six hours per day, including 7.2 per cent experiencing near total outages.

Figure 11. Additional hours of main grid cuts per day, compared to before the crisis



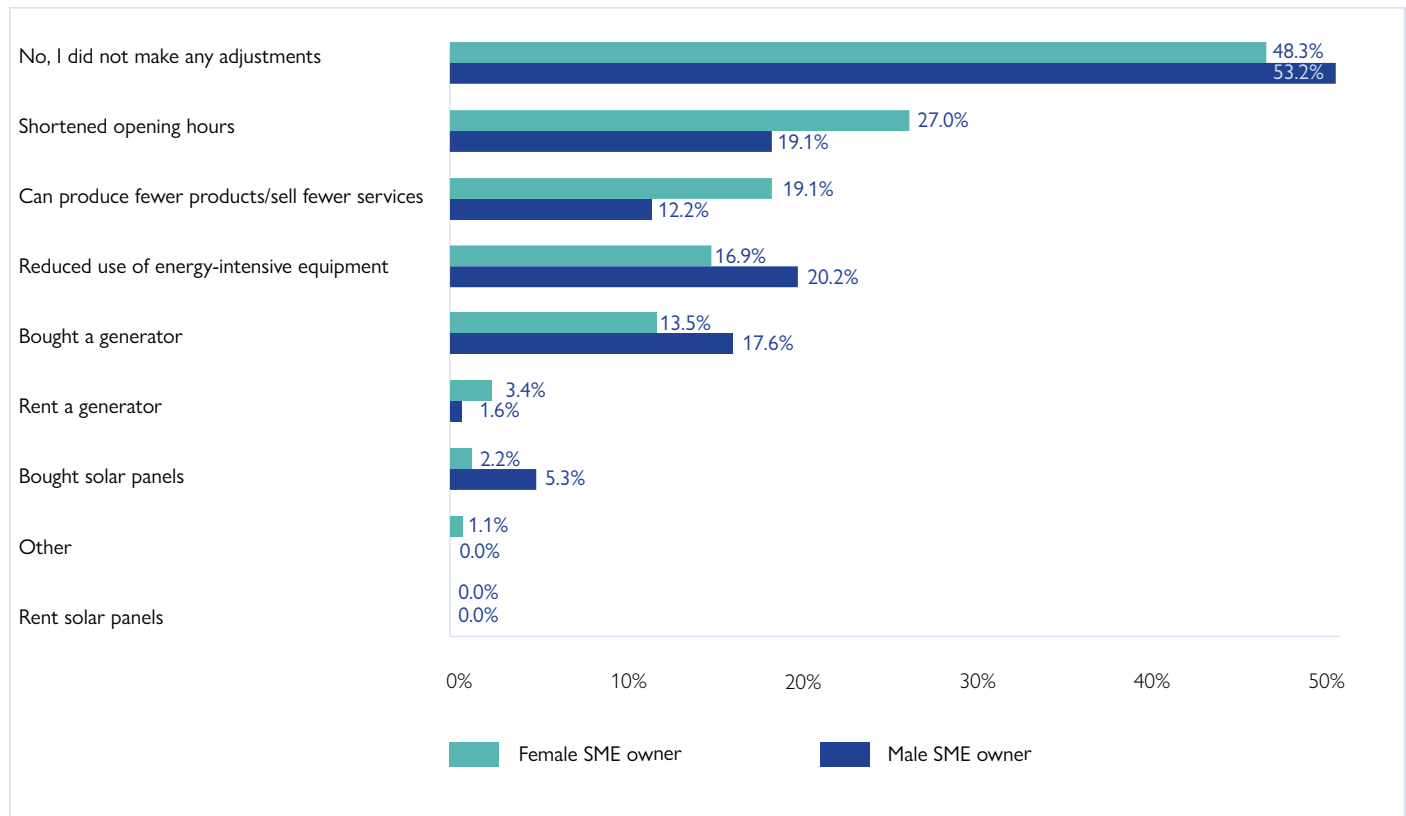
In response to the grid issues, businesses are increasingly reliant on alternative energy sources, including community generators, individual generators and solar panels: 16.1 per cent have bought a generator since the start of the crisis and 4.3 per cent have bought solar panels. Overall, close to one third of businesses (28.7%) say that their increasing reliance on generator usage for their business has increased their running costs.

LPG gas and fuel supplies and prices are also impacted, and two thirds of businesses now report having challenges to access LPG gas or fuel. Fuel prices rose (reported by 35.8% of businesses), and supply is becoming harder to find or unreliable (25.4%).

Similarly, 25.4 per cent of business owners report increases in gas prices and 25.8 per cent report that supply has been more difficult or unreliable since the crisis started.

Close to half of the businesses (48.7%) are adapting their activities in response to energy issues, mainly by shortening opening hours (21.5%), reducing use of energy-intensive equipment (19.0%) and producing or selling fewer services and items (14.3%). Business adaptations in response to energy issues vary by gender. Women are more likely to report shortening their business hours (27.0%) than men (19.1%) and are also more likely to report selling fewer products or items due to energy prices. Male business owners more commonly reported having invested in a generator or solar panels than female business owners.

