

## Poverty at a Distance: Supply and Demand Side Factors and the Formation of Civil Society Organizations in Iraq

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Article DOI: 10.48028/iiprds/rjhlsid.v6.i1.09

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### Abstract

This paper contributes empirically to the international debate on the drivers for the formation of civil society organizations (CSOs) by testing three separate hypotheses: demand, supply and integration. To investigate this question, we analyse the CSO sector in Iraq, which transformed since 2003 from being implicitly banned to being a central pillar of poverty alleviation and social service provision with thousands of formally registered organizations. Using OLS regression analysis with district level and official register data, we examine the geographic distribution of CSOs in relation to poverty levels in Iraq. We find no significant confirmation for demand side drivers that social service providing CSOs form in high poverty districts. Instead, we find strong support for CSO formation in governorate administrative centres, which confirms supply-side drivers of CSO development. However, we do find some support for a higher concentration of human rights-based CSOs in high poverty areas. The findings raise important policy implications for the UN Sustainable Development Goal of no poverty in an Iraqi context and internationally, but also how to fund CSOs to meet the demands of the primary recipients.

**Keywords:** *Civil Society, Iraq, MENA, NGOs, Poverty, Third Sector, UN SDGs*

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*First Published: <https://onlinelibrary.wiley.com/doi/epdf/10.1002/jid.3791>*

## **Background to the Study**

Since the regime change in Iraq in 2003, formal civil society organizations (CSOs) have grown substantially. Prior to 2003, they were implicitly banned, but in 2020, there were more than 4000 officially registered CSOs. Furthermore, the former Ba'athist regime's strategy to uphold its legitimacy in the public sphere prohibited the formal provision of social welfare outside of the regime apparatus even when the state lacked resources (Harling, 2012; Mustafa, 2008). Post 2003, several economic and governance reforms placed greater emphasis on third sector welfare provision. With the expansion of the third sector, the potential to enhance the wellbeing of Iraqi residents has increased. However, this seismic social transition in the form of third sector development is neglected in the development literature. This article addresses this gap by examining the drivers of CSO formation and important aspects of their geographical distribution in relation to their function, services and recipients. Among the key questions is the extent to which the geographic distribution of these CSOs is based on the distribution of poverty rates. Despite being oil rich, Iraq has relative high poverty rates in the region, which a substantial majority of CSOs aim to address. Furthermore, our analysis is the first to utilize the official register data of CSOs in Iraq, which we combine with district level socio-economic data for multivariate analysis of CSO formation.

## **Literature Review**

While the empirical focus is on Iraq, this article contributes to a wider debate on the drivers of demand for and supply of CSOs and how other factors contribute to their formation. We contribute to this discussion with a focus on the demand and supply side factors, which affect the geographic distribution of CSOs and their formation. The demand side hypothesis argues that CSOs are concentrated in areas near their service recipients. On the other hand, the supply side thesis suggests that CSOs follow their supply of funding. It argues that the priority of CSOs is organizational survival and, therefore, concentration in areas where there is a higher abundance of resources is more important (Grønbjerg & Paarlberg, 2001). In the case of CSOs with a social service mission, this would mean they would be concentrated in more resource abundant neighbourhoods and/or be near relevant government departments.

This article investigates three specific questions. First, what is the current state of CSOs in Iraq? While qualitative case studies describe a very limited set of CSOs in Iraq (Ali, 2018; Aljabiri & Jawad, 2019) and some Arab language publications provide a glimpse at the transition since 2003 (Mustafa, 2008), we provide the first comprehensive overview of CSOs in Iraq based on official register data. Second, what proportion and types of CSOs are dedicated to social services and poverty alleviation in Iraq? For our analysis, we design a new categorization of CSOs based on the official register classifications and 'rights-based' versus 'needs-based' approaches (inter alia Harris-Curtis, 2003). Third, using these categories, we contribute to the debate on how demand and supply side factors affect civil society development. Specifically, we examine the number of CSOs dedicated to welfare and poverty prevention at the district level. If CSOs followed demand for their services, we would expect higher numbers to be in poorer districts. In contrast, if CSO formation was purely supply driven, CSOs would locate in wealthier districts or near government administrative centres. However, if CSOs are found to be in both higher and lower poverty districts, we examine whether human rights-based CSOs versus needs-based CSOs are more commonly formed in high versus low poverty districts.

