

United Nations Development Group Iraq Trust Fund
Project # 66995: C10-11
Date and Quarter Updated: 01 July – 30 September 2012 - 3rd Quarter 2012

Participation UN Organisations: UNDP (Lead), ILO, UNIDO, FAO, UNOPS, UN-HABITAT, UNWOMEN	Sector: Economic Reform & Diversification Priority Area 2: Inclusive Economic Growth
Government of Iraq – Responsible Line Ministry: Over-all responsibility: Prime Minister’s Office Advisory Commission Upstream coordination through Task Force on Economic Reforms (TFER) and its Working Groups (WG): <ol style="list-style-type: none"> 1. Legislative Revision, 2. State-Owned Enterprise Restructuring, 3. SME Development, 4. Investment Policy, 5. Tax Policy, 6. Land Reform, 7. Social Dialogue. <p>The TFER and all WGs are established through COMSEC orders and comprise members from relevant Iraqi government entities¹, Central Bank, National Investment Commission. They also define membership for representatives of private sector and unions², and other relevant Iraqi stakeholders³.</p> <p>Downstream activities in Erbil, Anbar, and Basrah are coordinated through PSDP-I Governorate Steering Committees (GSC) with representation of relevant local Government of Iraq (GoI) counterparts⁴.</p>	

Title	Private Sector Development Programme for Iraq			
Geo. Location	National upstream-level and three priority governorates: Basrah, Anbar and Erbil.			
Project Cost	USD 32,870,000 ⁵ Cost sharing and co-funding under discussion with GoI and other partners.			
Duration	36 months + 12 months extention			
Approval Date (SC)	04/12/2008	Starting Date	17/12/2008	Completion Date 17/12/2011 extended to 31/12/2012
Project Description	<p>This Programme is conceived and designed with Iraqi stakeholders (public and private), various UN organizations and other international stakeholders in an effort to create and enable an effective, coherent, and comprehensive framework for private sector development in Iraq at both the national and governorate levels in three priority Governorates. It is a means of achieving: i) sustainable and increased employment opportunities; ii) poverty reduction; iii) the enhancement of the legal and regulatory framework which will allow an increase in sustained domestic and international investment; iv) the development of a legal and regulatory framework designed to perpetuate an overall rational, coherent, and economic environment; and v) the diversification the basis of future economic growth in Iraq in a gender inclusive and environmentally sustainable manner.</p> <p>The programme addresses these challenges through two pillars of activities. The first pillar is a national level policy support intervention aimed at shaping a more conducive private sector environment. The second pillar addresses the governorate-level challenges of private sector</p>			

¹ Including Ministry of Planning and Development Cooperation, Ministry of Agriculture, Ministry of Water Resources, State Ministry of Women Affairs, Ministry of Labour and Social Affairs, Ministry of Industry and Minerals, Ministry of Finance.

² Federation of Chambers of Commerce and Industries, Iraqi Federation of Industries (IFI), Iraqi Businessmen Union, Association of Iraqi Businessmen, Association of Iraqi Banks, Iraqi Contractors, Iraqi Federation of Chambers of Commerce and Industries in Basrah, in Erbil, and in Ramadi, etc.

³ Including NGO partners, e.g. Women Leadership Institute, Women Empowerment Organisation, Iraqi Al-Amal Association

⁴ Includes representation provincial councils, Women Higher Commission in Kurdistan, etc.

⁵ The total budget is divided into components for each participating UN agency. Transfer of funds is subject to a three-installment transfer schedule. During the reporting period, the first two tranches of the original budget were transferred to Participating Agencies (USD 22,889,894). In addition, UNIFEM received a PSDP-I budget increase of USD 20,000 to be used for activities unrelated to this Programme.

