Kapita
\\Research

May
2026

THE RESILIENCE FIELD GUIDE

FOR IRAQI BUSINESSES

Survive · Stabilize · Adapt · Transform

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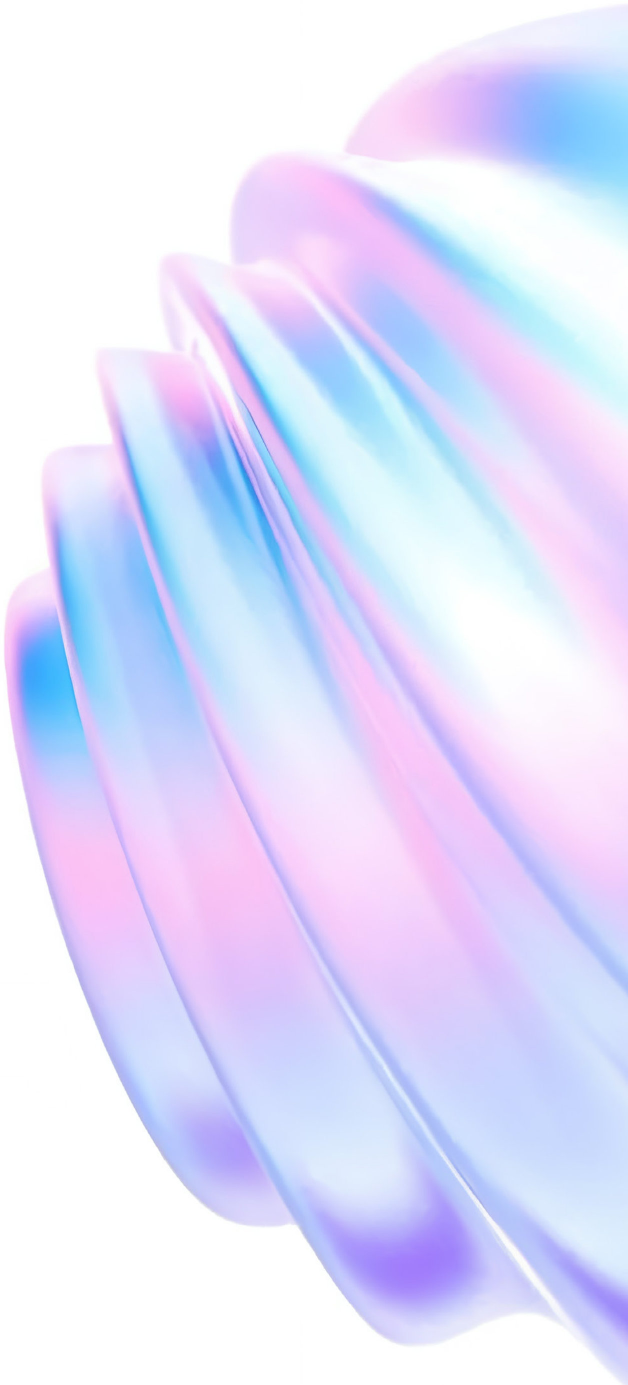
Research & Consultancy

THE RESILIENCE FIELD GUIDE FOR IRAQI BUSINESSES



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00

Executive Brief

This guide uses the 2026 USA-Iran conflict and its economic effects on Iraq as its central reference case. The frameworks, tools, and sector playbooks here are built to apply to any significant disruption — not just this one. The war is the example. The lessons are universal.

In February 2026, the conflict reached Iraq's economic doorstep. The Strait of Hormuz — the corridor through which approximately 75% of Iraq's imports arrived and through which its oil revenues flow — came under sustained disruption. Intermittent closures and partial reopenings kept the situation fluid through early 2026, and the economic damage accumulated rapidly. The war did not arrive alone: it landed on top of a customs regime that had already increased import costs, a banking sector already partially locked out of dollar access, and a government already unable to fund its obligations. The result was not one crisis — it was eight running simultaneously. No sector was untouched. This guide draws on that experience as its reference case.

70%
Oil Production Drop
4.3M → 1.3M bpd

$7B
Revenue Loss / Month
90% of state budget

33
Banks Sanctioned
USD access blocked

8
Simultaneous Crises
All active, all linked

The Eight Crises — Simultaneous, Interlocking, All Active

HIGH • Jan 2025

Budget Paralysis—1/12 Rule

Government monthly spending was capped at one-twelfth of the previous year's budget. No new contracts. No new investment approvals. Unpaid ministry invoices accumulated with no resolution timeline in sight.

MEDIUM • Aug 2025

US Reciprocal Tariffs

35% tariffs on non-oil exports added input cost pressure on top of CD 957 for businesses with trade exposure. Cost increases arrived from multiple directions simultaneously.

HIGH • Nov 2025

Political Deadlock

Government formation delays left critical decisions unmade precisely when coordinated response was needed most. The absence of unified policy became a compounding factor in its own right.

HIGH • Jan 1, 2026

Customs Reform (Iraq's Cabinet Decision No. 957)

Container clearance costs rose from 3-5 million on average to 25-60 millions — a 12× increase.
This is a permanent policy. There is no planned reversal. Every importer is now operating with a fundamentally different cost structure.

CRITICAL • Feb 28, 2026

Security — Active Conflict

The war raised the risk of direct spillover into Iraqi territory. A number of military installations across several provinces came under airstrikes, heightening security concerns. Foreign firms began reducing their exposure, and uncertainty around movement created localized economic disruption even in areas removed from the front lines.

CRITICAL • Feb 28, 2026

USA-Iran conflict / Hormuz Disruption

The war began February 28, 2026 and immediately placed the Strait of Hormuz under sustained pressure — Iraq's primary corridor for approximately 75% of its imports and its main oil export route.

HIGH • Ongoing

Banking and Dollar Access

33 commercial banks were cut from USD access by US sanctions. Letter of credit facilities — the basic instrument of import finance — were suspended for the majority of the private sector.

CRITICAL • Q1 2026

Oil Revenue Collapse

Production fell from 4.3M to approximately 1.3M barrels per day. At $7B lost per month, the government — which funds 90% of its budget from oil — faced total fiscal paralysis within weeks of the war's outbreak.

01

The Disruption Landscape

Understanding the sequence of events matters. These crises did not arrive together by accident — each one set conditions for the next. The timeline below shows how they compounded. The transmission channels that follow explain how the effects reach your business, regardless of sector.

