Regional Characteristics, Disparities and Development Sustainability – Case of Iraq

By

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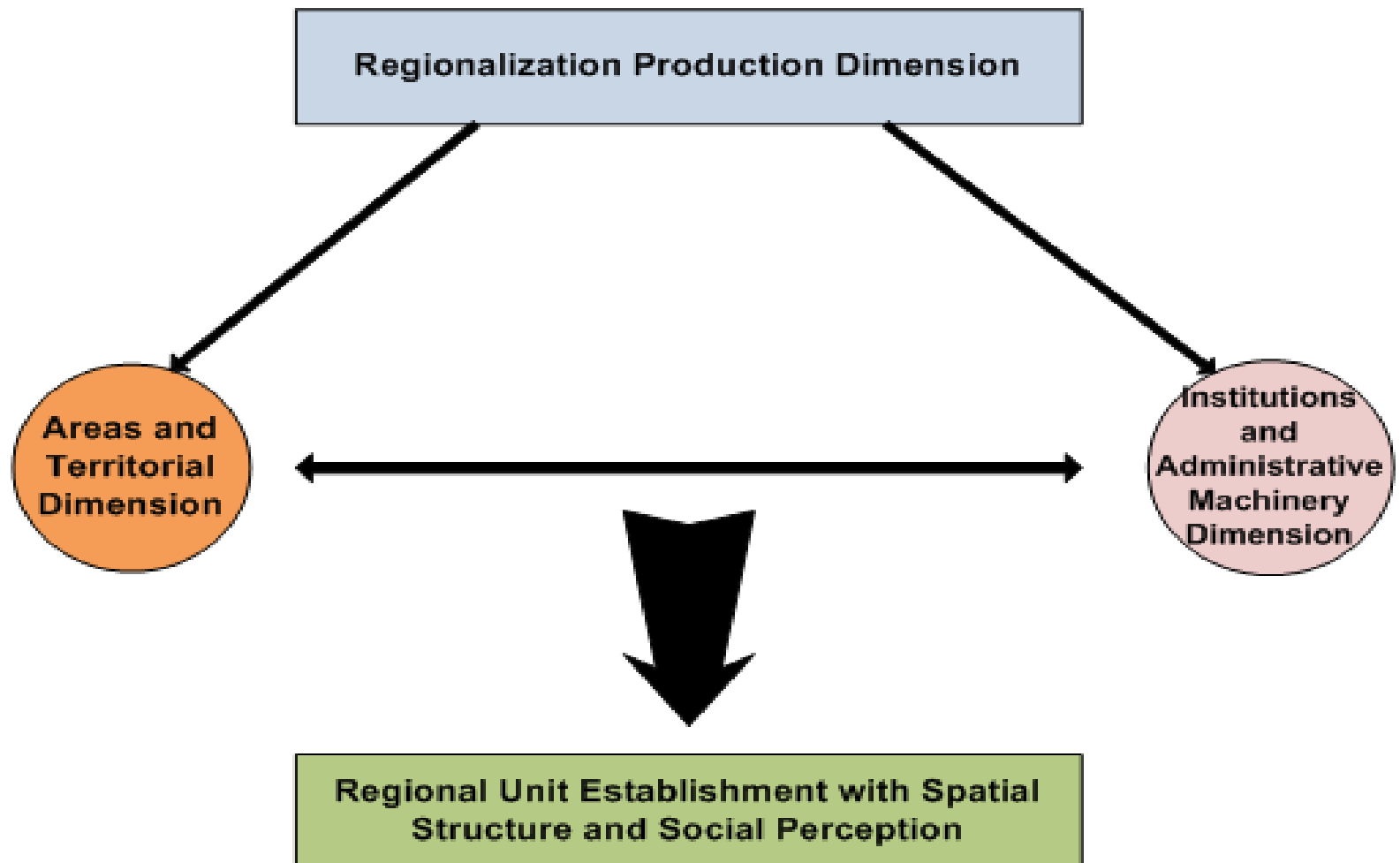
What and How To Regionalize an Economy?