	growth through planning and implementation activities within three selected governorates.
Development Goal and Immediate Objectives	
<p>Development Goal:</p> <ul style="list-style-type: none"> • Contributes to following Sector Outcomes: <ul style="list-style-type: none"> Sector Outcome 1: Improved policies, strategies and related institutional developments that are sensitive to MDGs, social inclusiveness, gender equality and inclusive of those in poverty in terms of positive economic growth; Sector Outcome 2: Enhance key-sectors of local economies in the most deprived areas. • Contributes to the UNDAF Priority Area 2 “Inclusive, more equitable and sustainable economic growth” and to foster national capacity and leadership of the development process, within governmental, non-governmental and social institutions, in order to transition the country from the impact of violence and repression characterizing recent decades. • UNDP implements in line with Country Programme Outcome 4 “GoI has the institutional framework to develop and implement MDG-based pro-poor, equitable and inclusive socio-economic and environmental policies and strategies” and Outcome 5 “Enabling policy and frameworks for rapid economic recovery, inclusive and diversified growth and private sector development” which feed into the UNDAF and NDP. <p>Immediate Objectives:</p> <ul style="list-style-type: none"> • Reflected in Integrated Programme Outcomes: <ul style="list-style-type: none"> IP Outcome 1: The policy and regulatory environment is more conducive to private sector development; IP Outcome 2: Strengthened economic recovery in three governorates in the South, Central and Northern areas of Iraq. 	

Outputs, Key activities and Procurement	
IP Outputs⁶	<p>IP Output 1.1: Strengthened national capacities for private sector development policies.</p> <p>IP Output 1.2: Improved efficiency of the Public Micro Lending Programme and access to business loans.</p> <p>IP Output 1.3. Strengthened operational, regulatory and legislative environment for SMEs development.</p> <p>IP Output 2.1: Local economic strategies and development plans are in line with national and provincial frameworks in three governorates.</p> <p>IP Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates.</p>
IP Activities	<p>1.1.1 Assist technically a Task Force within the Prime Minister Office to support the formulation, implementation and monitoring of public PSD initiatives of the GoI, and conduct a final programme evaluation;</p> <p>1.1.2 Conduct a comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD;</p> <p>1.1.3 Support the drafting, parliamentary review, and implementation of legislation including SoE corporatisation (amendment of Law 22), privatisation, investment law rules and regulations, land title reform, competition, arbitration, PPPs, mitigation package, agricultural and trade policies;</p> <p>1.1.4 Build the capacity of officials regarding key policy issues for enterprise development, including PPPs, corporatisation and privatisation of SOEs, access to private finance, industrial policy, labour standards, land titling, agriculture, trade and allocation to support the design of relevant legislative and institutional frameworks;</p> <p>1.1.5 Implement investment potential mappings (including sector-specific);</p> <p>1.1.6 Promote social dialog, institutionalise and technically support the organisation of a tripartite</p>

⁶ As per UNDG/ITF PSDP-I Project Document “5. Results Framework”.