Crisis Timeline: November 2025 – April 2026

Month	Key Events
Nov 2025	Parliamentary elections (Nov 11) — Coordination Framework declares largest bloc. Government formation process begins, then stalls.
Dec 2025	First parliamentary session (Dec 29). CD 957 announced, immediately contested. Maliki nominated as PM; the US (Trump) objects on Maliki's nomination; process enters deadlock.
Jan 2026	CD 957 enforced: full customs tariff plus ASYCUDA system activated. Container clearance costs spike 12× overnight. Every importer is affected from day one.
Feb 2026	Federal Court dismisses customs challenge — CD 957 is locked in as permanent policy. More banks banned from USD access. USA-Iran conflict begins Feb 28.
Mar 2026	Hormuz under sustained disruption. Oil production drops sharply. Major shipping companies suspend or severely reduce Iraq service. Overland routes become the primary import lifeline.
Apr 2026	By April 2026, the situation had remained dynamic throughout Q1. Disruption continued with intermittent partial reopenings, and economic damage deepened as businesses exhausted their pre-crisis inventory buffers.

Why Every Business Is Affected — The Transmission Channels

Channel	How the Crisis Reaches You
Government salary shock	Iraq employs roughly 4 million people and pays their salaries from oil revenues. With revenues at a fraction of normal, the likely outcome is salary cuts of 20–40% and payment delays — exactly as occurred under the 2014 government during the 2014 oil crisis. That shock cut consumer purchasing power by a third within two months. During the 2026 disruption, the same mechanism played out faster and against a more fragile baseline. Fewer customers, lower purchasing power, falling sales — regardless of sector.
Import route disruption	During the 2026 disruption, the primary import corridor came under the same pressure as the oil export route. Overland alternatives via Turkey and Jordan remained available — but at 25–40% more cost and significantly lower volume. Every week of disruption compounded this premium on top of the CD 957 cost increase that was already in place.
Banking and dollar access	During the 2026 crisis, 33 banks were cut from USD access. Businesses whose bank appeared on the list found their ability to issue letters of credit or make dollar-denominated payments immediately suspended. The practical alternative — sourcing dollars through money changers or the CBI window — was slower, more expensive, and far less reliable than normal banking.
Budget and receivables freeze	The 1/12 rule prevents the government from writing new contracts, approving investments, or clearing unpaid invoices above the monthly spending cap. If you are owed money by a government entity, your collection timeline has extended significantly — with no defined resolution date.
Security environment	The threat of direct spillover into Iraqi territory suppressed economic activity, disrupted logistics, and prompted foreign firms to reduce their exposure. Security risk is not just an operating cost — it is a demand suppressor that affects revenue even for businesses physically removed from affected areas.

02

The 4-Horizon Response Framework

Every serious crisis management framework — McKinsey, BCG, IFC, EBRD — and every conflict economy case study from Ukraine to Lebanon to Yemen arrives at the same finding: crisis response has four phases, and they cannot be skipped or reordered. The businesses that survived and grew through those conflicts moved through all four deliberately, in sequence.

The ones that tried to skip ahead — or stayed too long in survival mode — failed. The framework below compresses that research into the form most useful for an Iraqi business operator navigating this type of disruption.

The 2026 crisis is used throughout as the reference case.

HORIZON 1

SURVIVE

Days 1–30

HORIZON 2

STABILIZE

Days 30–90

HORIZON 3

ADAPT

Months 3–12

HORIZON 4

TRANSFORM

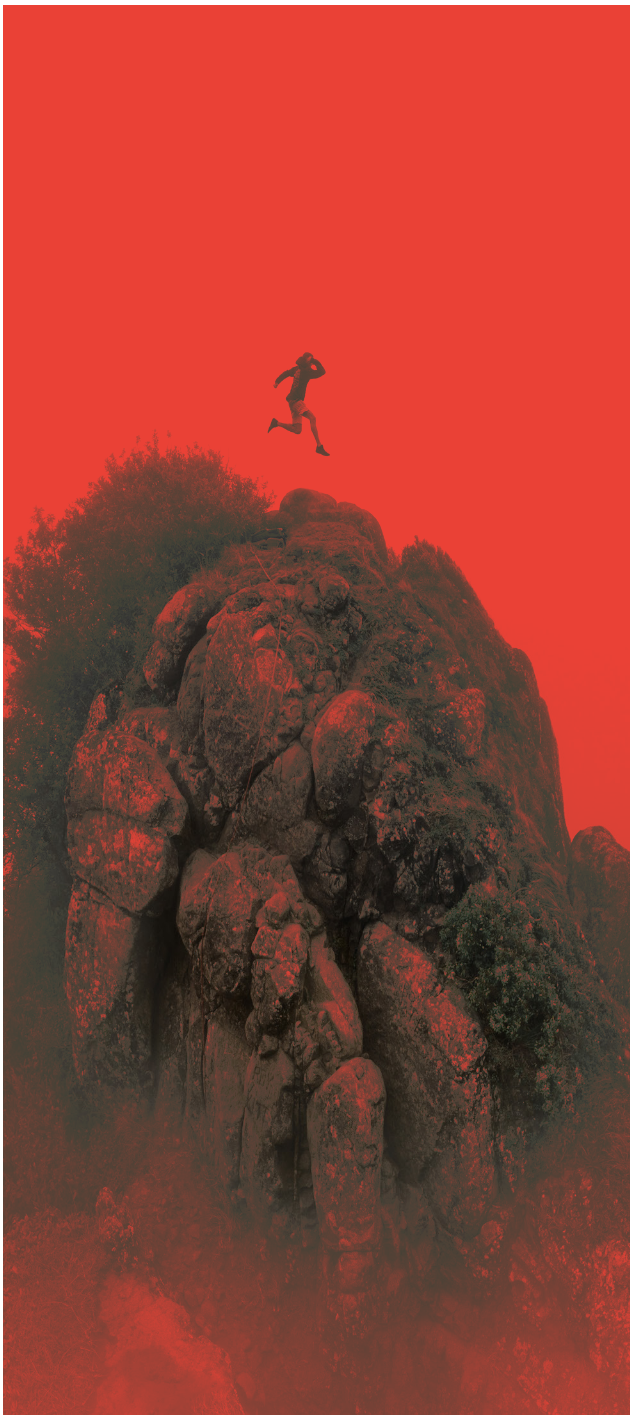
Years 1–3

HORIZON 1
Survive (Days 1–30)

- Form a crisis committee today. Daily 30-minute stand-ups. Written decision rights: who can commit money, who can cut a supplier, who can speak to clients. Define it now and communicate it to your team.
- Build your 13-week rolling cash flow forecast before this week ends. Your 'cash cliff date' — the exact day you run out if nothing changes — must be a number, not an estimate. This single tool will guide every decision you make.
- Apply Traffic Light status to every supplier, customer, and market: Red (imminent risk to your business), Yellow (under pressure, monitor closely), Green (stable, maintain). Update every week. This replaces instinct with a system.
- Freeze all non-essential capital expenditure and hiring. Not a pause — a freeze. Every Dinar not spent on survival extends your runway. Treat every expense as optional until proven otherwise.
- Call your bank today. Do not wait until you need credit — credit lines close before crisis peaks, not after. Ask specifically: is our facility secure, and what conditions would change that?

