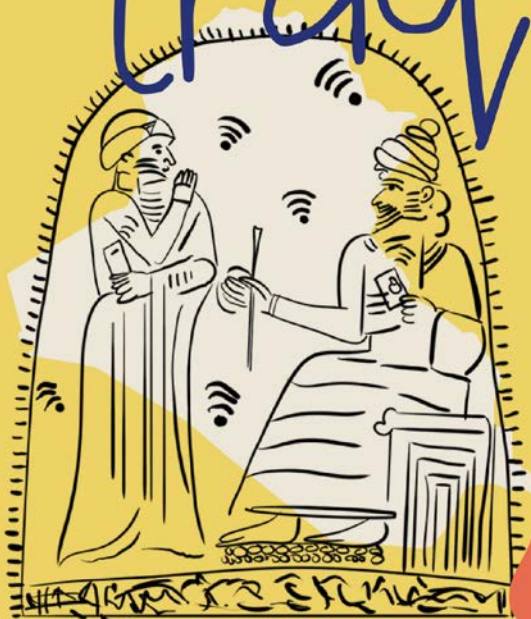




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MESOPOTAMIA RECONNECTED: EMERGING TECH  
AND CONFLICTS SHAPE THE DIGITAL EVOLUTION

# MESOPOTAMIA RECONNECTED: EMERGING TECH AND CONFLICTS SHAPING THE DIGITAL EVOLUTION

*Iraq's digital evolution faces challenges amidst political and economic shifts. Despite historical obstacles, the nation embraces digital opportunities, focusing on financial empowerment and government modernisation. However, hurdles like education gaps and regulatory complexities persist. Recommendations stress inclusive policies, infrastructure development, and digital literacy to foster equality and sustainable growth.*

Ali Al-Hilli

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Iraq has faced myriad challenges over recent decades, shaping its political and economic landscape. With an annual population growth rate of approximately 2.5 per cent, the nation grapples with the dual task of accommodating

a burgeoning labour force while ensuring access to essential services such as education, healthcare, and employment opportunities. Moreover, Iraq's vulnerability to climate change has exacerbated its agricultural decline, impacting food security in a country heavily reliant on oil exports for several decades, with petroleum revenue constituting over 95 per cent of its total state income.

Despite enduring periods of conflict, political instability, and the disruptive influence of groups like ISIS, Iraq is embracing the potential of the digital age to catalyse economic growth and social development. While the journey towards digital transformation has been hindered by historical challenges, the burgeoning digital economy is now offering promising solutions and opportunities. Spearheaded by a dynamic cohort of young entrepreneurs and bolstered by government initiatives, Iraq is striving to address its pressing socio-economic issues by fostering innovation, enhancing digital literacy, and reintegrating with regional and global economies through strategic partnerships and policy reforms. As the nation navigates these complexities, a renewed focus on leveraging digital technologies promises to chart a path towards a more prosperous and resilient future.

***How would you define or describe the digital trends in your country, especially regarding digital social impact ventures?***

Iraq is progressively aligning with global digital trends, gradually overcoming decades of conflict and adapting to a market economy. The nation is in a phase of digital evolution, focusing on enhancing financial inclusion, advancing automation, and integrating e-payment systems, alongside laying down critical tech infrastructure such as FTTH (Fibre To The Home) and exploring 5G technology.

A notable initiative is its recent project aimed at facilitating data transmission between South-West Asia and Europe,

reflecting the government's commitment to regulatory reforms and technological advancement. With a median age of 20.4 years, Iraq's vibrant population is avidly consuming and creatively producing digital content, addressing local needs with innovative tech solutions.

Although its tech landscape is emerging, major regional players like Careem-Uber and Talabat have established their presence, and others, such as the Arab Bank, are conducting research to enter the market. This dynamic indicates a promising trajectory for Iraq's digital social impact ventures, driven by a young, tech-savvy generation eager to contribute to the country's digital transformation.

### ***How would you describe recent digital shifts in your country?***

The digital landscape in Iraq has undergone a remarkable transformation over the past two decades, a period marked by significant historical events, including two major wars in 1991 and 2003 and the invasion by ISIS a decade ago.