	<p>consultation mechanism of the Government, Employers and Workers representatives in the Socio-Economic Council (SEC) of Iraq;</p> <p>1.1.7 Prepare in consultation with the Socio-Economic Council a Private Sector Development Strategy for Iraq, including a strategy for investment, private farming, trade and an economic regional reintegration program proposal;</p> <p>1.1.8 Provide continuous support to the Program to mainstream gender and ensure women's full participation in policy and strategy design.</p> <p>1.2.1 Improve the design and the management of the Governmental guaranteed Micro-Lending Programme of the GoI (implemented by MoLSA and MoIM);</p> <p>1.2.2 Assist with the design and implementation of other mechanisms to enhance access to credit by SMEs;</p> <p>1.2.3 Review of micro-lending legislation and draft of laws and by-laws.</p> <p>1.3.1 Provide assistance for a survey of SMEs (including formal and informal sector);</p> <p>1.3.2 Support GoI Prime Minister's Advisory Board and other concerned ministries for an SME-friendly regulatory framework;</p> <p>1.3.3 Strengthen capacities of business development services and Non-Bank Financial Institutions at the national level.</p> <p>2.1.1 Identify, in a participatory, evidence-based framework, local economic comparative advantage of the target areas;</p> <p>2.1.2. Support local institutions in the production of Local Economic Recovery (LER) strategies in harmony with Provincial Development Strategies (PDS);</p> <p>2.1.3 Strengthen governorate-level institutions to implement and sustain local development planning capacities;</p> <p>2.1.4 Promote gender mainstreaming and women participation in local strategies and plans.</p> <p>2.2.1 Direct implementation of pilot projects and support local governor's office and line ministries at the governorate-level to identify priorities and implementing their programs in the following sectors: Key Economic Infrastructure (UNDP); Agriculture (FAO); Industries (UNIDO); Business Development Services (ILO/IOM); Micro-lending (UNDP); Construction and Development Companies (UN-HABITAT).</p>
Procurement	None
Major Activities Undertaken from initiation till present reporting	<ul style="list-style-type: none"> • Cabinet-endorsed establishment of Task Force for Economic Reforms and seven Working Groups with membership of relevant Iraqi state entities and private sector <ul style="list-style-type: none"> ○ Legislative Assessment and Revision ○ SOE Restructuring ○ SME Development ○ Tax and Financial Policy ○ Investment Policy ○ Land Management Reform ○ Social Dialogue • Submission of Preliminary Legislative Assessment Report (covering investment, commercial, public procurement and privatization core areas as well as assessments in area of agriculture, labour, land regime, SMEs, and gender) and development of Draft Law for Economic Reforms, Investment Law, Free Zone Law and general Private Public Partnership Law (and guidelines). • MoU signed between UNDP (on behalf of UN PSDP-I agencies) and World Bank on cooperation in support to development of Roadmap for SOE Restructuring. • MoU signed with Unioncamere (Italian Federation of Chambers) on cooperation in support of Iraqi Chambers of Commerce and business processes. • Agreement with GoI and other key Iraqi stakeholders on SME development activities (including on establishment of SME agency) and preparations for MSME survey (including coordination with COSIT) as well as submission of paper "Reforming governmental micro-lending in Iraq for employment generation". • Completion of "Preliminary Institutional, Legal and Technical Assessment Administration and

	<p>Management” report for land management reform and agreement with GoI and other key Iraqi stakeholders on development of Land Policy for Iraq.</p> <ul style="list-style-type: none"> • Preliminary Tax Policy Design Framework developed. • Completion of generic structure for Agriculture Private Sector Strategy and approval by Iraqi counterparts. • Completion of draft Policy Paper on COSIT Economic Analysis Unit and shared with COSIT. • Completion of White Paper on women’s participation in employment and private sector development. • Coaching assistance to the Ministry of Industry and Minerals on the formulation of Iraq’s Industrial Strategy and Policy, which chapters drafted by the Iraqi team. • Approval of Roadmap for Restructuring of State-Owned Enterprises by the Iraqi Cabinet (31 August 2010, Cabinet Decision #314), including social mitigation measures and reference to the continued support role of United Nations and World Bank; assignment of SOE Restructuring Focal Points in ministries and commencement of establishment of Restructuring Units within ministries and preparation for formation of cross-ministerial Restructuring Support Teams. • Completion of diagnostic report for national investment mapping. • Launch of UN Global Compact (UNGC) and Iraq Local Network. MOU signed between the Iraq Network and UNGC Headquarters, marking the formalization of the Iraq Local Network according to global standards; governance structure set up. • Methodologies, process and timeline agreed for the finalization of the PSD Strategy, with draft outline and collection of contributions by agencies completed; the cooperation with the UNDP Istanbul International Centre for Private Sector in Development (IICPSD) under discussion. • Establishment of GSCs at governorate level (Erbil, Basrah, Anbar) and initiation of various downstream activities. • Endorsement by Iraqi counterparts of detailed training concept notes for downstream capacity building by FAO. • Cost sharing agreement signed with Ministry of Planning of KRG for the Socio Economic Infrastructure Assessment in December 2012 with contributions of USD 750,000 USD from KRG.
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Total Funds Committed and Disbursed as of 30 September 2012

Agency	Total Approved Amount [in USD]	All Three Tranches Received [in USD]	Rate of Funds Committed (against 1 st , 2 nd and 3 rd Tranche)	Rate of Funds Disbursed (against 1 st , 2 nd and 3 rd Tranche)
(a) UNDP	9,750,000	9,750,000	98%	85%
(b) ILO	3,002,966	3,002,966	75%	73%
(c) UNOPS	5,897,034	5,897,034	95%	88%
(b) ILO	3,002,966	3,002,966	75%	73%
(c) UNOPS	5,897,034	5,897,034	95%	88%
(d) UNIDO	7,700,000	7,700,000	93%	71%
(e) FAO	3,300,000	3,300,000	58%	58%
(f) UN-HABITAT	2,000,000	2,000,000	96%	70%
(g) UNWOMEN	1,220,000	1,220,000	50%	47%
Total	32,870,000	32,870,000	88%	76%

