

Quota System for Migrant Labor:

A Policy Analysis of Benefits and Risks in the Kurdistan Region-Iraq





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Introduction:

The private sector in the Kurdistan Region, plays a more important role in economic development than ever before. Considering other factors, one could argue that expanding role of the private sector in the region is increasingly driven by foreign investment, paving a way for migrant workers to enter the governorate. Unemployment, especially among youth and university graduates, is still a significant issue. This has generated public debate, with some suggesting that the influx of migrant workers is contributing to the rise in unemployment among the local population¹. In response to this issue, the agenda of the KRG's ninth cabinet (July 2019), which was developed in accordance with the political agreements between political parties, clearly addresses that **“We will work to provide job opportunities in the private sector, and broaden investment in sectors including industry, agriculture, and tourism. We will reform labor laws to prioritize the provision of job opportunities for local workers instead of foreigners.”**²

Transferring this agenda to policies and practice, the Kurdistan Regional Government has worked to control the influx of migrant workers and leverage local human resources and expertise. In addition to efforts to reform the labor law, the Council of Ministers³ (CoM) issued a decree numbered 1722022/ and the Ministry of Labor and Social Affairs (MoLSA) issued regulation No 82022/ to facilitate the implementation of the decree accordingly. Both emphasize that priority shall be accorded to citizens of the Kurdistan Region in market and private sector projects, with a goal of having a minimum of 75% of projects executed by citizens of the Kurdistan Region. Additionally, the regulations specify that the percentage of foreign labor in projects must not surpass 25% under any circumstances.

Despite the fact that these policies are designed to encourage economic growth through the restriction of migrant worker's movement to the region and increase job opportunities for local citizens, the extent to which these policies have been implemented and achieved their desired outcomes is not explored. Therefore, this policy paper addresses economic impact of KRG policies related to regulating migrant workers in KRI. These policies are mainly explored from the perspective of governmental officials, trade unions, NGOs, job seekers, and commercial actors.

This policy paper is intended to answer the following questions;

- What are the challenges of implementing these policies?
- To what extent does the implementation of these policies affect economic development in the Kurdistan region?

Methodologically, qualitative techniques are employed to answer these questions. A desk review has been conducted to understand the accumulated knowledge and identify the gap(s) relevant to economic impact of KRG policies related to regulating migrant workers in KRI. Content analysis for (10) media contents have been also undertaken to get a deeper insight into narratives about the inward flow of migrant workers into the Kurdistan region and leveraging local human resources. Additionally, 15 of in-depth qualitative interviews have been conducted with key informants from above mentioned actors.

1 Kurdsat News Tv. 2023. The large number of foreign workers has reduced job opportunities for domestic workers. https://www.youtube.com/watch?v=Mx-WQ1Dg_Rk

2 Kurdistan Regional Government. The outlines of the Ninth cabinet's agenda. <https://gov.krd/english/government/agenda/>

3 Peace and Freedom Organization. 2023. The State of Workers in Iraq and Kurdistan region in 2023. <https://pfo-ku.org/images/2017/pdf/Krekaran2023.pdf>

The significance of this paper located in its contribution to provide a comprehensive analysis of KRG policies towards migrant workers and economic development in the region.

From policy to practice:

Despite the fact that the Council of Ministers issued the decree 172 on September 20, 2022 and MoLSA introduced the implementation regulation No 8 on December 20, 2022 to implement the decree, government agencies and decision-makers soon understood that prompt implementation of these policies were not realistic, causing the actual implementation to be rescheduled twice and ultimately started in January 2024. The frequent postponements were purely intended to support employers, giving them time to prepare and smoothly adjust to the new policies. However, employers primarily anticipated further delays, and some were not even ready to comply with the policies at the beginning of 2024.⁴

Accumulated experiences during two years of actual implementation of these policies, revealed different challenges. While governmental officials clearly pointed to the importance of these policies and its positive economic implications, it seems that overcoming the challenges is not an easy task, especially in the short term. Simply because some of the challenges rooted in; (1) relevant policies that need amendments and revisions, (2) cultural values of certain job types, which require long-standing patience to change, and (3) ineffective coordination and monitoring mechanisms that need more administrative, logistic, and financial supports.