WHEN TO MOVE FORWARD

Move to Horizon 2 when: your team's safety is confirmed, your 13-week cash flow forecast is built and updated weekly, and your crisis committee is making daily decisions with clear authority.

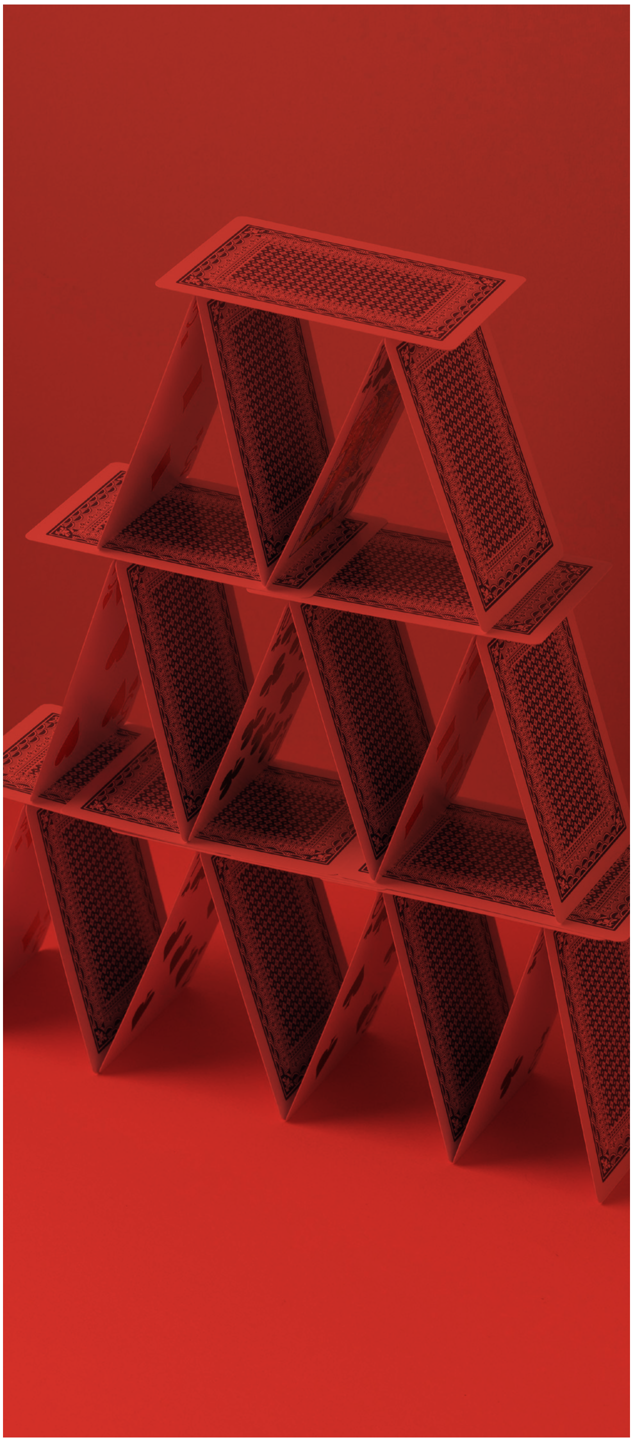


HORIZON 2
Stabilize (Days 30–90)

- Activate Ibrahim Khalil (Turkey-KRI) and Trebil (Jordan-Anbar) as your primary import routes now. The 25–40% cost premium is real and painful — but an operational route at a 40% premium is worth infinitely more than a blocked route at face value. Absorb the cost. Maintain the flow.
- Pre-qualify backup suppliers in at least two countries this month. The evidence from comparable crises is consistent: businesses with pre-positioned backups recover 3–5 times faster than those scrambling to build alternatives during the disruption.
- Move every critical business system to cloud platforms — accounting, CRM, contracts, communications. Cloud infrastructure operates regardless of what happens at a port or a border. It is the only category of system you can trust to remain accessible when physical access fails.
- Negotiate extended payment terms with suppliers — target 60 days or more. Offer early payment discounts to clients who can pay quickly. Extend your cash position in both directions at once.

WHEN TO MOVE FORWARD

Move to Horizon 3 when: alternative supply routes are fully operational, your runway exceeds 90 days, and your core workforce is stable and actively retained.



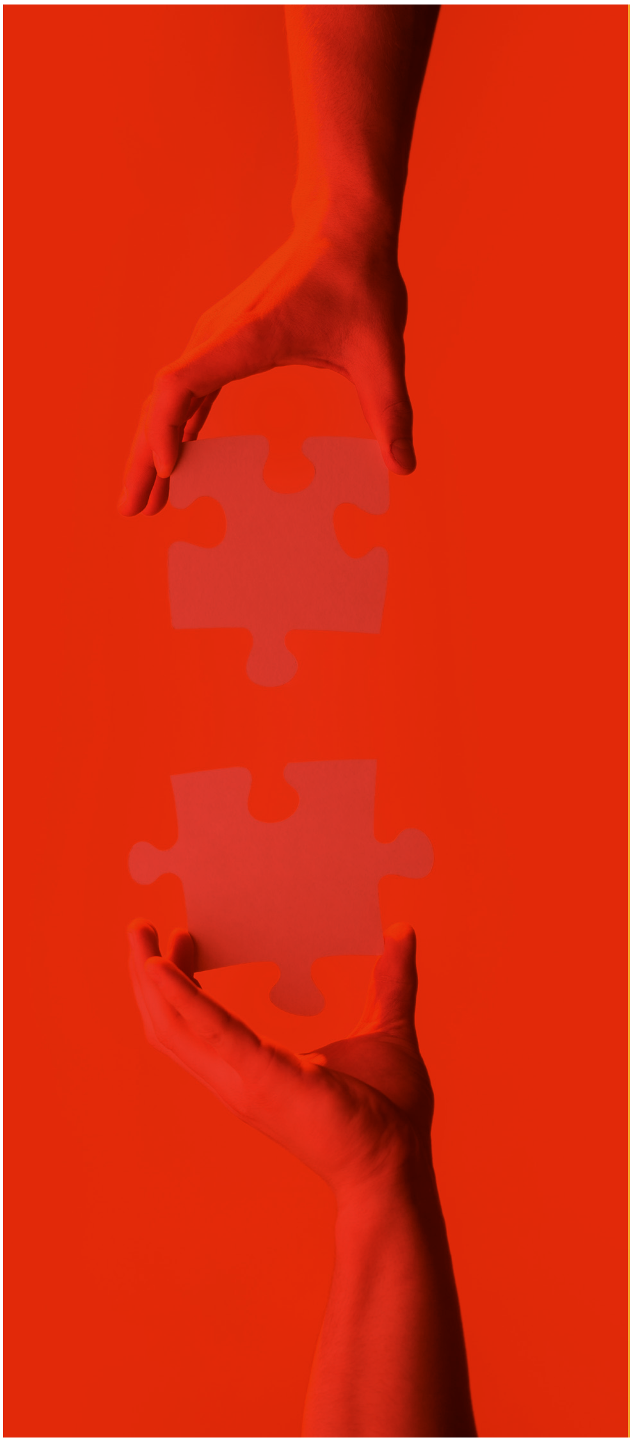
HORIZON 3

Adapt (Months 3–12)