A. UNDP

Funds Committed	USD 9,556,036.50	% of received	98%
Funds Disbursed	USD 8,265,479.05	% of received	85%
Forecast final date	December 2012	Delay (months)	12 months

Direct Beneficiaries	Number of Beneficiaries ⁷	% of planned (current status) ⁸
Men	n/a	n/a
Women	n/a	n/a
Children	n/a	n/a
IDPs	n/a	n/a
Others	n/a	n/a
Indirect beneficiaries	All citizens of Iraq.	n/a
Employment generation (men/women)	n/a	n/a

Quantitative achievements against objectives and results	% of planned
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
Output 1.1: National capacities for private sector development policies are strengthened	90%
Output 1.2: Improved efficiency of the Public Micro Lending Programme and access to business loans	50%
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
Output 2.1: Local economic strategies and plans developed in line with national and provincial frameworks in three governorates	100%
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates	75 %

Qualitative achievements against objectives ⁹ and results		
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development		
1.1.1 Technical support is provided to the taskforce working within the Prime Minister Office to formulate, implement and monitor the public PSD initiatives of the GoI.	100% achieved	<p>[Activity led by UNDP: achievement rate at 100%]</p> <ul style="list-style-type: none"> • Preparations for the Programme Steering Committee (PSC) meeting, planned for 30 September (postponed to 7 October for unavailability of majority of members from Government). Progress reports by all agencies and working groups completed, including budget revisions to be requested by UNDP and ILO and work plan to finalize the PSD strategy. • UNGC Iraq Local Network Steering Committee meeting held (3rd September, Baghdad), aimed to resume the work of the Network after the summer break and agree on priority activities for the remaining time of the year. Priority projects agreed to address women's economic empowerment, environment, training on inclusive business models and sustainability reporting. • Cooperation of the UNGC Iraq Network with UNGC office and PRI for organizing a webinar on 'Responsible business in Iraq – relations with government' (20 September), aimed at gathering international experts, Iraqi private sector and foreign investors to discuss about relations with the Iraqi government in the framework of the role of business for peace building in Iraq. About 60 participants attended the webinar, including both Iraqi and foreign, with equitable women participation (3 out of 8 speakers being women).
1.1.2 A comprehensive assessment of legislative, institutional and		<p>[Activity supported by UNDP]</p> <p>All legislative assessment reports, including UNDP contributions, have been completed and officially distributed by UNIDO in July, 2012.</p>

⁷ Number of beneficiaries may not be quantified as the current interventions are on a policy, advisory and legislative level benefitting the Government of Iraq and designated governorates.

⁸ The project document does not define concrete numbers of beneficiaries to be targeted.

⁹ Terminology in line with this reporting format (page 2): IP Outputs as 'immediate objectives'.

sectoral needs to assist GoI to properly design policies for PSD is in place.		
1.1.3 Draft legislation related SoE corporatisation (amendment of Law 22), privatisation, investment law rules and regulations, land title reform, competition, PPPs, mitigation package, agricultural and trade policies are available	<i>1.1.3 100% achieved</i>	<i>[Activity led by UNDP: achievement rate at 100%]</i> Nothing to report (NTR)
1.1.4 Increased knowledge of officials regarding key policy issues for enterprise development to support the design of relevant legislative and institutional frameworks		<i>[Activity supported by UNDP]</i> NTR
1.1.6 A tripartite consultation mechanism of the Government, Employers and Workers representatives in the Socio- Economic Council of Iraq is available to promote social dialogue		<i>[Activity supported by UNDP]</i> NTR
1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available.	<i>1.1.7. 50% achieved</i>	<i>[Activity led by UNDP: achievement rate at 50%]</i> <ul style="list-style-type: none"> • Inter-agency meeting held in September to discuss methodologies, timeline and contributions to the PSD Strategy according to work conducted by each agency over the last 3 years. A tentative work plan was approved by all agencies involved, with agreement on 1) wider engagement of Iraqi private sector to include their inputs into the strategy; 2) cooperation with the UNDP Istanbul Centre for PSD (IICPSD) to finalise the strategy; 3) each agency to clarify which reports and activities can contribute. UNDP collected the contributions from all participating agencies and is coordinating the process to finalize the PSD strategy.
1.2.1 Improved management of the Governmental guaranteed Micro-Lending Programme (implemented by MoLSA and MoIM)	<i>1.2.1. 70% achieved</i>	<i>[All three activities led by UNDP: achievement rate at 70% (1.2.1), 20% (1.2.2) and 40% (1.2.3)]</i> <ul style="list-style-type: none"> • NTR