Figure 12. Business adjustments made as a response to energy challenges, by gender



Banking and exports

Banking and exports are not major issues for the MSMEs. Exports are very uncommon for these MSMEs, regardless of the sector. Only 1.4 per cent of MSMEs interviewed did any type of export prior to the crisis, and none of these businesses faced reductions in exports as a result of the hostilities. In addition, 82.4 per cent of MSME owners reported having no issues with banking, while 8.2 per cent reported experiencing restrictions on the amount of IQD that can be withdrawn.

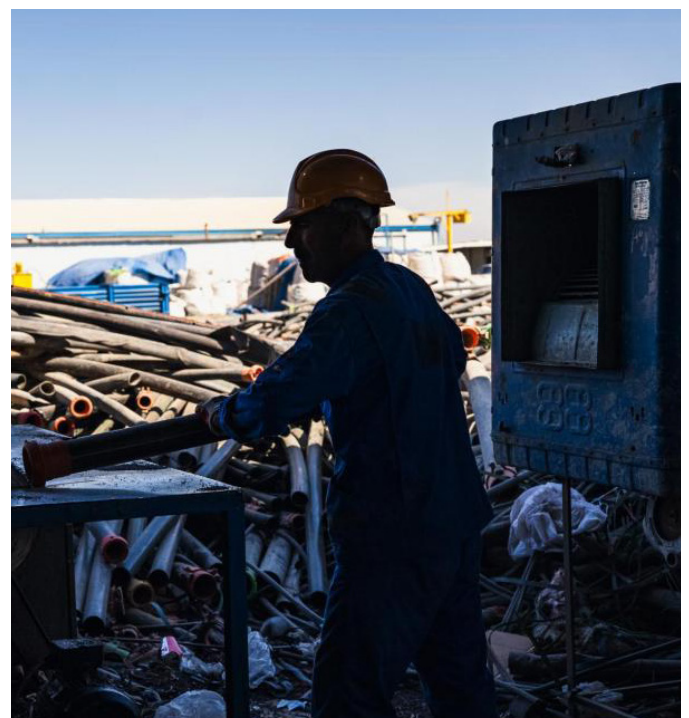
Business adaptations

Due to the increase in stock and energy prices and reduced revenues, MSMEs have implemented a wide range of business strategies: 44.4 per cent of businesses reported choosing to slow their activity by reducing some of their main expenses and 29.7 per cent limited their production or inventory. Some MSMEs also aimed to diversify their income sources, as 10.8 per cent introduced new products or services and 8.6 per cent found new customers or new markets.

The majority of MSMEs (58.4%) are also reducing or postponing their important business decisions and investments. Some 42.2 per cent are moving forward but with smaller purchases or smaller investments, while 16.0 per cent put all main business decisions and investments on hold. Among MSMEs that reported reducing or postponing main decisions and investments, 88.3 per cent are already experiencing negative impacts on their business. Reported effects include reduced production (58.6%), loss of customers to competitors (50.0%), worsened

product quality (25.9%) and an inability to replace or repair equipment (16.0%).

Women are much more likely to postpone their main business decisions and investment entirely (21.3% of women, 13.8% of men), while men tend to go ahead while reducing investment size (33.7% of women, 46.3% of men).



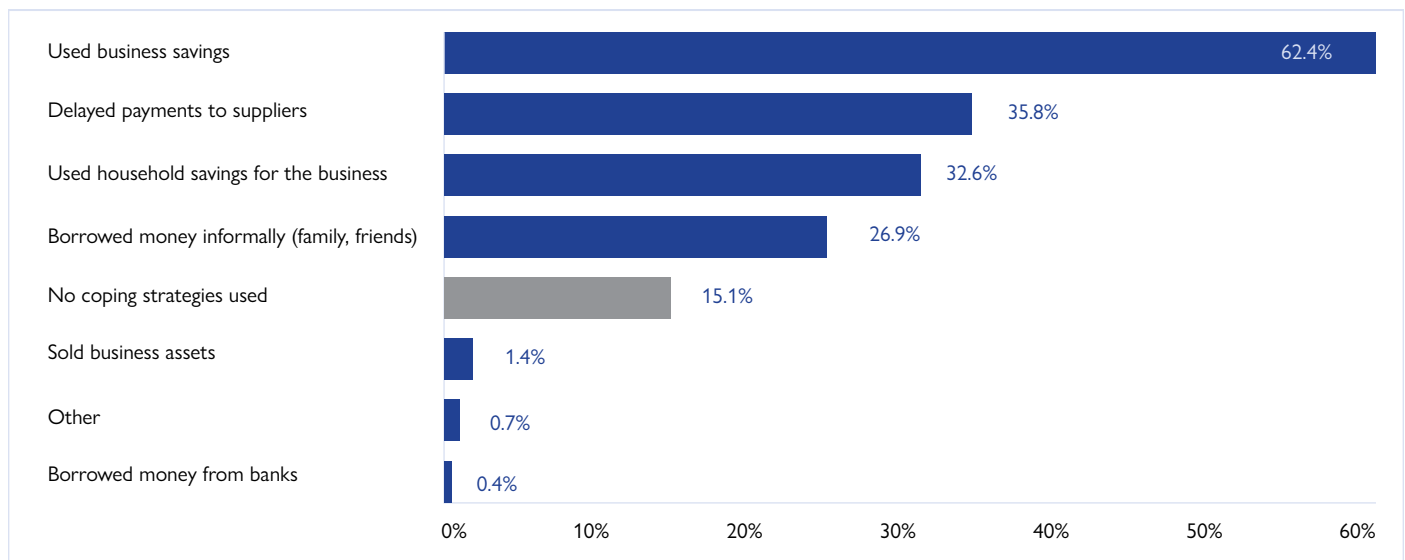
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Coping strategies

