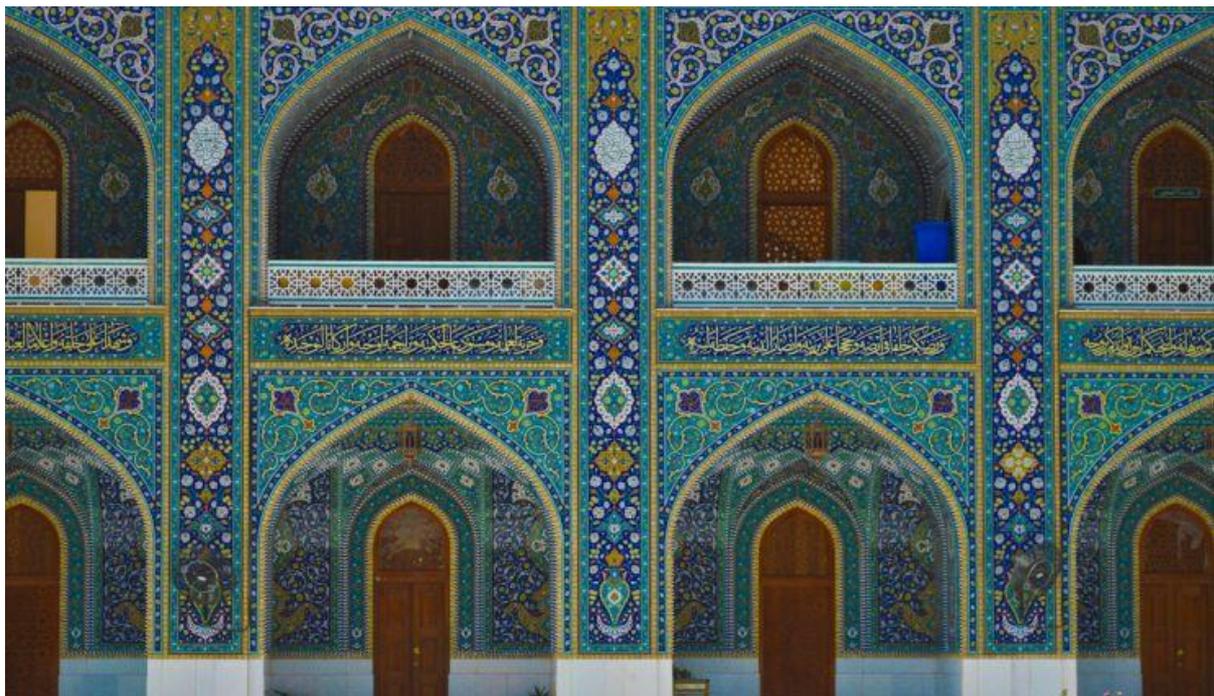


Iraq

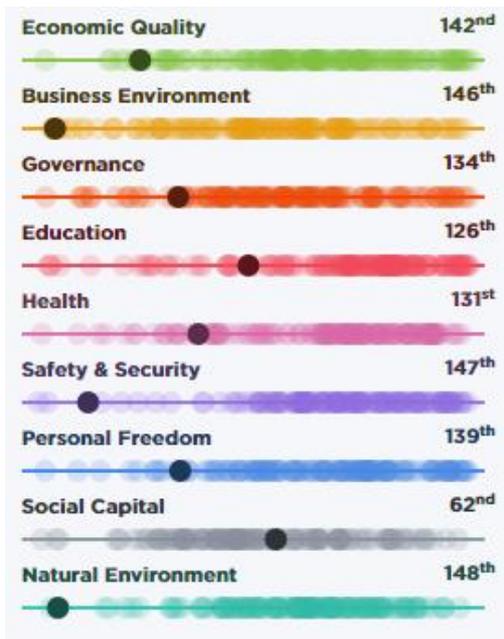
Ranked 143rd of 149 on the 2016 Legatum Prosperity Index™



OVERVIEW

Poor performance across all sub-indices, except Social Capital, has made Iraq one of the ten least prosperous countries covered by the Prosperity Index.