- No single client, ministry, or sector above 25% of total revenue. This is the single most reliable predictor of crisis failure across Iraq's conflict economy — and the most actionable thing you can change. Start this month, not next quarter.
- CD 957 is permanent policy. Import costs will not return to pre-2026 levels. Domestic sourcing now carries a structural, enduring, legally-protected cost advantage in the Iraqi market. Build it before your competitors do.
- Activate mobile payments: ZainCash, Qi Card, FIB Digital. During the 2026 crisis, with 33 banks restricted from dollar access, mobile money became the functioning payment infrastructure for much of the Iraqi economy. Businesses already on these platforms operated normally. Others were left managing manual workarounds that compounded daily.
- Local precedent exists. Iraqi companies — including Sindibad — navigated previous severe disruptions by pivoting their models and channels. Adaptation is achievable, but it requires a decision, not waiting for the right moment.

WHEN TO MOVE FORWARD

Move to Horizon 4 when: no single revenue source exceeds 25%, supply chain has active dual sourcing, and operations have been tested against at least four disruption scenarios.



HORIZON 4
Transform (Years 1–3)

- Redesign your business model for permanent instability — as if Iraq may not return to a pre-crisis economic baseline. This is not pessimism. It is sound planning for a market that has demonstrated, repeatedly, that stability cannot be assumed as a baseline condition.
- Build five dimensions of resilience deliberately and systematically: Financial (cash reserves and credit access), Operational (multi-source supply and multi-route logistics), Strategic (diversified revenue mix), Technological (cloud-first and mobile payment infrastructure), and Human (deep local capability and relationships).
- Position for post-crisis growth in sectors that do not depend on dollar access or import corridors: import substitution, domestic consumption, digital services, and infrastructure-adjacent industries where Iraq's long-term investment case remains structurally intact.

Eight Principles That Cut Across Every Horizon

01

Speed Above All

The single strongest predictor of crisis survival across every conflict economy studied is response speed. Businesses that moved within 72 hours of a shock consistently outperformed those that waited. Every day of delay costs real options — and options are what survival is made of.

02

Cash Visibility

Know exactly how much cash you have, where it is, and how long it will last — updated every week, not once a month. A 13-week rolling cash flow forecast is not a finance exercise. It is your primary survival instrument. Build it this week and never stop updating it.

03

People Before Assets

A skilled employee who leaves during a crisis cannot be replaced mid-crisis. The knowledge, relationships, and continuity they carry go with them. The cost of departure consistently exceeds the cost of retention. Protect your critical people before it becomes urgent — not after.

04

Never One Route

A supply chain built on a single source, a single route, and a single country is not a supply chain — it is a single point of failure. Minimum acceptable standard: two suppliers, two routes, one local fallback. All pre-qualified and tested before you need them.

05

Build on What Cannot Close

Cloud platforms, mobile payment networks, and satellite links share one critical property: they cannot be blocked at a port or a border. Every system you move onto these platforms is a system that remains available regardless of what closes around it. Build your operations on infrastructure that is immune to physical disruption.

06

The 25% Rule

Revenue concentration by client, sector, or geography is the most common cause of crisis failure for Iraqi businesses. When one client exceeds 25% of your revenue, their payment delay alone can end your operational runway. The 25% cap is not a preference — it is a structural survival requirement.

07

Relationships Move Cargo

In conflict economies, a trusted local freight agent or supplier relationship consistently outperforms any formal contract. When systems break down — and they will — relationships are what moves goods and makes decisions happen. Invest in them deliberately. They return value precisely when nothing else does.

08

Iterate Faster

The companies that grew during Iraq's previous disruptions were not the ones with the best plans. They were the ones that tried things quickly, learned, and adjusted. The ability to experiment and iterate faster than your competitors is a genuine strategic advantage — and unlike most advantages, it costs nothing to build.

03

The Operator's Playbook

Four areas of immediate action. Each can be owned by one member of your leadership team. All four should be running simultaneously — do not wait for one to be complete before starting the next. The businesses that survived Iraq's previous crises moved on multiple fronts at once.

01 — Financial Triage

YOUR ONE NUMBER

There is one number that tells you everything right now: how many weeks until you run out of money. Runway (weeks) = Liquid Cash ÷ Weekly Burn Rate. Calculate it today. Post it where your leadership team can see it. Recalculate it every Sunday or Saturday morning — before any other meeting.

Zone	Runway	Immediate Action
EMERGENCY	< 8 weeks	Stop all non-essential spending today — not this week, today. Convene your crisis committee within two hours. Run every section of this playbook simultaneously. You do not have time to sequence.
STABILIZE	8–16 weeks	Cut 30–50% of variable costs this week. Freeze all capital expenditure and new hiring without exception. Protect payroll and your most critical vendors above everything else. You have time — but only if you use it now.
ADAPT	16+ weeks	You have the rarest resource in a crisis: time to think. Use it to redesign before your competitors recover. Negotiate from a position of strength. Make acquisitions. Position aggressively for what comes after the disruption ends.

02 — Securing Your Team

Tier	Who	Your Commitment
TIER 1 Critical Core	Revenue generators, key account managers, finance lead, and anyone whose departure would immediately damage client relationships or operational continuity.	Full salary, paid on time, without exception. Safety planning and honest communication about the real situation. Bring them into crisis decisions — people who own the outcome alongside you do not leave.
TIER 2 Important	Experienced specialists and support functions whose departure would create real gaps but not immediate operational failure.	Negotiate a 20–30% temporary reduction with a written agreement specifying the exact IQD amount, the exact repayment date, and your personal commitment to both. A signed agreement with real numbers is the foundation of trust under pressure.
TIER 3 Deferrable	Roles that exist for growth but are not operationally critical in a contraction.	Furlough with all legal entitlements honoured and paid. Be direct: 'This is the crisis — not your performance, not a reflection of how we value you.' Honesty preserves the relationship for the recovery. Silence and evasion destroy it permanently.