As a response to the crisis, most businesses (84.9%) have implemented a range of coping strategies that can be challenging for their long-term sustainability. The majority of businesses (62.4%) have used some business savings since the start of the crisis and one third (32.6%) have used some of their household savings. The strategies implemented put additional pressure on

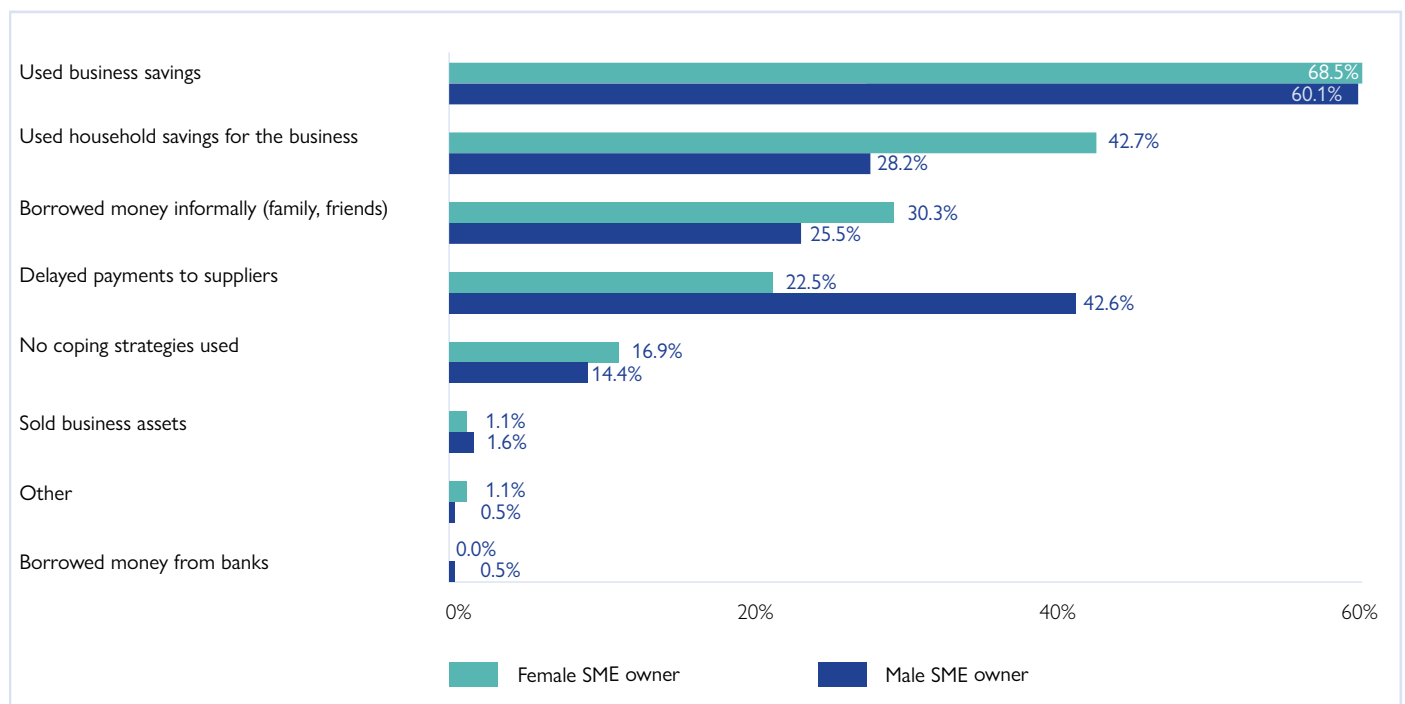
the rest of their communities, with over one in three delaying payments to suppliers (35.8%) or borrowing informally from friends and family (26.9%). Only 0.4 per cent of business interviewed reported having borrowed money formally from banks since the start of the crisis.

Figure 13. Coping strategies implemented by the MSMEs since the start of the crisis



Female MSME owners are much more likely to report using coping mechanisms that put pressure on their household. Specifically, 42.7 per cent of women use their household savings for their business since the start of the crisis, compared to 28.2 per cent of men. Women are also more likely to informally ask for money from family and friends. On the other hand, men are almost twice as likely to report delaying payment to suppliers (42.6%) than women (22.5%). However, the likelihood of using household savings does not vary significantly by business size, as 33.1 per cent of MSMEs with up to three employees, 33.7 per cent of those with four to 10 employees and 28.0 per cent of those with over 11 employees are using their household savings. This highlights that gender plays a more important role in the coping strategy used than business size alone.

