



Just Transition and Economic Diversification in Iraq: Reducing Dependence on Oil Revenues and Creating Decent and Sustainable Jobs

1. Name of proposing Party or organization.

The Iraqi Institution for Development

2. Brief description of the proposed study:

This proposed case study will examine Iraq's experience and opportunities in advancing a just transition of the workforce while promoting economic diversification and the creation of decent and quality jobs. The issue is particularly important for Iraq due to its exceptionally high dependence on oil revenues, which account for more than 90% of government revenues according to recent international estimates. This high level of dependence makes public finances highly vulnerable to fluctuations in oil prices and to the global transition toward cleaner energy. A major challenge is that a significant share of public expenditure, including public-sector salaries and pensions, is financed through revenues generated from the oil sector. Therefore, a rapid transition away from fossil fuels, without sufficient alternative sources of public revenue and employment, could create substantial fiscal, economic and social pressures. At the same time, several sectors with strong potential to support economic diversification remain underdeveloped or insufficiently utilized. These include religious tourism, agriculture, renewable energy, green industries, water and waste management, as well as other productive sectors. Greater support for the private sector is also essential, particularly through encouraging investment, small and medium-sized enterprises, entrepreneurship and job creation outside the public sector. The case study will examine how Iraq can pursue a gradual and just transition that balances climate and energy objectives with the need to maintain economic and social stability. It will assess existing policies, institutional arrangements, skills-development needs and opportunities for reskilling and upskilling workers who may be affected by the transition. The study will also identify opportunities to expand non-oil sources of income, strengthen the role of the private sector, and develop sectors such as sustainable agriculture and religious tourism. It aims to identify key challenges, policy gaps and practical recommendations that can help Iraq reduce its dependence on oil revenues in a gradual manner, create sustainable employment



opportunities, diversify government revenues and support the transition toward a low-carbon economy without undermining fiscal stability, livelihoods or social well-being.

3. *United Nations region to be covered by the case study:*

Asia-Pacific;

4. *Country or countries to be covered by the case study*

IRAQ

5. *Area of the case study:*

The identification of potential new sectors for diversification ;

6. *Expected duration for completion of the case study (in months):*

3 months

7. *Contribution of the submitting organization*

Technical inputs; Authorship;

8. *Can the study be developed without financial support from the UNFCCC?*

No

9. *If no, please provide the estimated range of required financial support in USD (Please note that the UNFCCC is not a donor organization and has limited funding):*

15000

10. *Please provide the status of any preliminary work undertaken that could serve as a basis for the study, including a link to any available reports, if available.*

No formal preliminary study has been completed yet. However, the proposed case study will build on available national policies, official statistics, relevant reports, and existing research related to Iraq's economic diversification, energy transition, employment, and sustainable development.



Framework Convention on
Climate Change