This backdrop of conflict has not hindered but rather shaped the trajectory of digital evolution in the country. Transitioning from a socialist to a capitalist economy, Iraq has seen technology become a crucial driver of economic change. The impact of this shift is evident in the dramatic increase in digital tax/tariff collections, which soared from Iraqi Dinars (IQD) 3.35 billion in 2021 to IQD 108.9 billion in 2023, and in the surge of digital payment transactions from IQD 298 billion in 2019 to IQD 9.66 trillion by 2023. This period also witnessed a significant expansion in government institutions offering e-payment services, from just 12 to over 550.

The introduction of 4G and Fiber-to-the-Home (FTTH) technology in 2020 marked a pivotal moment for Iraq's digital economy, facilitating a boom in e-commerce, which now grows by 23 per cent annually, and the gig economy, creating over half

a million jobs in sectors like ride-hailing, quick commerce, and food delivery.

Today, the digital commerce sector in Iraq is valued at over USD 6 billion, a stark contrast to two decades ago when digital technologies were virtually non-existent in the country, emerging from the aftermath of the second Gulf War. This dramatic shift underscores the resilience and rapid adaptation of Iraq's economy and society to the digital age, leveraging technology to rebuild and redefine itself amidst and after periods of conflict.

***Describe and provide insight into whether your country is democratic or the internet is breaking democracy in your body of politics.***

In Iraq, the journey towards a fully realised democracy is ongoing, with the country having conducted only five democratic elections over the past two decades. The electoral process undergoes revisions every four years, testing new changes, yet many laws remain antiquated, rooted in a bygone socialist era, and clash with contemporary democratic standards, including those concerning freedom of speech.

The Iraqi Penal Code of 1969, for instance, contains provisions that Human Rights Watch argues conflict with the freedoms protected by the 2005 Constitution, highlighting a disconnect between Iraq's legislative framework and its democratic aspirations.

Recent events have further spotlighted the tension between internet freedom and governmental control. The prosecution of content creators and bloggers for producing what has been deemed "Morally Low Content," resulting in prison sentences, has ignited widespread calls for clearer regulations that align with the principle of free expression.

The early 2024 imprisonment of a prominent political journalist has also sparked intense debate among the media community about the state of freedom of speech in Iraq. Figures like Hussam Al Hajj and Ahmed Mula Talal have been vocal in Iraqi media, challenging the government's stance and raising concerns about who might be targeted next.

These incidents underscore the complex relationship between the internet's role in fostering democratic discourse and the challenges posed by existing legal and regulatory frameworks that have yet to fully embrace the principles of democracy and free speech.

***Digital Tools are considered to be empowering. Can you describe which sector in your country has been helped by the Digital most?***

In Iraq, the financial sector stands out as the most significantly empowered by digital tools, showcasing a rapid transformation towards digital enablement.

A pivotal moment came in February 2023 when it was mandated for merchants to process transactions through the SWIFT system, highlighting a significant shift towards digital financial transactions. This move is complemented by the private sector, including banks and non-bank financial institutions, which have been instrumental in offering innovative digital access points such as mobile banking apps, internet banking, and payment gateways. These developments not only facilitate transactions for the public and private sectors but also enable the creation of Software as a Service (SaaS) platforms, further integrating digital tools into the financial ecosystem.

Government services have also seen substantial digital enhancements. The UR gate platform, which is continuously updated with new digital solutions, and the introduction of an E-visa system are prime examples of how digital tools are

streamlining processes and improving accessibility for both locals and the international community. Additionally, the full implementation of the UN ASYCUDA (Automated System for Customs Data) system for imports at land and sea ports, following its success at Baghdad Airport, marks a significant step towards digitising customs processes.

In the Kurdistan region, the government's efforts to digitise business registration tools and processes, coupled with legal reforms, are significantly lowering barriers for young entrepreneurs, facilitating easier and quicker access to the business ecosystem. However, while digital tools offer empowerment and efficiency, there is a potential downside. In sectors where digital adoption is uneven, such as among small businesses or in rural areas, the digital divide can widen, potentially disadvantageous to those without access to digital technologies.