Figure 14. Coping strategies implemented by the MSMEs since the start of the crisis, by gender

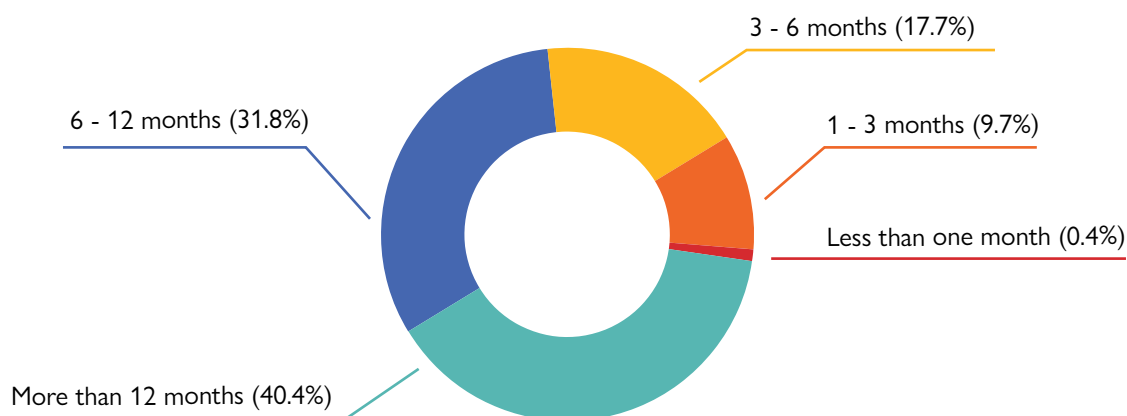


Business sustainability and urgent support

Despite the strategies implemented, three out of five businesses have major concerns regarding the sustainability of their business under the current circumstances. When asked how long their business could keep operating if current conditions were

to continue, 59.6 per cent of businesses did not expect to be able to continue for more than a year, and 27.8 per cent are worried their business cannot remain operational for more than six months in the current context without additional support.

Figure 15. Responses to the question "If current conditions continue, for how long can your business keep operating?"



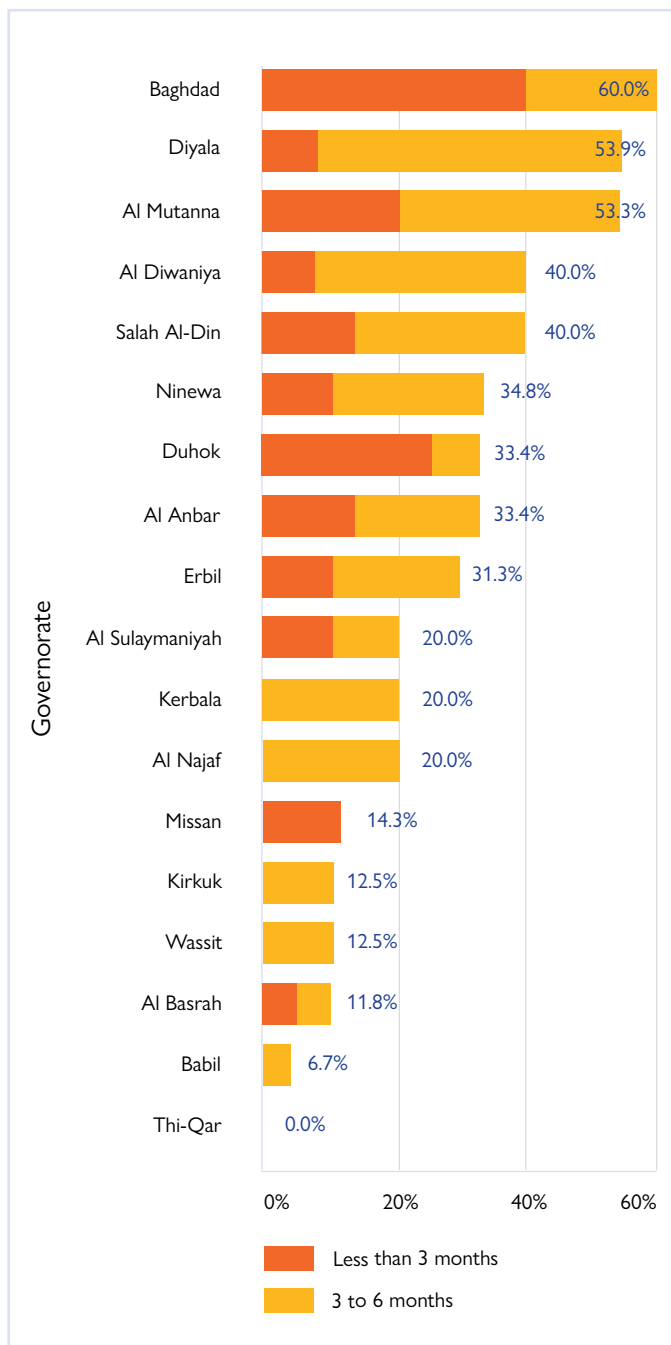
Smaller businesses are much more likely to report having concerns regarding their long-term sustainability. Some 59.6 per cent of businesses with up to three employees and 63.4 per cent of businesses with four to 10 employees report concerns that their business cannot run for more than a year in the current conditions. These figures are much higher than the proportion of businesses with more than 11 employees worried about sustainability beyond one year (44.0%).

Table 1. Responses to the question "If current conditions continue, for how long can your business keep operating?", by number of employees

	0–3 employees	4–10 employees	11+ employees
More than 12 months	40.4%	36.6%	56.0%
6–12 months	30.5%	34.7%	28.0%
3–6 months	18.5%	18.8%	8.0%
1–3 months	9.9%	9.9%	8.0%

In eight governorates, over one third of MSMEs surveyed report being concerned that their business could not keep operating for more than six months if the current conditions continue. This is particularly high in Baghdad (60.0%), Diyala (53.9%), and Al-Muthanna (53.3%), where over half of the MSMEs reported this concern. In addition, the level of concern is particularly high in Baghdad and Duhok, as 40.0 per cent of businesses in Baghdad and 26.7 per cent of businesses in Duhok reported that their business may not be able to keep operating for more than three months in the current conditions.