The geographical distribution patterns of CSO formation have important implications for anti-poverty strategies. Firstly, service recipients, especially low-income recipients, tend to obtain their services from providers that are in close proximity as they may not be able to afford to access more distant providers (Katz, 2014). Moreover, the presence of CSOs in high poverty areas is a critical indicator of how such organizations target these communities. For example, local community-based organizations provide a space for citizen empowerment, which more distant CSOs are less able to provide (Fyfe & Milligan, 2003; Grønbjerg & Paarlberg, 2001; Joassart-Marcelli & Wolch, 2003). Understanding the underlying factors behind CSO formation in a global development context provides important insights into designing effective anti-poverty strategies with CSO partners and communities. This helps progress two of the UN Sustainable Development Goals (UN SDGs): no poverty (Goal 1) and partnerships for the goals (Goal 17).

### **Conclusion**

Our analysis has critically assessed supply and demand theories through the case of CSOs in Iraq. By utilizing register and aggregate district level data, our analysis has offered the first comprehensive insight into the third sector of a highly understudied state in a highly understudied region of the world. The analysis has demonstrated that CSOs follow specific distribution patterns by forming in administrative centres, and it has found that poverty levels are not a driving factor behind CSO formation. Beyond the specific case of Iraq, this study has provided new theoretical insights into the geographic distribution of CSOs. Overall, we found no evidence for the demand side drivers of CSO formation in relation to poverty. On the contrary, the clustering of CSOs in administrative districts provides stronger support for supply-side factors. Concentrating in administrative centres could offer specific benefits to CSOs such as higher levels of infrastructure, higher access to skilled employees and more funding opportunities. On the other hand, it may indicate that CSOs rely heavily on clientelist networks of patronage with local government officials. Furthermore, CSOs' spatial distribution patterns exacerbate concerns that individuals within less developed districts have less access to social services provided by CSOs, which amplifies spatial inequalities even further and curbs progress to achieve UN SDG 1, no poverty. Taken together, these findings point to policy challenges on how to encourage CSO formation in districts with higher demand. Although we have identified clear supply-side drivers, further primary research would be required to provide specific insights for policy learning. Moreover, data availability is a serious limitation for social science research in Iraq, particularly for inferential statistical analysis. Nonetheless, we have taken the initial step of utilizing a national register of CSOs to gain a basic understanding of the contours of the sector and identify some key sociodemographic factors that shape these contours. Further in-depth survey research, which we have begun, is required to link the meso-level district data with micro analyses of CSOs and their internal characteristics. Nonetheless, our spatial analysis has enabled further empirical and theoretical insights into CSO formation patterns than previous descriptive analyses. These insights are critical to understanding how CSOs currently engage in anti-poverty initiatives and how they can further develop these initiatives. While we have clearly illustrated the data limitations, this article is meant to demonstrate to government agencies, researchers and developmental organizations the importance of creating more district level

socioeconomic indicators. Certainly, international organizations such as the World Bank and UNICEF are working with the Government of Iraq's Central Statistics Organization to expand upon current indicators at the governorate level. However, more fine-grained district or neighbourhood level indicators would be essential to better understand the distribution of poverty and CSOs' role in addressing it, thereby improving the availability and quality of service provision across the country. Finally, this study focuses on formal CSOs, that is, the 4000 on the register. We recognize that civil society in Iraq is larger than this and includes numerous social protest movements performing 'under the radar' activities as well as informal networks of religious and other social institutions. However, the social policy implications of our study of formal organizations are highly significant in themselves. The government of Iraq is relying more heavily on private and third sector welfare provision rather than statutory benefit schemes and public services. This study offers an important first stage in gaining a detailed understanding of the spatial distribution of CSOs providing social services in Iraq and the factors driving their choice of location.

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