



Institute for Research and Development-Kurdistan (IRDK)

ئەنستیتۆی توێژینه‌وه و گه‌شه‌پێدان - کوردستان

ECONOMICS REPORT

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Practical Development Policy Proposal

Multi-dimensional crisis in Kurdistan region makes it pivotal more than ever to address the development policy of KRG. Among all crisis economic crisis play a determinant role. Even if we do not have control over many things, we still do have control over our conduct within the Kurdistan region's economy.

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ECONOMY



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Practical Development Policy Proposal

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Abstract

Multi-dimensional crisis in Kurdistan region makes it pivotal more than ever to address the development policy of KRG. Among all crisis economic crisis play a determinant role. Even if we do not have control over many things, we still do have control over our conduct within the Kurdistan region's economy. A strong Kurdistan region is dependent foremost on how we manage the economic life of ours. This will determine how we will better manage the financial issues as well as how strong we will be in negotiations with the central government and most importantly how our relationship with our international partners will develop. In short realization of a strong Kurdistan region will depend on how well we will create a dynamic and active economic life on the ground.

On Development Policy

Development policy or industrial policy which both aim to explain the role of government within the economy. The dominant discourse since the 1980s within the development policies specifically for the developing economies is called the Washington Consensus (emphasizes on, macroeconomic discipline (particularly fiscal), establishment of market economy and openness to world economy (at least with respect to trade and FDI).

This discourse has constituted the bases of international institutions approach to development policies within the developing economies. Washington Consensus is the international feature of the new- liberal privatization policies which, were recommended to the developing economies. The content of this policy is trade liberalization and austerity policies in the domestic economy. In the beginning, the proposal contained eight points, but later on, it became lengthier.

It is useful to divide different development proposals into two categories first, the presumptive policies and second diagnostic policies. The presumptive approaches do presume in advance, that certain actions will result in specific results. But within the second category, we do not guess anything in advance.

Here we work on the ground diagnostically to understand and discover, what we have? what are our capabilities? How should we do it? As well as who should do what? Washington consensus approach, like many other presumptive approaches, has not produced sustainable progress. After various experiences of different countries such as East Asian tigers, both the right and the left have accepted that /one size for all countries policies/doesn't work and each nation has to discover its own development strategy. Based on this reasoning the current proposal has been prepared.