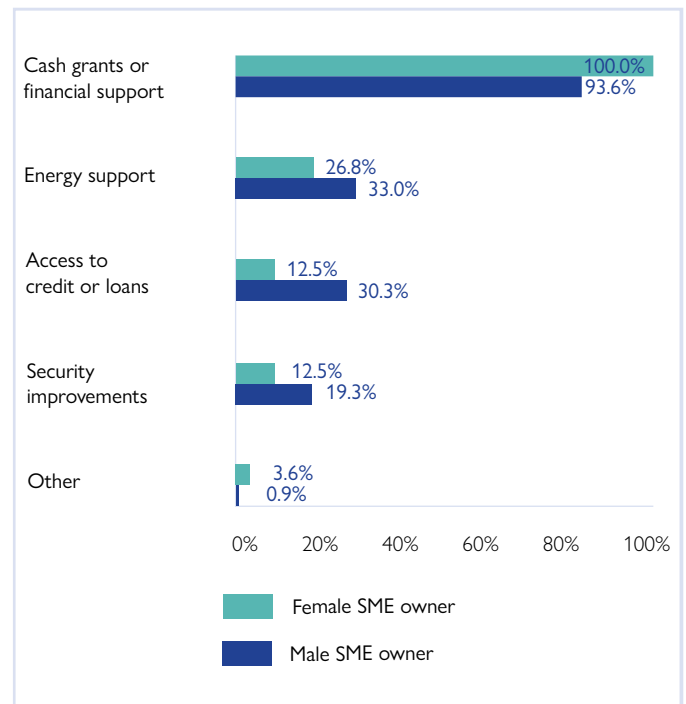
Figure 16. Responses to the question “If current conditions continue, for how long can your business keep operating?”, by governorate



Within businesses concerned about being able to maintain their activity for more than 12 months, specific needs were reported. The main requests are cash grants and financial support (95.8%), energy support (30.9%) and access to credit or loans (24.2%). Only one in six (17.0%) mentioned security improvements as key.

Concerns about business sustainability and needs vary by gender. Female business owners are more likely to report concerns about long-term sustainability, with 32.5 per cent concerned their business could not last more than six months under the current conditions, compared to 25.5 per cent of male business owners. Among those worried about long-term business sustainability, women were more likely to request cash grants, and less likely than men to focus on support to access credit or loan and concerns regarding security improvements.

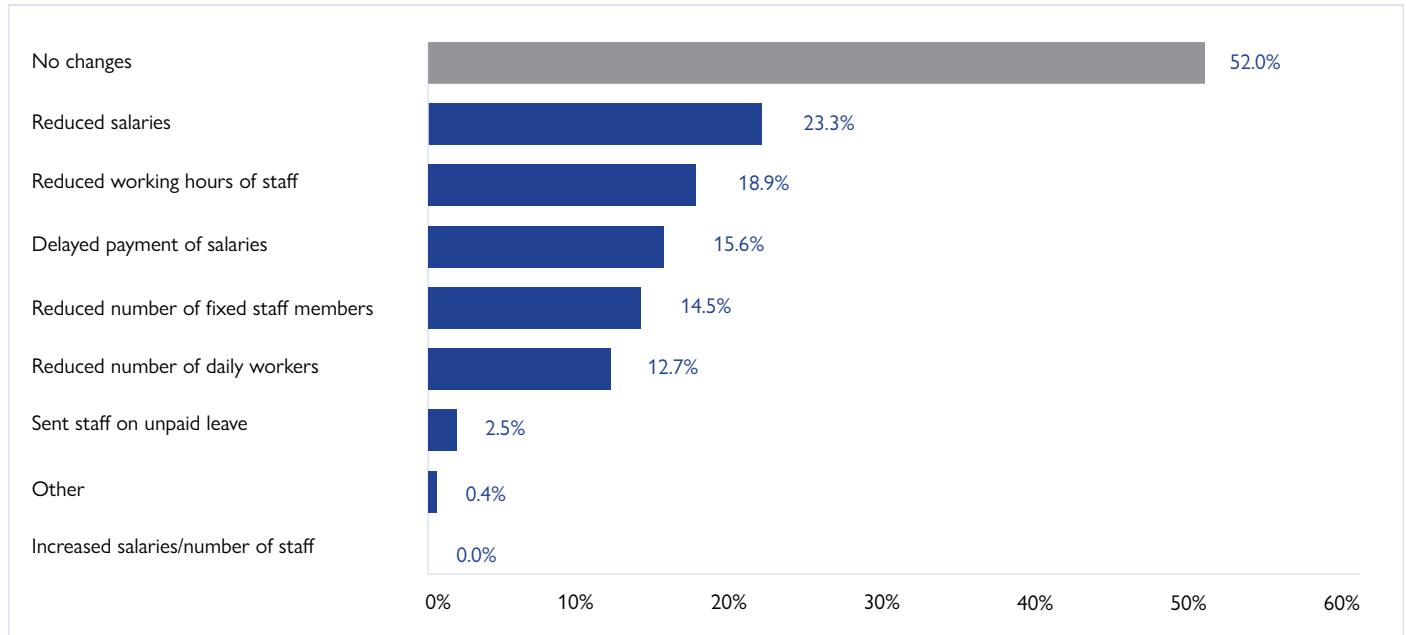
Figure 17. Main support needs reported by gender, among respondents reporting concerns to maintain business activities for more than one year in current conditions, by gender



Impact on employees

Half of the businesses (48.0%) implemented measures that directly impacted employees' livelihoods. The main change was reducing salaries (23.3%), which were reduced by 17.1 per cent on average. In addition, 18.9 per cent reduced working hours of staff and 15.6 per cent delayed salary payments. Businesses also reduced number of fixed staff (14.5%) and daily workers (12.7%), while no MSME surveyed hired any additional fixed or daily staff since the start of the crisis.