❖ **Regionalization can be defined as; administrative-socio-political process by which various areas (region) would emerge as relevant units to carry out economic analysis, welfare activities, political events and provision for services.**

❖ **However this definition, in many circumstances, may be equated with "devolution", i.e. regions are objects of governmental reform.**

The Elements of Regionalization

The main elements of regionalization considered here are :

❖ Natural elements ,

❖ Administrative convenience ,

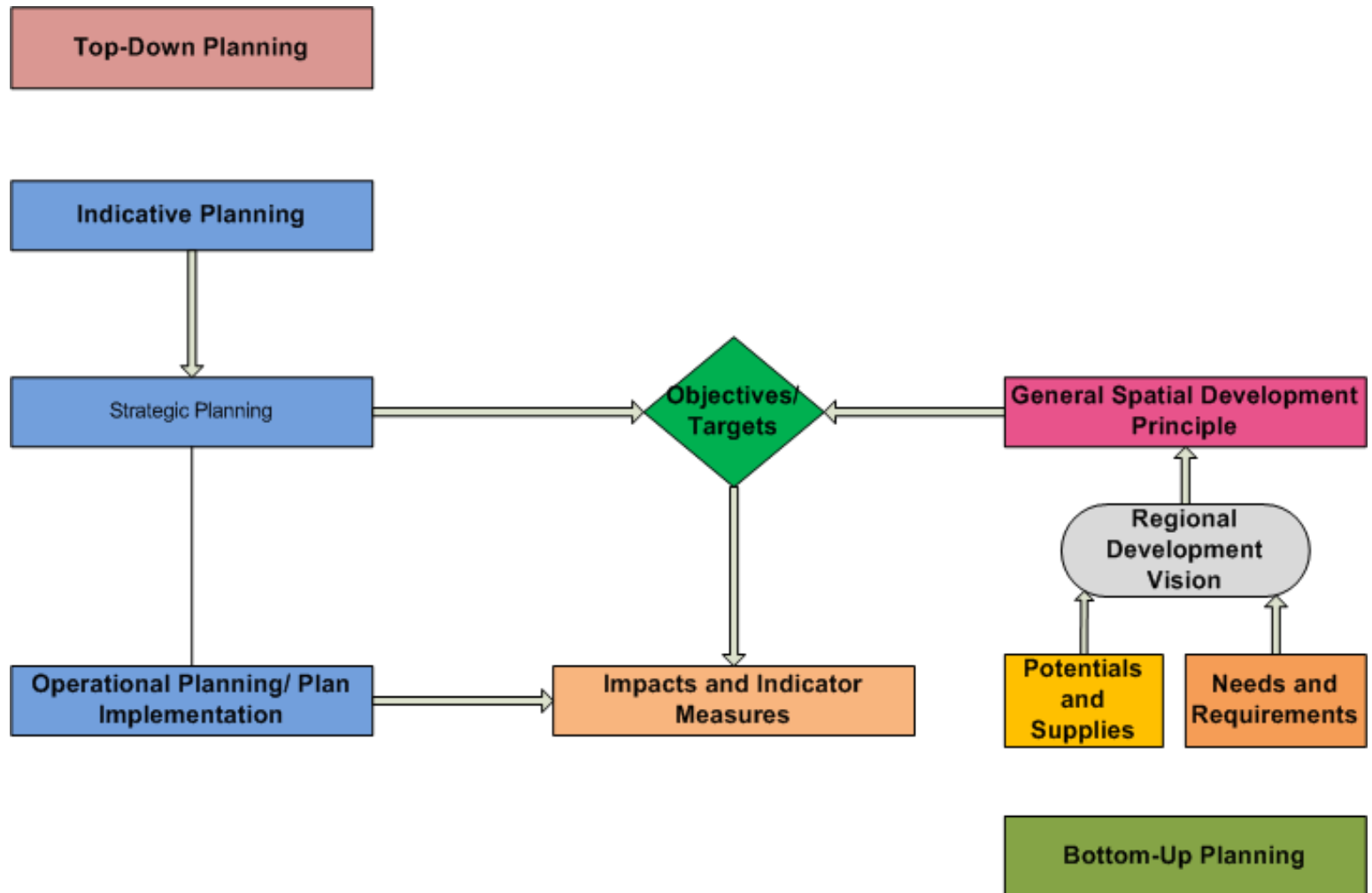❖ Availability of statistical data .