1.2.2 Enhanced mechanisms to access to credit by SMEs	1.2.2. 20% <i>achieved</i>	
1.2.3 Draft laws and by-laws related to GoI micro lending programme are available.	1.2.3. 40% <i>achieved</i>	
1.1.8 Provide continuous support to the Program to mainstream gender and ensure women's full participation in policy and strategy design.		[Activity supported by UNDP] Plan elaborated and preparations initiated during the quarter (July-September) in cooperation with the Deputy Prime Minister Office, UN-Women, State Minister of Women Affairs and other partners for organising a conference on Women's Economic Empowerment, as part of the activities of the UN GC Iraq Network, to be held in Baghdad in October. The event is intended as kick-off of a process aimed at enhancing women participation in Iraqi economy, as employees and entrepreneurs alike.
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq		
2.1.3 Strengthen governorate-level construction and development institutions to implement and sustain local planning capacities.	2.1.3. 100% <i>achieved</i>	[Activities 2.1.3 and 2.2.1a (Key Economic Infrastructure) and 2.2.1e (Micro-lending) led by UNDP: achievement rates at 100% (2.1.3), 80% (2.2.1a) and 70 % (2.2.1e)] Specific activities in this quarter included: <u>BASRA</u> <ul style="list-style-type: none"> GSC in Basrah held three meetings during this Q3 and have decided to break the GSC into three working groups to respond and follow on the three components of the UNDP – SHELL partnership, namely: 1. LADP-Majnoon (community based initiative), 2. Vocational Training Center (VTC) and 3. Micro, Small and Medium Enterprises. These will be the main point of concern for the GSC in the next few months taking into consideration the phasing out of all other activities within PSDP-I. Vocational Training Center (VTC): A study tour to VTCs in Turkey took place in the end of September with the participation of the key staff members involved in the VTC activities from both UNDP and SHELL. This was a result of a series of consultations and discussions between UNDP and SHELL, and also between UNDP and the Turkish Consul General. Micro Finance component: Basrah MFI (Micro Finance Institution) Steering Committee followed up with RI and CHF on the delay in their reporting and has reached a conclusion that there will be no possibility to offer them a second tranche of the funds. Electricity distribution planning: GSC and the programme Management Team (PMT) continued their follow up to ensure the release of the retained electricity equipment from Basrah International Airport.
2.2.1 Technical support provided to identify priorities and program implementation in the sectors of Key Economic Infrastructure and Micro-lending	2.2.1a 80% <i>Achieved</i> 2.2.1e 70% <i>achieved</i>	<ul style="list-style-type: none"> Micro Finance component: MFI (Al Takadum in Ramadi) provided all reports in the quarter, which showed that the outcomes of disbursing the loans did not meet the criteria of the agreement between UNDP and Al Takadum. The second tranche of fund will not be provided to Al Takadum. Electricity distribution planning: follow-up continued in Basra and Anbar to receive approval by the Ministry of Electricity in Baghdad for the electricity teams to attend the last round of training in Canada, on the