Figure 18. Measures impacting employees implemented by MSMEs since the start of the crisis



METHODOLOGY

Research Objectives and Questions

The purpose of this rapid assessment is to generate timely evidence on the economic impact of the crisis on households and businesses across Iraq. Specifically, it seeks to capture the immediate economic impact on households through the perspectives of Mukhtars (key informants), and to measure the impact on MSMEs across sectors including retail, agriculture and services. The assessment addresses five core research questions:

- To what extent are Iraqi households affected, including with respect to prices and availability of necessities, employment, access to services and perceptions of security?
- What coping mechanisms are households adopting in response to the crisis?
- How has mobility been affected, both for individuals and for the movement of goods within and across borders?
- How has the crisis affected businesses' ability to maintain operations, retain staff, manage stock and make investment decisions?
- How do these impacts vary by governorate, business type and business owner gender?

Methodology

The assessment employed a structured interview approach combining quantitative and qualitative questions across two components. First, key informant interviews were conducted with local Mukhtars, with five respondents per governorate across all 18 governorates, except for Ninewa, where eight respondents were interviewed, yielding a total of 93 community-level interviews covering a mix of urban and rural locations. Second, in-person interviews were conducted with business owners across all 18 governorates, targeting 270 MSMEs with no prior link to IOM, selected to reflect a mix of sector, size and location. Data collection was carried out between 27 April and 4 May 2026.