Regionalization Dimensions

Key Elements of Regional Socio-Economic Development and Growth

These key factors are:

- ✓ **Natural Resources (i.e. oil, gas, water…)**

- ✓ **Human Resources**

- ✓ **Capital Stocks and Capital Accumulation**

- ✓ **Science and Technological process**

- ✓ **Supply, Marketing and related knowledge**

- ✓ **Institutional and Planning Systems and Programmes**

- ✓ **Ethics, Values and Commitment**

Two Level Planning Systems

Regionalization and the Disparities Between Regions

❖ Disparities and imbalances between regions of the same economy are always existed, in one form or another.

❖ Accordingly, there should be some sorts of financial mechanisms to compensate for poorer, less developed regions or regions that naturally disadvantaged.

❖ Such compensation should be based on, amongst other things, securing equivalent living conditions within the region and everywhere in the economy as a whole (between the regions).

Regionalization of the Iraqi Economy – A Proposition

I. **The Country Administrative Divisions:**

The starting point in the regionalization process of an economy; is the administrative units of the nation. In Iraq case; these are:

❖ The country is structured into 18 governorates: Al-Anbar, Basra, Al-Muthanna, Al-Qadisiya, Al-Najaf, Al-Tameem, Babil, Baghdad, Thi-Qar, Diala, Karbala, Missan, Nineveh, Salahuddin, Wasit, Arbil, Sulaymaniya, and Dohuk. The last three governorates are in the autonomous Kurdistan region in the north of Iraq.

❖ Accordingly, and from this onward, we are using Kurdistan to represent and cover the three, above mentioned, Governorates.

A geographic Map of the Iraqi Muhafadhat

II.   **The Determination of the Iraqi Economic Regions:**

❖ **In Brief; Clustering Analysis has been adopted, using:**

✓ Factor Analysis Techniques, based on: Nineteen Regional Socio-Economic Indicators,

The Selected and Used Socio-Economic Regional Indicators

No.	Socio-Econ. Regional Indicator	No.	Socio-Econ. Regional Indicator
1	Number of industrial establishments	11	Number of vocational school students per 1000 population
2	Percentage of labour force working in industry	12	Number of physicians 10000 population
3	Average earnings per industrial worker per annum in I. D.	13	Number of hospital beds per 1000 population
4	Per-capita food grains production in tons.	14	Number of dispensaries per 10000 population
5	Per-capita industrial value added in I.D.	15	Number of Living rooms per head of population
6	Average earnings per agricultural worker per annum in I.D.	16	Ratio of regional labour force to its population
7	Per-capita regional electricity consumption KWS.	17	Percentage of regional urban population from the regional population
8	Per-capita regional pure water consumption C .M.	18	Number of bank branches per 100000 population
9	Number of primary school pupils per 1000 populations	19	Population density compared with national density
10	Number of secondary school students per 1000 population		

❖ **The outcome was:**

✓ Out of Fifteen Muhafadha and Kurdistan Region
  Nine "Viable" Economic Regions have Emerged. These are:

III. The "Viable" Economic Regions and Sub-Regions

Regional Rank and Number	Region by Name	Sub-region (administrative Units)	Sub-region Rank	Sub-region Group Rank
I	Baghdad	Baghdad	1	1
II	Kurdistan	Kurdistan	1	1
III	Al-Tameem	Al-Tameem	1	2
IV	Nineveh	Nineveh	1	2
V	Basrah	Basrah	1	2
VI	Diala	Diala	1	3[a]
VII	Western	Al-Anbar	2	3[a]
		Salahuddin	1	
VIII	Middle	Kerbela	1	2
		Al-Najaf	2	
		Babil	2	3[a]
		Wasit	3	3[a]
IX	Southern	Al-Qadissiya	3	3[a]
		Al-Muthanna	4	3[a]
		Missan	1	3[b]
		Thi-Qar	2	3[b]

Dynamic Disparities Among Iraqi Economic Regions

It is apparent that:

❖ Economic development processes of Iraq have been concentrated and generated prosperity in almost all urban centres.