SALARY DEFERRAL — THE EXACT PROTOCOL

The call nobody wants to make — but the one that saves the relationship. Call before payday. Never let an employee discover a missed transfer on their own.Start with honesty: share your actual cash position in plain language. Do not soften it so much that the situation is unclear. Give a specific plan: '30% of your salary will be deferred for 60 days. The repayment date is [exact date]. The amount is [exact IQD figure]. I will sign a written agreement today.'Document every deferral — exact amount, exact date, both signatures. A WhatsApp message constitutes a record.One missed commitment undoes everything. **One commitment honoured under pressure builds more loyalty than a year of normal employment.**

03 — Managing Payments Under Pressure

WHEN YOU CANNOT PAY ON TIME — THE SIX-STEP PROTOCOL

Call before you miss a payment. Going silent is always worse than delivering bad news. Use shared reality: 'The disruption has delayed our own collections. We expect resolution by [specific date].'Propose a specific plan — not a vague request: '30% now, 40% in 45 days, 30% in 90 days.'Offer something real in return: first right on your next order, an extended contract, priority pricing, a prepayment discount. Confirm in writing. A WhatsApp message is a legal record. Use it. Honour every commitment you make. The first one you break resets trust to zero — and in a crisis, trust cannot be rebuilt quickly.

When Dollars Are Unavailable	How to Use It Effectively
IQD settlement	Offer vendors settlement in IQD at the official Central Bank rate — they carry no foreign exchange risk. Many local and regional counterparts are navigating the same dollar access problems. This works more often than expected. Make the offer explicitly, before they ask.
Mobile money	ZainCash, Qi Card, FIB Digital are fully operational and bypass the banking system entirely. Use them for field payroll, supplier payments, and client receipts. During the 2026 banking crisis, these platforms became the functioning payment infrastructure for much of the Iraqi economy. Activation cost: zero.
Local sourcing	Iraqi cement, steel, agricultural produce, dairy, and professional services carry zero customs cost and arrive with certainty. CD 957 has permanently raised the cost of every competing import — local sourcing is now both cheaper and more reliable. Treat it as strategy, not a fallback.

04 — Supply Chain Resilience

THE LESSON THIS CASE TEACHES

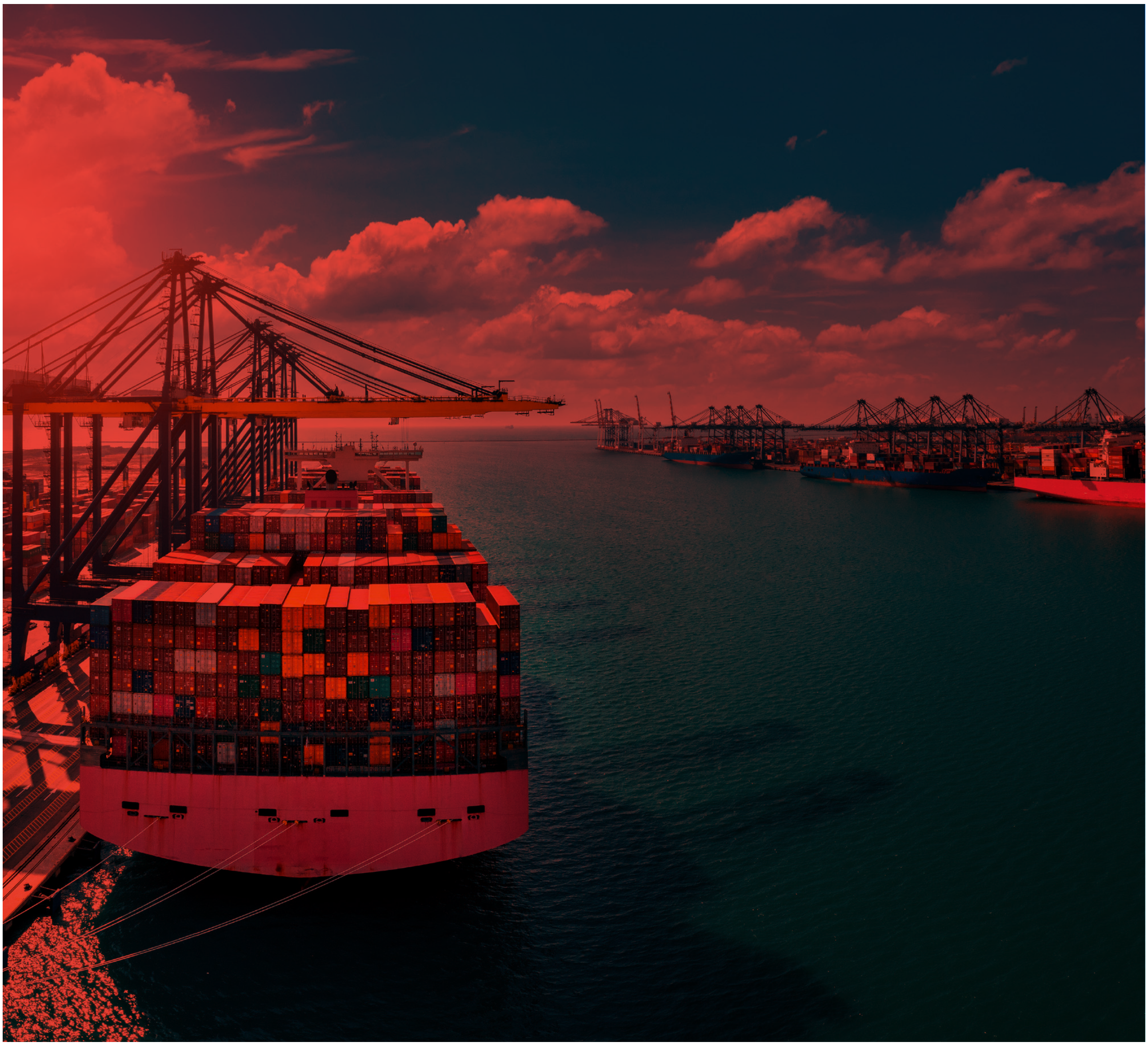
When the conflict placed Iraq's primary import corridor under sustained pressure starting February 28, 2026, the divide became clear immediately. Businesses that had already built alternative routing kept operating. Those that depended entirely on a single corridor were left scrambling to find one. The lesson holds regardless of the disruption: supply route diversity is not risk management in Iraq. It is a basic operating requirement — as fundamental as having a bank account. Build it before the next disruption, not during it.