Shortcomings in the New Policies:

Migrant workers-related policies, namely the decree 1722022/ and implementing regulation No. 8 require additional supportive policies to guarantee its successful implementation and achieve desired outcomes. However, such additional policies are either absent or not effective. Governmental officials, representatives of trade unions, NGO representatives who advocate for worker's rights all pointed to legal framework gaps related to visa management for foreigners and also labor market management.⁵

While foreigners are granted visit visa by ministry of interior, they are legally allowed to change this type of visa to residency (work permit) in certain conditions, addressed in the regulation No.1 in 2021⁶. Some see this regulation as open-door policy for foreigners to stay and get a job in the labor market in the Kurdistan region. In order to implement the decree and create more job opportunities for locals, visa-regulation policies need amendments. Due to visa facilitations and cheap labor, migrant workers can easily stay and compete with locals in the labor market. The cheap labor of migrant workers enables them to be favored by most of the employers, whose final goal is financial benefit. Hence, the legal framework of labor wage has to be considered as well. As an incentive initiative, KRG recently issued minimum wage order for unskilled workers. The minimum monthly salary for unskilled workers has been set at IQD 450,000 (used to be IQD 350,000), with a daily minimum wage of IQD 15,000.⁷ Despite the

4 Interviews with a representatives of MoLSA-affiliated institutions in December, 2025 in Erbil.

5 Interviews with representatives of MoLSA-affiliated institutions and trade unions, and a worker's rights activist in December 2024 and November 2025 in Erbil.

6 Ministry of Interior. Regulation No 1. 2021 for Visa. file:///Users/m-store/Downloads/261ssss53.pdf

7 Ministry of labor and social affairs. 2025. <https://gov.krd/molasa/activities/news-and-press-releases/2025/august/>-وهزيران- نه نجومه ني-وهزيران- كه مترین-كریی-مانگانه-و-رؤژانه ی-كریكارانی-له-هه ریمی-كوردستان-دیاری-كرد

fact that this shows a good intention to improve worker's compensation in the private sector, the implementation of this policy could be quite challenging. Another issue is whether migrant workers are allowed to have more than a job. It has been observed that some of the migrant workers have work permit for a particular job, but they have also managed to work independently during evenings and nights on the streets. This is something that is not clearly addressed in the laws and regulations.⁸

Unprepared workforce & Cultural sensitivity:

It has been observed that an unprepared local workforce and cultural sensitivity toward certain job types are two other challenges preventing these policies from being completely enforced.

Researchers have already explored unemployment as a societal issue in KRI and clearly addressed that the education system's shortcomings partially affected many recent university graduates to be unprepared for the job market due to skill gaps⁹. In order to fill these gaps and develop job market-required skills, multiple initiatives have been launched by governmental and non-governmental actors. For instance, in partnership with IREX, the Ministry of higher education and scientific research, established Career Development Centers (CDC) at universities to connect higher education institutions with the labor market¹⁰. MoLSA also has multiple ways to create job opportunities and shift focus to the private sector, including career-building programs, developing a digital employment platform, and loans for start-ups.¹¹ Despite these and other initiatives, the mismatch between the demand for high quality employees and the poor supply of skilled labor- such as chefs for foreign restaurants, experts in oil and gas sector, employees for international brand companies is still a challenge to fully implement the decree¹².

Not surprisingly, even with supportive policies to promote local employment, the availability of certain types of job opportunities may not help. This is simply because some types of jobs (regardless of their financial rewards) are not culturally acceptable and valued. For instance, massage centers have created job opportunities in the labor market. However, due to cultural sensitivity towards this profession, local people are not interested in pursuing it. Hence, importing foreign labor is an alternative, but such establishments need exemption from compliance with the new policies to ensure they play their positive roles in economic development in the region¹³.