❖ The spatially concentrated development has been the result of a chain of natural and historic accidents, which

❖ Have been aggravated by the allocation of public and private investment, that favoured Iraqi big cities (i.e. Baghdad and a few. others) and a few other urban centres, by and large;

❖ These trends, typically, have developed a situation of different spatial structure and imbalances of the economy, and

❖ Created different economic regions, i.e. rich and poor regions, with the consequences of different output structure, levels of productivity and standard of living etc., which have attributed to the lack of regional compensatory measures and/or absence of regional appropriate development policies and plans.

Regional Disparity Measures

Regional Disparities in Iraq can be delineated by applying the following norms:

I. Regional socio-economic index: This measure has been derived from the detailed regional clustering, applying factor analysis techniques/ principle components analysis. The results, by and large, have been utilized to quantify the aggregated regional socio-economic index. These indices, by region, are:

Regional Ranking by Socio-Economic Index:

Number of Region	Name of Region	The Index Value
I	Baghdad	13.577
II	Kurdistan	11.715
III	Al-Tameem	10.114
IV	Nineveh	10.090
V	Basrah	9.123
VI	Diala	8.435
VII	Western	7.870
VIII	Middle	8.897
IX	Southern	7.308
National Average		9.681

II. Regional per-capita income: the regional per-capita income level and rate of growth of the value-added*, are indicated here separately because they are not part of the above index parameters. Accordingly, the administrative units of the Iraqi economy (Muhafadhat), have been classified and divided into three main groups, depicting the level of their development. The third group, however, has been divided into two sub-groups, as follows:

* The figures on GDP have been obtained, by the author, on Muhafadha level, from COSIT, for 1990. As there are no other estimates for different years available, at present. These 1990 figures have been extrapolated to reflect the likely conditions of 2010, as is the case for the socio-economic regional indicators. This, however, has been done to be, somehow, nearer to the economic reality of todays.

Administrative Units Grouped by their Level of Development:

Group One: Highly Developed Units	Group Two: Developed Units	Group Three: Underdeveloped Units	
		Slightly	Strongly
1. Baghdad 2. Kurdistan	1. Al-Tameem 2. Nineveh 3. Kerbala 4. Al-Najaf 5. Basrah	1. Diala 2. Babil 3. Salahuddin 4. Wasit 5. Al-Anbar 6. Al-Qadisiya	1. Missan 2. Thi-Qar 3. Al-Muthanna

Regional Dynamic Level of Development and Regional Disparities

○ Relating each region, estimated, per-capita value added and its socio-economic index, with the corresponding national averages, the "emerged" **Nine Economic Regions** can be characterized into the following four categories of development conditions:

Regional Socio-Economic Index \ Net Value-Added Per-Capita	Higher than Average	Lower than Average
Higher than Average	Developed (Relatively) I, II, III, IV,V	Developing VI
Lower than Average	Underdeveloped VIII	Distressing VII, IX

The Tasks Ahead

- **Given the above analysis, it is recommended that:**

  ➢ Regional development process should be treated as an integral part of the national development planning mechanism and the overall strategic and development plans.

  ➢ The urgent need for adopting planning approach that accommodating both national (federal) and regional objectives and development visions, in a coordinated and convergent manner.

  ➢ It is imperative to pursue a socio-economic development path and policy based on optimal regional investment allocation and project location. This, nonetheless, should be objectively determined through regional comparative advantages, potentialities, demand (market) orientation and feasible outlets.

➢ It is highly advisable to applying and extending the process of medium term fiscal framework (MTFF). And hence, medium term budgeting framework (MTBF), to cover the regional dimension. This, by and large, would, desirably, be based on managed decentralization systems

➢ To improving and expanding the regional statistics methods and surveys, so that regional variances in economic potentialities, production capabilities, supplies , demands and needs, would be quantified and delineated. Hence, regional necessity index is established and various related indicators are objectively numerated. However, establishing and quantifying regional indicators, would be used as main parameters, within a structural framework, for carrying out regional socio-economic development monitoring and evaluation.

Cont.

➢ Last but not the least, regional development process has to be accompanied with efficient infrastructure, particularly, an efficient interregional transportation network, with optimal selection and development of different modes of transport between the regions. This is an imperative prerequisites, to facilitate the optimal interregional linkages, and balanced interregional movements of commodities and factors of production.

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Thank You