Route	Current Status	Cost Premium	Best For
Gulf Sea Route	Came under sustained pressure during the 2026 conflict. Elevated risk, surcharges, and intermittent availability characterised this period. Do not rely on it as a sole primary route during active regional disruptions.	Baseline	High-volume goods — only when conditions allow
Ibrahim Khalil (Turkey-KRI)	Available. 7-12 days from Istanbul. The preferred active alternative for most importers.	+25-40%	European and Turkish-sourced goods. Pre-qualify a freight agent now.
Trebil (Jordan-Anbar)	Available. Connects to Aqaba port — entirely unaffected by Gulf disruptions.	+20-35%	Egyptian, European, and US-origin goods. Often faster than expected.
Air Freight (BGW/EBL)	Limited capacity. Restricted airspace in some zones. Reserve for genuine emergencies only.	+400-600%	Life-critical and genuinely time-sensitive inputs — nothing else.

SAFE STOCK FORMULA — IRAQ IMPORT-DEPENDENT INPUTS

Safe Stock (days) = Daily Usage × (Standard Lead Time × Disruption Factor) For Iraq import-dependent inputs during periods of active regional disruption: set your Disruption Factor at 2.0–2.5×. If your normal lead time is 30 days, plan for 60–75 days.Targets: 90–120 days for irreplaceable inputs. 60 days minimum for anything sourceable via overland routes or local alternatives.

Safe Stock (days) = Daily Usage × (Standard Lead Time × Disruption Factor)



04

Sector Response Guides

CRITICAL

Oil & Gas

Iraq's oil sector was at the origin point of the crisis cascade. Production dropped sharply, falling from 4.3M to approximately 1.3M barrels per day. The Kirkuk-Ceyhan pipeline ran below capacity, and revenue losses reached an estimated $7B per month — translating directly into budget paralysis across the entire government. As conditions eased, operators who had retained key personnel and pre-positioned maintenance capacity were the first to restore volume — widening the gap with those who had not.

SURVIVE Halt exploration CapEx immediately. Evacuate non-essential personnel from conflict-adjacent sites. Activate force majeure clauses with all IOC and service contractors.

STABILIZE Maximise Kirkuk-Ceyhan throughput. Negotiate interim cost reductions with IOC partners. Pre-position maintenance teams for surge operations when conditions allow.

ADAPT Invest in northern pipeline capacity. Capture domestic gas for power generation. Build local oilfield services capability to reduce import dependency for operations.

TRANSFORM Position for gas-based economic diversification. Pursue renewables for operations. Develop Development Road corridor services as a parallel revenue stream.

CRITICAL

Transportation & Logistics

During the 2026 disruption, Iraq's primary import corridor came under sustained pressure. Major shipping companies suspended or severely reduced Iraq service. Operators without pre-built alternative routing had no fallback and faced weeks of operational paralysis.

SURVIVE Map all in-transit cargo immediately. Activate Ibrahim Khalil and Trebil routes before your current inventory buffer runs out — not after.

STABILIZE Build permanent dual-route capacity. Pre-negotiate dedicated capacity agreements with Turkish and Jordanian carriers.

ADAPT Position for Al-Faw Grand Port and Development Road. Build a regional multi-modal network across northern and western corridors.

TRANSFORM Become the multi-modal logistics provider for the post-crisis import recovery. Development Road corridor operations are the decade-long opportunity.

CRITICAL
Banking & Financial Services

33 banks were restricted from dollar access during the 2026 crisis. With only 11% financial inclusion before the disruption, the banking sector was already structurally fragile. Correspondent banking relationships came under additional pressure as the conflict deepened.

SURVIVE Achieve full AML/CFT compliance before CBI deadlines — the cost of non-compliance exceeds any short-term saving. Stress-test your loan portfolio for a 90-day zero-government-revenue scenario.

STABILIZE Strengthen Trade Bank of Iraq relationship. Launch factoring products for the private sector. Expand mobile money infrastructure — the 2026 banking crisis proved to be a defining adoption catalyst for this sector.

ADAPT Invest in digital banking products for the unbanked majority. Build trade finance program partnerships with international DFIs.

TRANSFORM Position for sector consolidation. Build genuine SME lending capability. Invest in regulatory technology to reduce compliance cost permanently.

CRITICAL
Energy / Power & Solar

Iranian gas supplies — on which Iraq depends for power generation — were disrupted during the war. Demand already exceeded generation capacity before the crisis hit. The 12 GW solar pipeline represents the structural, long-term answer to this dependency.

SURVIVE Activate all backup diesel generation capacity. Prioritise power to critical infrastructure clients. Establish fuel supply agreements with domestic providers.

STABILIZE Accelerate solar deployment timelines for commercial users. Distributed generation for priority clients who can absorb a premium for reliable supply.

ADAPT Utility-scale solar from the 12 GW pipeline. Battery storage systems. Solar component manufacturing for the domestic market.

TRANSFORM Build an integrated renewable energy company. Reduce dependence on Iranian gas permanently — the 2026 disruption made the case for everyone.

CRITICAL

Retail & Trade / FMCG

Container clearance costs rose from 5M to 60M IQD per container overnight with CD 957. Consumer purchasing power then came under simultaneous salary pressure as oil revenues collapsed. Both forces compressed margins from both sides at once — with no short-term relief mechanism.

SURVIVE Audit 30/60/90-day inventory for every critical SKU. Activate overland routes immediately. Adjust pricing to reflect the new landed cost reality — waiting compounds the loss.

STABILIZE Add Saudi, Emirati, Indian, and Egyptian suppliers across key categories. Build 90-day buffer stock on essentials.

ADAPT Domestic food manufacturing and private label with local inputs. Direct-to-consumer channels that reduce middleman exposure.

TRANSFORM Integrated manufacturer-retailer with cold chain logistics as a genuine competitive moat.

HIGH-CRITICAL

Healthcare & Pharmaceuticals

Approximately $3B in annual pharmaceutical imports, near-total dependency on imported medicines, and cold-chain requirements that cannot be compromised. The combination makes this sector acutely vulnerable to any port disruption.

SURVIVE Audit medicine inventory for any item with less than 30 days of stock. Emergency airfreight for cold-chain drugs immediately. Contact WHO and regional health authorities.

STABILIZE Activate Turkish and Jordanian pharmaceutical supply corridors. Build a 90-day strategic stockpile. Identify Indian generic alternatives for critical drugs.

ADAPT Domestic pharmaceutical manufacturing for high-volume generics. Telemedicine and digital health platforms to extend reach without physical supply dependency.

TRANSFORM Iraq as a regional pharmaceutical manufacturing hub. Clinical and diagnostic capability that reduces dependence on foreign provision.

HIGH-CRITICAL

Agriculture & Food Processing

Iraq imports the majority of its food by value despite a record domestic wheat harvest of 6.3M tons. The structural vulnerability is clear: diversified import sources and domestic processing capacity are both essential. Operators who moved quickly to formalise overland supply routes during the disruption built sourcing advantages that lasted well beyond the crisis period.

SURVIVE Secure 60-day food commodity inventory. Activate Turkey, Jordan, and Kuwait supply corridors. Coordinate with WFP on strategic stock positions.