Ineffective coordination and monitoring mechanisms:

While KRG's policy reforms demonstrate its commitment to increasing local employment and regulating foreign workers, the effectiveness of these efforts ultimately depends on developing coordination and monitoring mechanisms. If the establishment of multiple committees between governmental agencies and within relevant institutions (mainly MoLSA) is a serious action, the extent to which how these committees are supported and empowered is vital. For instance, the directorate of labor in Erbil already has its inspector's committee to oversee the employer's compliance with the decree and implementing regulation No.8. However, due to lack of human resources and logistic supports they are not able to regularly monitor thousands of workplaces. The directorate of social security in Erbil also has previously formed its inspectors' committees, partially responsible to check if employers

8 Interview with a MoLSA official in December, 2024 in Erbil.

9 Sbey Research. 2024. Navigating unemployment challenges in Iraq and KRG. <https://sbeyresearch.com/article/24>

10 Interview with an official from the ministry of higher education and scientific research in Erbil in December, 2024.

11 Rudaw TV. 2021. Kurdistan's unemployed youth blame the government. <https://www.rudaw.net/english/business/12082021-amp>

12 Interview with officials from directorate of tourism in Erbil in December.

13 Interview with officials from multiple governmental institutions in Erbil in 2024 & 2025.

follow the given policies. However, dealing with companies/businesses owned by powerful people is a challenge and sometimes they are even denied to enter such workplaces to accomplish their tasks, resulting in legal procedures and forwarding such cases to labor courts. Additionally, directorate of tourism in Erbil has its inspectors' committees and regularly inform and alert employers if they breach the given policies, but there is no coordination channel between multiple agencies through a particular database or digital platform to identify and combine all the companies/workplaces who failed to follow the policies. Regardless of these enforcement structures, MoLSA has its complaint mechanisms, including hotline number (5500), that can be utilized to report cases of breaches relevant to these policies. However, bureaucracies of the compliant procedures and lack of awareness among workers caused this to be not much effective mechanism.

Despite the fact that KRG decision makers showed their intention to maximize job opportunities for locals and restrict it for foreigners through certain policies, the implementation of these policies still require more human resource, logistic, and administrative supports to guarantee the desired outcomes.

Economic and Policy Implications:

The implementation experiences of the given policies over two years showed that there are desired and undesired outcomes, which may impose further policy revisions.

Needless to say, Kurdistan region has significantly benefitted from migrant workers and foreign investors who contribute essential skills, labor, and capital that help drive economic growth and development across various sectors. For instance, industrial sector including oil & gas, still needs foreign labor not only to guarantee the development of the sector, but also to ensure the sustainability of such sector through capacity building for the local employees in the region. Existing of hundreds of international NGOs with their capital and foreign labor play a key role in livelihood and development sector as well¹⁴. Regardless of concerns about changing the food consuming culture, migrant workers and foreign employers played a positive role to diversify food sector, especially having a certain number of foreign restaurants and coffee shops, which became the source of employment and income for locals as well. Hence, "closed-doors policy" or "Quota System" towards migrant workers may not positively contribute in the economic development in the region, especially if the needs of particular sectors are not taken into account.

Relatedly, international brand companies, including five-stars hotels and certain fast-food companies have played positive roles in the economic development of the region. Hence, unprepared local workforce for particular positions on the one hand and restrictive policies on the other may cause such business to not be able to provide their services complied with their international quality standards.

These all affected KRG's institutions to establish a special committee, composing of representatives of multiple governmental agencies to review claims of employers, who want to be exempted from compliance to the decree, consequently many claims have been approved¹⁵. At the same time, there are still concerns among local employers about the negative outcomes of such policies, which put threats on their business and quality of their services.

14 Peace and Freedom Organization. 2023. The State of Workers in Iraq and Kurdistan region in 2023. <https://pfo-ku.org/images/2017/pdf/Krekar2023.pdf>

15 Interview with officials from multiple governmental institutions in Erbil in December.

It has been noticed that the implementation of the decree and relevant regulations has created thousands of job opportunities for local people in the region. However, there is no statistics to show how many migrant workers were replaced to local workers due to the implementation of these policies. Just as there are no official statistics to demonstrate the economic damage and negative repercussions resulting from these new policies. The two narratives mentioned above—which both support and oppose these policies—compel decision-makers in the Kurdistan Region to handle the regulation of migrant workers more carefully. This necessitates that they think twice before adopting contradictory positions while working to control the influx of foreign labor and capitalize on local human resources. Concerns regarding the presence of a large number of unskilled migrant workers and the high unemployment rate among the region's population will persist, unless the Kurdistan Regional Government adopts more precise and transparent measures.

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