MSMEs Sampling

Map 1: Number of MSMEs surveyed, by district

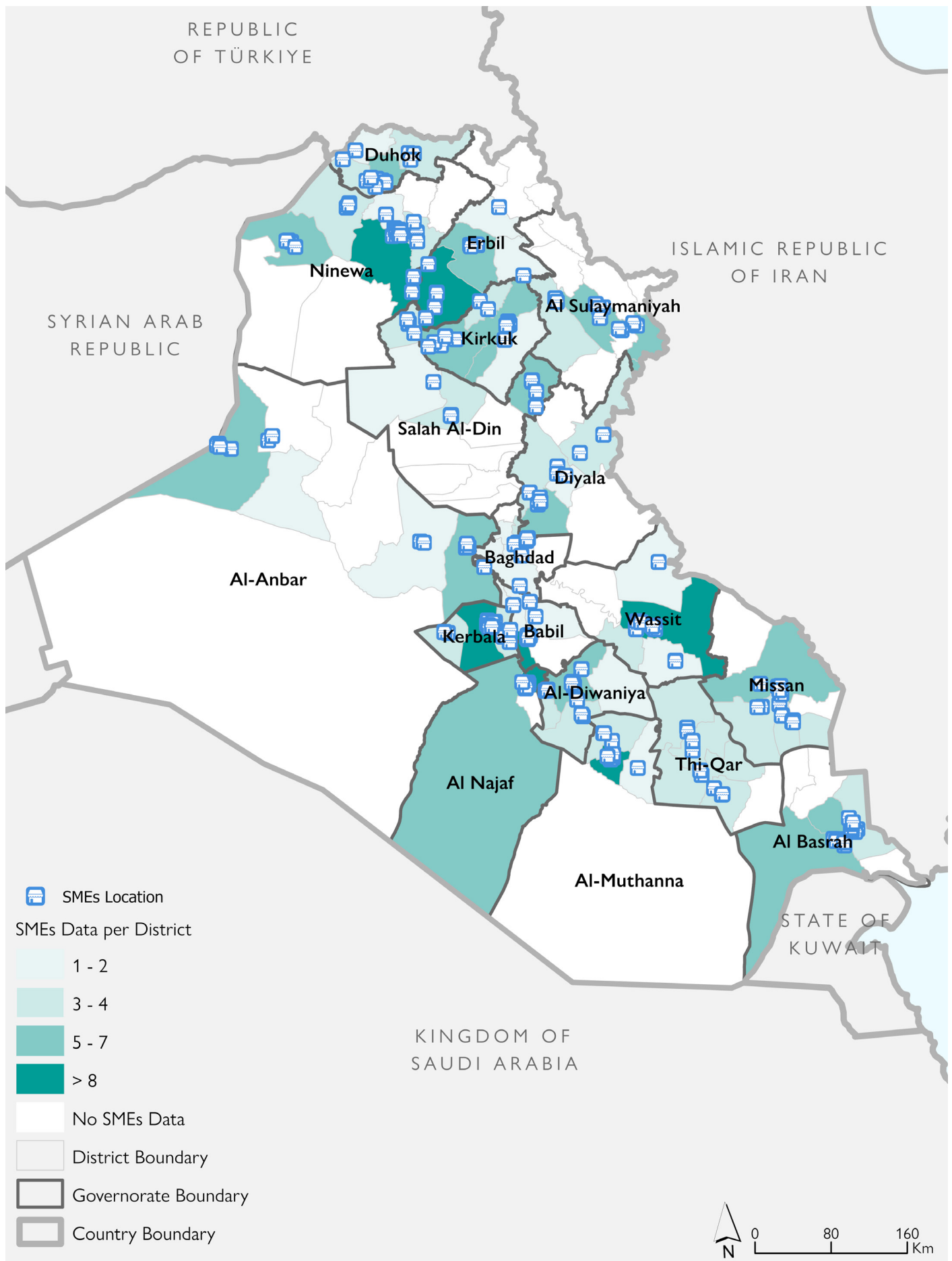


Table 2. Number of MSME owners surveyed, by gender of the business owner and business type

Business type	Female	Male	Total across gender
Total across business type	89	188	277
General trade	6	40	46
Agriculture	7	28	35
Textile	17	6	23
Service	16	6	22
Restaurant / cafe	6	15	21
Pharmacy	8	5	13
Technologies	2	10	12
Grocery shop / food stand	1	10	11
Manufacturing	0	11	11
Wholesale	0	10	10
Construction	1	8	9
Other	25	39	64

Table 3. Number of MSME owners surveyed, by reported migration status

Migration status of the owner ²	Number of MSMEs surveyed
Stayee	208
Returnee	59
Internally displaced person	8
Don't know	1
Other migrant	1
Total	277

Table 4. Number of MSME surveyed, by number of employees

Number of employees of the MSME	Number of MSMEs surveyed
0–3 employees	151
4–10 employees	101
11+ employees	25
Total	277

2 Definitions used in the survey: stayee (people from here who have stayed here without moving away since 2014); internally displaced person (people who are from elsewhere who fled here since 2014); returnee (people who are from this town, and fled since 2014, but have since returned); other migrant (people who are from elsewhere but who are not internally displaced persons).