STABILIZE Formalise Turkish and Jordanian supplier relationships. Cold storage capacity at northern border crossings.

ADAPT Import substitution in dairy, processed foods, and packaged goods. Water-efficient farming investment for the medium term.

TRANSFORM Structural self-sufficiency in key staples. An integrated agri-food value chain that reduces import dependency permanently.

HIGH

Construction & Real Estate

A 2.5–3M unit housing deficit means long-term demand is not in question. The immediate problem during the 2026 disruption was frozen government receivables and budget paralysis preventing new project approvals. When budget flows resumed, firms that had pivoted to private-sector clients and built local material supply relationships were fastest to scale back up.

SURVIVE Halt all non-essential projects. Formally document every government receivable in writing. Reduce to minimum viable workforce.

STABILIZE Shift active pipeline to private-sector clients who can actually pay. Source from Basra steel and domestic cement producers — both fully operational.

ADAPT Position for infrastructure spending recovery. Build prefabrication capability for speed and cost advantage when government spending resumes.

TRANSFORM Development Road project positioning. Green building standards as a differentiator. Shift toward construction-to-management models with recurring revenue.

HIGH

Hospitality & Tourism

$5.7B in tourism revenues in 2024, up 25% year-on-year. The Arbaeen pilgrimage draws 22M+ visitors annually. During the 2026 disruption, security concerns posed an immediate challenge to inbound activity — but the long-term structural opportunity remains firmly intact.

SURVIVE Assess 90-day cancellation impact on cash flow. Activate all security protocols. Pivot to domestic corporate events and regional travel packages.

STABILIZE Build domestic tourism packages for Iraqi travellers who cannot travel internationally. Target international organisation conferences and events.

ADAPT Heritage, eco, and medical tourism for regional markets. Mid-range hotel capacity designed for domestic demand.

TRANSFORM A $8–10B religious tourism pillar. An integrated tourism services value chain from accommodation to transport to hospitality.

MEDIUM
Telecoms & Technology

A $2.98B market with 100% mobile penetration and data at 51% of revenue. The 2026 banking crisis created an extraordinary adoption catalyst: with 89% of Iraqis unbanked, mobile money shifted from convenience to operational necessity almost overnight.

SURVIVE Network resilience: backup systems, satellite links, and fuel supply for tower generators. Flexible payment plans to retain subscribers under financial pressure.

STABILIZE Mobile money expansion — the 2026 banking crisis created the single largest adoption catalyst this sector had seen. Enterprise cloud services for businesses migrating off physical infrastructure.

ADAPT Fintech as the primary growth driver. Enterprise cloud and cybersecurity. 5G network trials in major urban centres.

TRANSFORM Essential infrastructure for Iraq's economic diversification. The country's first commercial data centre. A regional technology hub with the scale to serve neighbouring markets.

HIGH
Manufacturing & Industry

26,435 industrial SMEs with access to CBI SME loans up to 30M IQD. Basra steel: 600K t/yr of domestic capacity. CD 957 has permanently created a structural cost advantage for domestic production.

SURVIVE Audit raw material inventory against production schedule. Secure diesel supply agreements. Shift production capacity toward essential goods with stable demand.

STABILIZE Turkish, Jordanian, and domestic raw material sourcing. CBI SME loan activation. On-site solar power to reduce operating cost and power risk.

ADAPT Scale import substitution production lines where CD 957 creates durable cost protection. Join manufacturing clusters for shared logistics and procurement.

TRANSFORM A structural position as a core sector in Iraq's oil revenue diversification. Operations in reliable power zones with long-term government support.

MEDIUM

Telecoms & Technology

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MEDIUM

Education & Training

2,884 private schools. A teacher deficit of 87,000+. Youth unemployment at 35.8% with a population growing at 2% per year. The 2026 disruption compounded an already significant structural challenge — while also sharpening the urgency of the solution.

SURVIVE Model 20–40% tuition delays in your cash flow forecast. Deploy digital learning platforms to maintain continuity. Defer capital expenditure aggressively.

STABILIZE Online and hybrid delivery as permanent capabilities — not crisis workarounds. Vocational training in skills directly relevant to the crisis response: logistics, digital, energy.

ADAPT Curricula aligned with Iraq's diversification priorities. Coding, digital skills, and technical trades as core offerings.

TRANSFORM Iraq's workforce development partner for economic diversification — the strategic position with the longest-term value in this sector.

05

Building for Permanent Uncertainty

A decade of data from Iraq's conflict economy produces one consistent finding: the businesses that are still operating are not the ones that waited for conditions to stabilise. The ones still standing are the ones that built their model to function regardless. That is the standard this section is about. Not crisis management as a temporary posture — but business design as a permanent capability.

The Dependency Audit — Know Your Real Vulnerabilities

VULNERABILITY 1: IMPORT DEPENDENCY

Most Iraqi businesses depend on the same import corridors as most of the Iraqi economy. This is the reality of the market — not a unique weakness. The question is not whether you depend on those corridors. It is whether you have a fallback when they close. Build your local sourcing options and alternate routes before the next disruption arrives. Not during it — before it.

VULNERABILITY 2: GOVERNMENT REVENUE CONCENTRATION

More than 30% of revenue from government or SOE clients creates double exposure in a fiscal crisis: consumer purchasing power falls as government salaries are cut, and your own invoices are delayed simultaneously. The compounding effect of both in the same period is why this threshold matters — and why it is worth fixing even in good times.

VULNERABILITY 3: SINGLE ROUTE DEPENDENCY

A single import corridor is a single point of failure. When it closes — and history shows it will — there is no fallback. The Iraqi businesses that had no alternative route when primary corridors came under pressure in 2026 had no options. Route diversification must be built before you need it. There is no shortcut during the disruption.

VULNERABILITY 4: DOLLAR-ONLY LIQUIDITY

During the 2026 crisis, 33 banks were restricted from dollar access. Businesses that held liquidity only in USD faced operational paralysis when their bank appeared on the list. IQD operating reserves and mobile money activation proved to be baseline requirements — not optional risk management. If you do not have them in place, build them now.

VULNERABILITY 5: REVENUE CONCENTRATION

One client responsible for more than 25% of your revenue means their payment delay can end your operational runway entirely. This is the most common proximate cause of crisis failure for Iraqi businesses, and the most preventable. The fix requires only a decision: diversify revenue before the concentration becomes an emergency.