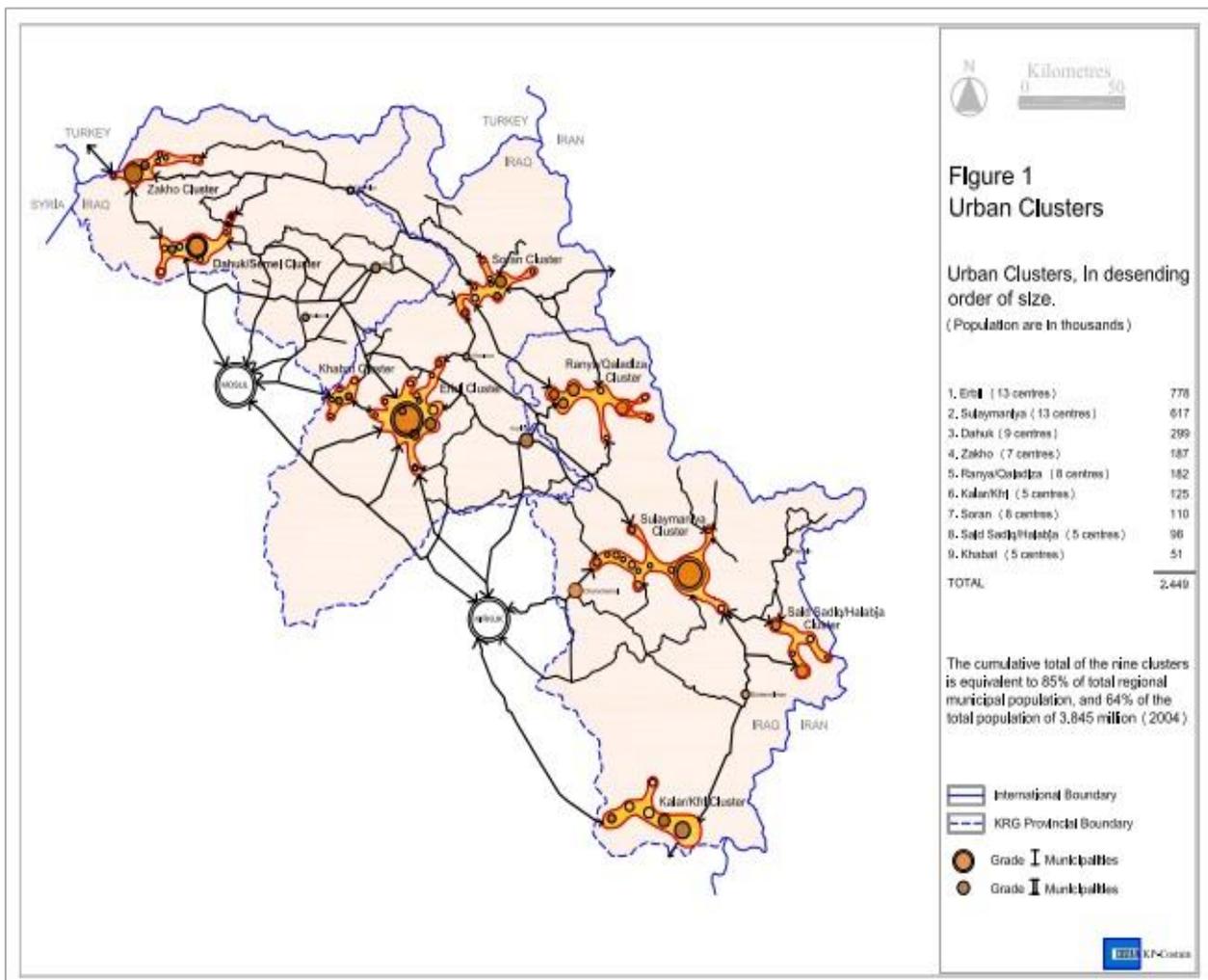
Kurdish Development Policy

The macro and the micro-level of the country's economy leads us to a clear division of labor within the government. The macroeconomic stability constitutes the prime duty of the government on the national level. But the micro economy is run by the local authorities and private companies.

The regional development policy is entirely a different story. Here we have geographically a lower level to act upon and by that we mean regions.

On the regional level, the focus is not on the local companies within the local economy but on the traded part of the economy where the companies cover bigger market than the local and they have

capacity to employ higher rate of labor force. Companies within the traded sector of the regional economies have the chance of innovation and unlimited capacity of expansion. These companies are historically agents of diversifying the economy. Based on this clear understanding we introduce the instruments of a broad local enterprises survey in nine different urban clusters of settlements in the Kurdistan region.





Hopefully, this survey will provide us, with information on existing enterprises within the traded economy of Kurdistan region in various clusters. We will then be clear about the strength and weaknesses of companies and, their structural deficits.

At the same time, we will have more information on the possible existing opportunities and structural deficits of the regions. We will better understand ourselves.

We will be able to fallow, a policy of activating the economy and building partnerships of various sorts among the private actors and private-public actors will be a practical and doable reality.

Newly initiated activities will provide new employment opportunities. Job opportunities will be sustainable and will lead to ease the pressure on the public sector. Success in, creating new companies and new jobs will result in the ease of the public employment burden on KRG. Then a long-term solution to the financial crisis will be in hand.

Who will lead?

This vision and the process will require leadership. In the Kurdistan region, various ministries plus investment board and planning ministry regard themselves as responsible for the development policy. All of these actors propose bettering different policy areas. Improving policy areas and especially the sum of them will not constitute a development strategy. This task itself is always unfinished. All economies have to deal with it continuously. So, the task of firstly understanding the existing conditions of our companies and secondly coordinating them will and should rely on just one sole government body responsible for the development policy of the region under the presidency of the prime minister.

Content of the process

1. Finding the existing enterprises in each region and surveying their conditions.
2. Running a dialogue on their needs and plans and perceived obstacles as they understand.
3. Providing them real information about the governments' capabilities and needs.
4. Encouraging and coordinating their possible initiatives for new activities of their choice
5. Initiating joined plans of action for new economic activities.
6. In case of need for foreign know-how, capital or technology putting forward a plan to fill the gap. This approach will make the entry of foreign companies embedded in the local economy of ours.





EndNote

Under the direct supervision of the prime minister, one sole government body will run the process by using task forces, each responsible for a region. The task and role of ministries concerning new initiations in different regions will be delegated to the ministries by the council of ministers.

We have now presented our vision and understanding of an effective development policy in the region.

The initial step of the proposal would be the conduct of the survey of domestic enterprises within the traded economy of different clusters.

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