Key Informants (Mukhtars) Sampling

Map 2: Number of key informants surveyed, by district

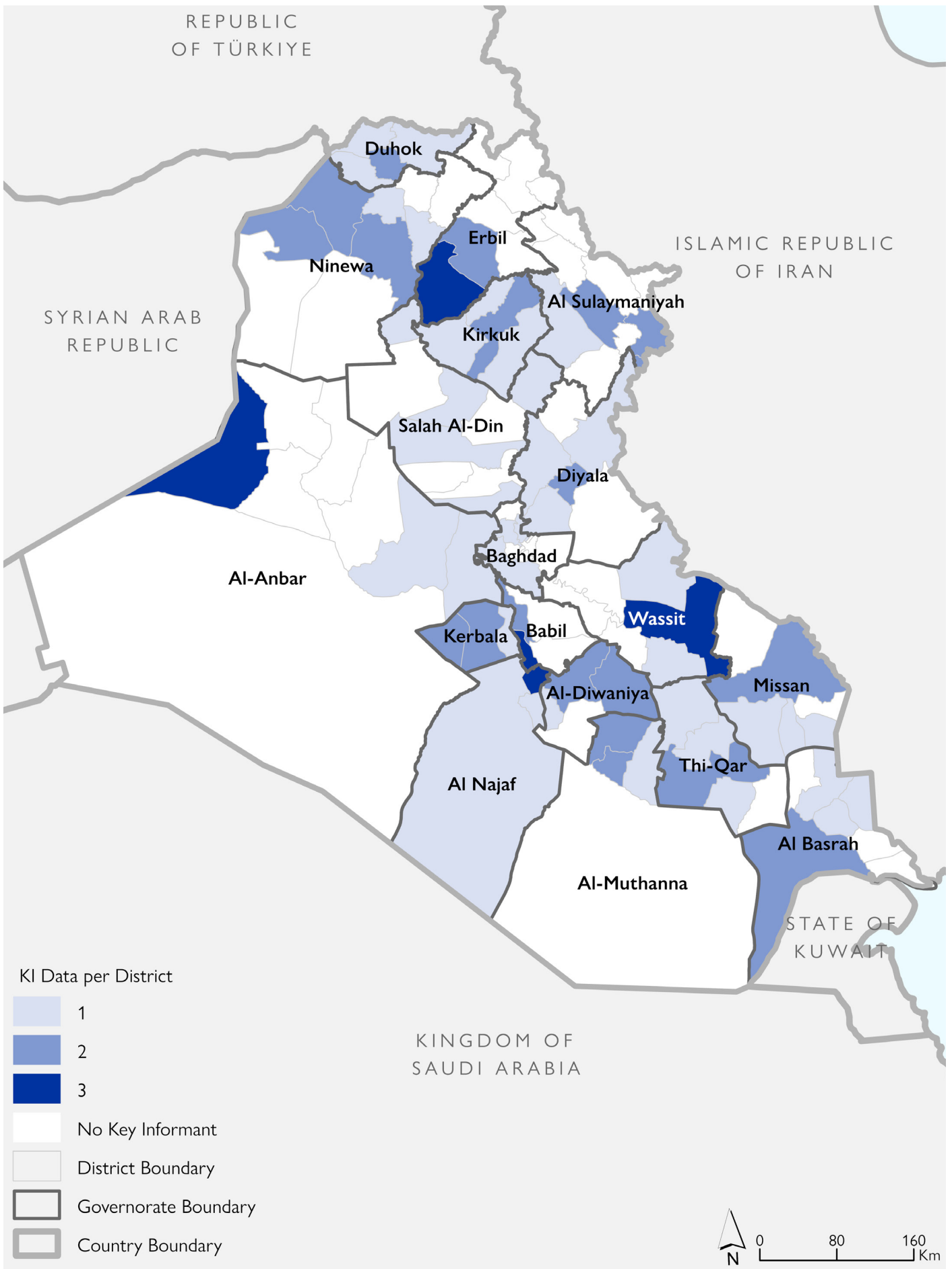


Table 5. Number of key informants surveyed, by urban/rural

Governorate	Urban	Rural	Peri-Urban	Total
Ninewa	3	4	1	8
Wassit	3	2	0	5
Kirkuk	4	1	0	5
Erbil	4	1	0	5
Qadissiya	4	1	0	5
Salah Al-Din	3	2	0	5
Al-Muthanna	2	2	1	5
Al-Anbar	3	2	0	5
Al-Najaf	2	3	0	5
Kerbala	3	2	0	5
As Sulaymaniyah	3	2	0	5
Al-Basrah	3	2	0	5
Missan	3	2	0	5
Babil	4	1	0	5
Thi Qar	3	2	0	5
Baghdad	3	2	0	5
Diyala	2	3	0	5
Duhok	5	0	0	5
Total	57	34	2	93

Table 6. Average estimated number of households per community by governorate (key informant estimates)

GOVERNORATE	COMMUNITIES	AVERAGE NO. HOUSEHOLDS	MINIMUM NO. HOUSEHOLDS	MAXIMUM NO. HOUSEHOLDS
Ninewa	8	1 244	120	4 500
Wassit	5	3 080	900	7 000
Kirkuk	4*	681	75	1 149
Erbil	5	1 268	150	4 000
Qadissiya	5	2 360	1 500	3 000
Salah Al-Din	4*	728	390	1 263
Al-Muthanna	5	1 700	500	3 000
Al-Anbar	5	348	150	480
Al-Najaf	5	2 790	500	9 500
Kerbala	5	1 587	713	4 000
As Sulaymaniyah	5	1 327	15	2 500
Al-Basrah	5	1 088	250	3 000
Missan	5	1 126	80	2 600
Babil	5	3 580	1 500	6 000
Thi Qar	5	1 514	70	3 000
Baghdad	5	5 737	487	17 000
Diyala	4*	423	45	1 000
Duhok	5	903	65	2 350

*number of communities that reported household numbers.

ANNEX

Table 1. Price change by commodity between February and April–May 202

Commodity	Feb 2026 Average (IQD)	Apr/May 2026 Average (IQD)	% Change
Tomatoes (1 kg)	748.9	1 880.1	151.0%
Gas (10 kg)	6 989.2	14 016.1	100.5%
Bananas (1 kg)	1 229.0	2 064.5	68.0%
Potatoes (1 kg)	677.9	1 080.1	59.3%
Eggplants (1 kg)	739.2	1 088.7	47.3%
Vegetable oil (1 L)	1 948.4	2 847.3	46.1%
Rice (1 kg)	1703.8	2 281.8	33.9%
Wheat flour (50 kg)	24 505.4	31 967.7	30.5%
Soap (6 bars)	1 720.1	2 251.1	30.9%
Eggs (30)	4 970.4	6 610.2	33.0%
Sugar (1 kg)	1 252.7	1 577.7	25.9%
Beans (1 kg)	2 038.0	2 529.9	24.1%
Chicken (whole)	5 715.4	7 002.7	22.5%
Lamb (1 kg)	17 623.6	21 000.0	19.2%
Rent 3 bedroom (monthly)	223 058.8	257 000.0	15.2%
Bread bundle	781.5	895.1	14.5%
Taxi (5 km)	3 554.8	3 904.1	9.8%
Samoon bundle (Iraqi bread)	834.8	921.2	10.4%
Diesel (1 L)	449.7	492.8	9.6%
Petrol (1 L)	543.4	558.0	2.7%

Table 2. Daily wages change by governorate between February and April–May 2026

Governorate	Feb 2026 Average (IQD/Day)	Apr–May 2026 Average (IQD/Day)	% Change
Al-Anbar	15 000	15 750	5.0%
Al-Basrah	25 000	22 000	-12.0%
Qadissiya	26 000	20 000	-23.1%
Al-Muthanna	25 000	24 000	-4.0%
Al-Najaf	22 000	21 000	-4.5%
As Sulaymaniyah	28 000	23 000	-17.9%
Baghdad	26 000	21 000	-19.2%
Diyala	16 000	16 000	0.0%
Duhok	28 000	28 000	0.0%
Erbil	21 000	20 000	-4.8%
Kerbala	19 000	17 000	-10.0%
Kirkuk	21 250	21 250	0.0%
Missan	25 000	25 000	0.0%
Ninewa	22 500	18 125	-19.4%
Salah Al-Din	25 000	21 000	-16%
Thi Qar	24 000	29 000	20.8%
Wassit	20 000	16 000	-20.0%
National	22 941.2	21 023.3	-8.4%

*Babil excluded (missing wage data). The national average is calculated as the mean of community-level percentage changes within each governorate, rather than the ratio of governorate mean wages.

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