Fragile vs. Resilient — What Separates Them

Fragile Business	Resilient Business
• Revenue concentrated in government, one sector, or one client	• No single client, sector, or channel above 25% of total revenue
• Single supplier, single route, single country for critical inputs	• Three or more suppliers, three or more routes, local fallback pre-qualified
• Thin cash; one currency; entirely dependent on inflows	• 60+ days of operating cash in both IQD and USD, visible every week
• Standard contracts with no disruption or price-change clauses	• Force majeure, alternate delivery routes, and price escalation clauses standard
• Foreign-staff dependent; import-only model for core operations	• Local expertise and domestic sourcing built before they were needed
• Reactive — only monitors conditions when a crisis is already obvious	• Five leading indicators tracked weekly. Triggers defined and acted on proactively

Six Places Where Instability Creates Genuine Advantage

LOGISTICS

Route Intelligence Pays

Every disruption creates demand for operators who know which routes are working. The freight company pre-qualified at Ibrahim Khalil, Trebil, and Aqaba is not competing on price — it is irreplaceable to clients with no alternative.

MANUFACTURING

The CD 957 Advantage

Every customs tariff on an imported product is a structural protection for its domestic equivalent. CD 957 has permanently raised the cost of competing imports. Iraqi manufacturers now have a built-in, legally protected, enduring cost advantage in their own market.

COLD CHAIN

Inventory as a Service

When supply disruptions make just-in-time delivery unreliable, inventory buffers become a premium service. Multi-entry-point cold chain warehousing commands consistent premiums from healthcare, food, and pharma clients who can no longer depend on predictable delivery.

FOOD PROCESSING

Protected Demand

Food security is now a permanent national policy priority. Domestic food processing — dairy, packaged goods, grains — has demand that is structurally protected from import disruption. The government wants this sector to grow. The competitive window is open.

RAPID SERVICES

Speed Commands Price

Infrastructure failure creates premium pricing for organisations that can deploy solutions quickly. When your competitor's lead time is three weeks and yours is 48 hours, you are not competing on price — you are setting it. This advantage is built through preparation.

DIGITAL & FINTECH

The Unblockable Sector

Digital services and cloud platforms share one defining property: they cannot be stopped at a port or a border. In an environment where physical disruption is a constant, technology businesses operate in the only category that is structurally immune to the most common crisis mechanisms.

06

Business Resilience Assessment

This assessment is designed to replace assumptions with evidence. Score each question from 0 to 3. Be honest — the only person who benefits from an accurate score is you. The final number does not just tell you where you stand. It shows you exactly where to focus your next 30 days. One honest hour with this assessment is worth more than ten hours of unstructured crisis planning.

SCORING SCALE

0 — Not in place. Has not been started.
1 — Considered, but not yet implemented. Still theoretical.
2 — Partially in place. Needs real work to become operational.
3 — Fully operational, tested under real conditions, and trusted.

Alternatively, if you prefer to receive your results automatically, you can complete the form to obtain your assessment score immediately:

→ link

Dimension 1: Financial Resilience | Max 18 pts

#	Question	Score
F1	Do you have a 13-week cash flow forecast, updated every week?	____
F2	Do you know your exact cash runway in weeks as of today?	____
F3	Do you have a Minimum Viable Operation (MVO) monthly cost calculated?	____
F4	Are your receivables discounted using crisis collection factors, not book value?	____
F5	Do you have 60+ days of operating expenses in accessible liquid cash?	____
F6	Do you hold operating reserves in both IQD and USD?	____

Dimension 2: Team and People Security | Max 15 pts

#	Question	Score
T1	Have you tiered your workforce into Critical, Important, and Deferrable?	____
T2	Do Tier 1 employees have a written salary protection commitment?	____
T3	Do you have a written salary deferral agreement ready with exact terms?	____
T4	Is there a designated deputy with written decision authority in your absence?	____
T5	Does every active client relationship have two contacts in your team?	____

Dimension 3: Supply Chain Resilience | Max 18 pts

#	Question	Score
S1	Do you have at least two active supply routes for your critical inputs?	____
S2	Have you pre-qualified alternative suppliers in at least two different countries?	____
S3	Do you hold 60+ days of inventory for your most critical inputs?	____
S4	Do your contracts include force majeure, alternate delivery, and price escalation clauses?	____
S5	Do you have a pre-qualified freight agent at each alternative border crossing?	____
S6	Can you operate for 30 days with zero imports using local substitutes?	____

Dimension 4: Revenue Diversification | Max 15 pts

#	Question	Score
R1	Is no single client responsible for more than 25% of your revenue?	____
R2	Is government revenue exposure below 30% of your total revenue?	____
R3	Do you have at least one active non-government client who pays reliably?	____
R4	Do you have at least one revenue stream that does not depend on imports?	____
R5	Do you have a written diversification plan with quarterly milestones?	____

Dimension 5: Operations and Technology | Max 15 pts

#	Question	Score
01	Are all critical systems — accounting, CRM, contracts — cloud-based?	____
02	Can your entire team work remotely if the office becomes inaccessible?	____
03	Do you have mobile money activated (ZainCash, Qi Card, FIB Digital)?	____
04	Do you have backup power generation for at least 12 hours per day?	____
05	Do you have documented crisis playbooks for at least four disruption scenarios?	____

Your Score — What It Means

0–20 pts

CRITICAL — Highly Vulnerable
Start with Part III, Section 01 today. Calculate your cash runway — this is the first number you need. Everything else follows from it. Every day of delay costs real options that cannot be recovered.

21–40 pts

FRAGILE — Significant Exposure
Identify your lowest-scoring dimension — that is where the next disruption will enter. Focus exclusively on closing those gaps for the next 30 days. Fix the most exposed vulnerability first, not the easiest one.

41–60 pts

DEVELOPING — Partially Prepared
Find every question where you scored 0 or 1. Prioritise by impact — not by how easy the fix is. The hardest gaps to close are usually the ones that matter most when a crisis arrives.

61–75 pts

RESILIENT — Strong Foundations
You have done the hard work most businesses have not. Use your stability headroom to move into Horizon 3 and 4. Redesign and position for post-crisis advantage while competitors are still managing emergencies.

76–81 pts

ANTI-FRAGILE — Built for Instability
This is the rarest position in a crisis. You gain ground while others lose it. Look actively for acquisition opportunities, market positions to claim, and talent to attract. The window will not stay open indefinitely.

What Comes Next

The businesses that emerged from the 2026 disruption in a stronger position were not the largest or the best-funded. They were the ones that moved earliest — that made decisions with incomplete information rather than waiting for certainty that never arrives, that communicated honestly with their people instead of hiding the numbers, and that built alternatives before they were needed.

Every business has that capacity. The only variable is whether you choose to use it.

Kapita Research is Iraq's leading market intelligence and strategy consultancy, established in Baghdad in 2019. Kapita Research works directly with Iraqi private sector operators on cash flow mapping, supply chain restructuring, strategic repositioning, and resilience assessment for your specific situation. If you need a deeper analysis of where your business stands, reach out directly.

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