Given that Iraq ranks in the bottom ten in the Business Economy, Economic Quality, Safety & Security, and Natural Environment sub-indices, it is unsurprising that it is the sixth least prosperous country covered by the Prosperity Index. Iraq, has become a battleground for competing forces since the ousting of President Saddam Hussein in 2003 by the USA. Since then, chronic instability and conflict have decimated the country's economy and infrastructure despite it benefiting from the world's fourth largest reserves of crude oil. With the death toll continuing unabated, it comes as no surprise that Iraq's ability to deliver prosperity to its citizens has been dramatically constrained. Social Capital is the only sub-index which has significantly improved since 2007 to being ranked 62nd.



Sub-Index Rankings

In the Prosperity Sub-Index rankings, Iraq performs best on **Social Capital** and **Education** and scores lowest on the **Natural Environment** sub-index.

Visit our [Rankings](#) table to see how Iraq compares to other countries.

PROSPERITY GAP

The 'Prosperity Gap' takes a country's GDP and uses it as the yardstick to measure a nation's expected Prosperity Index ranking.



Iraq has the worst prosperity deficit in the world. Conflict and instability over recent years has made Iraq more and more of an under-deliverer of prosperity with its deficit showing no signs of improvement.

COMMENTARY

The Prosperity Index shows Iraq struggling and failing to deliver prosperity for its citizens. Indeed, Iraq is the country which delivers the least prosperity to its citizens relative to its wealth. The country's Economic Quality sub-index, ranked 142nd is facing severe and pressing challenges. Falling oil prices in the last two years (oil provides more than 90% of government revenue) and the rise of so-called Islamic State from 2013, which is estimated to control one-third of the country) have come as a double shock to the economy.

Satisfaction with living standards, which had been improving, albeit slowly, since 2007 have been declining again from 2013 onwards. Iraqis are not happy with life under IS. The same pattern can be observed with the unemployment rate and trailing 5-year GDP growth which has declined by 2.33 percentage point since 2013 to 2.37% in 2016. Absolute poverty remains high and extreme vulnerability to poverty threatens to overturn any progress made in this variable over the last decade. So-called Islamic State imposes a high cost on the economy with inefficiency and corruption. Such corruption and conflict is crippling exports despite Iraq having the world's fourth largest reserves of crude oil.

These events lie behind the deterioration across Iraq's Safety & Security sub-index, placing it third worst globally. Particularly affected are its war casualties, political terror scale, and deaths caused by terror attacks, which have more than doubled since 2007. According to the World Bank, 10,497 people have been killed since the beginning of 2016 and heightened widespread insecurity since the rise of so-called Islamic State has led to 3.4 million people being internally displaced. On an individual level, Iraqis feel less secure about their food and shelter situation and theft rates have risen by 11% since 2010.

Increasing insecurity and financial instability have diminished the prospects for an improving economy and for attracting foreign investment. It is thus of no surprise that Iraq's Business Environment sub-index has dropped by six ranks over the last decade to 146th. There are no regulations for resolving insolvency and ease of obtaining credit, affordability of financial services and broadband coverage are among global bottom ten.

While the general outlook looks pessimistic some notable improvements have been made. Most impressive has been a 52 rank increase in the Social Capital sub-index from 114th in 2007 to 62nd in 2016. The country has experienced a surge in interpersonal relations with citizens feeling more inclined to help a stranger and feeling that they have greater opportunities to make friends. Trust in this society fragmented by warfare seems to be being restored, and altruism is flourishing from the most desperate of situations.

Rising Social Capital in Iraq



The Legatum Prosperity Index™

www.prosperity.com

Social Capital in Iraq in 2007 and 2016, according to the 2016 Prosperity Index.

Iraq's Social Capital score has increased considerably over the last decade, becoming Iraq's best performing sub-index by 64 ranks.

Iraq's future outlook also seems more favorable due to an expected rise in oil prices in 2017 and considerable gains against IS. The government also launched a new poverty reducing program in April 2016, which aims to reform the social security network to alleviate its high poverty rates. Prosperity has a chance of slowly being stimulated in Iraq, a process that can be helped through close monitoring and support from the global community.

Ways to make a change

Click on the Tweets to help make a change in your nation.

1. Iraqis need our help: stop fighting and start rebuilding! [🐦](#)
2. Personal Freedom in Iraq is progressively becoming something the country's citizens' can aspire to. [🐦](#)
3. Is Iraq's rapidly improving Social Capital hope for a more prosperous next decade? [🐦](#)

Visit Iraq's [country profile](#) on [www.prosperity.com](#).