Moreover, the rapid digitisation of financial and government services necessitates robust cybersecurity measures to protect sensitive information and ensure the trustworthiness of digital transactions, highlighting a critical area where empowerment through digital tools must be balanced with security and inclusivity considerations.

### ***What are the biggest challenges in your country in terms of digital transformation?***

*Education and Skills Development:* For digital transformation to be truly effective, a workforce skilled in new technologies is essential. This means investing in education and training programs focused on digital skills, from basic digital literacy to advanced areas like AI, machine learning, and data analytics. Addressing this challenge is critical in a country with a young population eager to participate in the digital economy.

*Cultural and Social Acceptance:* The shift to digital requires

changes not just in technology but in mindset. Encouraging the adoption of digital solutions among businesses and the general population, many of whom may be accustomed to traditional ways of doing things, requires targeted awareness and education campaigns.

*Regulatory Framework:* The creation of a supportive regulatory environment is crucial for digital transformation. This involves not just fostering innovation and investment but also ensuring data protection, cybersecurity, and consumer rights. Developing and implementing these regulations in a way that encourages growth while protecting stakeholders is a complex challenge.

*Political and Economic Stability:* Finally, the broader context of political and economic stability plays a crucial role in the success of digital transformation efforts. Ensuring a stable environment where investments in digital technologies can flourish is essential for sustained progress.

***Does your country consume digital content more than it produces, or vice versa?***

Iraq consumes more digital content than it produces. Although podcasts, YouTube talk shows and media content generation outlets are increasing, digital content consumption is higher than creation because digital literacy is still an area with development potential and infrastructure is still developing, among other factors.

The filmmaking and drama industries are evolving year after year. Yet, they are not appealing to both the regional and global streaming services. 2023 witnessed the launch of two Iraqi streaming platforms, Al-Manasa and 1001. Both aim to invest in creating more Iraqi content and broadcasting it to the region.

***Can you make recommendations on how your country should make digital policies an equaliser?***

To harness digital policies as a force for equality in Iraq, the government must embark on a multi-faceted strategy aimed at creating an inclusive digital ecosystem. Central to this approach is the expansion of digital infrastructure, ensuring that reliable and affordable internet access reaches every corner of the country, from bustling urban centres to remote rural areas. This foundational step is crucial in eliminating the digital divide and democratising access to digital opportunities.

Alongside infrastructure development, there's a pressing need for comprehensive educational initiatives that bolster digital literacy for all citizens. Tailored programs should not only focus on imparting basic digital skills but also on nurturing advanced technological competencies to prepare the Iraqi workforce for the demands of the digital economy.

Furthermore, fostering an environment that encourages innovation while safeguarding consumer rights and data privacy will be key in attracting investment and nurturing a vibrant tech sector. Financial inclusion efforts must be accelerated to bring the unbanked into the digital economy, leveraging fintech solutions to facilitate broader economic participation. Supporting SMEs and startups with access to digital tools, financial aid, and mentorship will catalyse job creation and ensure a diverse digital content ecosystem. Through these concerted efforts, Iraq can leverage digital policies to promote social and economic equity, driving sustainable development and inclusive growth in a rapidly evolving digital landscape.

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*With over 14 years of experience in business development, software engineering, FinTech, and telecommunications, Hilli has honed his skills across multiple sectors in both Iraq and Jordan. His educational background includes a bachelor's in software engineering from Al-Ahliyya Amman University and an MBA from NYIT. Passionate about entrepreneurship and innovation, contributed to various social and educational initiatives. Currently, he is focused on driving growth and innovation at Miswag, Iraq's leading homegrown e-commerce startup. Before joining Miswag, Hilli was the Youth & Entrepreneurship Consultant, Acting Head of the CER Unit at Zain Iraq, and Chief Operations Officer at ChickMania Multimedia Agency; he is an active community member in both Jordan and Iraq. He's been involved in the StartupWeekend program for the past 6 years; he is the chapter lead for techfugees in Jordan. And was recently named Techstar's community leader of the year. His background varies from software development to business administration from both AAU and NYIT.*