		<p>preparation of the Electricity distribution Master Plan.</p> <p><u>ERBIL</u></p> <ul style="list-style-type: none"> • Erbil GSC held three meetings during the reporting period focusing mainly on the remainder of activities under the Programme primarily pertaining to: contracting MFIs, finalizing the downstream pilot project for UNDP and the establishment of GEDU. • SEINA: The main SEINA field mission completed in July covering all sectors, in line with the project Output pertaining to "identify priorities and program implementation in the sectors of Key Economic Infrastructure". Subsequent to the compilation of the reports in the various sectors, the preliminary findings and recommendations were presented to HE the Minister of Planning in early August. The final report will be submitted by end of 2012. • Micro Finance Component: Two pre-selected MFIs submitted their application to the Erbil GSC and were subsequently endorsed on 10 September, 2012. UNDP technical review committee will convene during the next reporting period to validate their qualifications and proceed with this component. • Downstream activity: A Request for Proposal (RFP) was launched in September for the establishment of a Weaving Training Center in Erbil. A successful NGO will be contracted in the next quarter.
Procurement		NTR

Main Implementation Constraints and Challenges
<p>Substantive Challenges</p> <ul style="list-style-type: none"> • It is critical to involve the private sector in the formulation of private sector development strategy. It would be a substantive challenge due to the limited time remaining prior to the programme's closure. • The lack of knowledge by some local government entities about the UN agencies programmes and activities led to mix up between UN and other parties working in the governorate, especially in Anbar. • Security restrictions make it difficult to conduct field missions and to interact with project stakeholders on the ground. • MFIs in Basrah stopped reporting to UNDP on the status of the loans by claiming that their contracts do not state that they need to continue reporting after the disbursement of the funds. Despite the continuous follow up from the UNDP and the GSC, the MFIs have not responded. • The absence of timely response by the Ministry of Electricity to approve participation of the electricity teams at the last training could cause the cancellation of the training itself, which may delay the completion of distribution master plan in Basrah and Anbar. <p>Management / Logistic Challenges</p> <ul style="list-style-type: none"> • Procured items (electricity component related in Basrah) were retained with South Customs authorities for a long time. • The departure of most international staff of UNDP PSDP-I as well as participating agencies, caused management changes and affected implementation in a number of activities led and supported by UNDP. UNDP assigned a new PSDP-I team, and the cooperation with UNDP Istanbul Center for Private Sector Development is being sought to retain institutional memory and to complete the private sector development strategy on time.

**B. ILO and
C. UNOPS**

Funds Committed¹⁰ ILO	USD 2,261,445	% of received	75%
Funds Disbursed ILO	USD 2,200,863	% of received	73%

¹⁰ All expenditure figures are estimates only. For accurate financial reporting please refer to Agency-individual certified financial reports.

Funds Committed UNOPS	USD 5,577,596.57	% of received	95%
Funds Disbursed UNOPS	USD 5,160,297.54	% of received	88%
Forecast final date	31 Dec 2012	Delay (months)	12

Direct Beneficiaries	Number of Beneficiaries	% of planned (current status)
Men	328	85%
Women	82	85%
Children	-	
IDPs	-	
Others	-	
Indirect beneficiaries	1910	80%
Employment generation (men/women)	60 (12 women , 48 men)	80%

Quantitative achievements against objectives and results	% of planned
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
Output 1.1: National capacities for private sector development policies are strengthened.	90%
Output 1.3: Strengthened operational, regulatory and legislative environment for SMEs development	80%
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
Output 2.1: Local economic strategies and plans developed in line with national and provincial frameworks in three governorates.	95%
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates.	95%

IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
1.1.1 Technical support is provided to the taskforce working within the Prime Minister's Office to formulate, implement and monitor the public PSD initiatives of the GoI.	<i>[Activity supported by ILO/UNOPS]</i> <ul style="list-style-type: none"> NTR
1.1.2 A comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place	<i>[Activities supported by ILO/UNOPS: achievement rate at 80%]</i> <ul style="list-style-type: none"> September 2012: Training materials prepared for the one-week study tour to ILO HQ in Geneva organized for 13 Iraqi officials, including nine from the Labour and Social Committee of Baghdad and four from KRG. Objective: review ILO comments to the revised Labour Law, build capacities on Labour Law revision and social dialogue
1.1.3 Draft legislations related to SOE corporatisation (amendment of Law 22), privatisation, investment law rules and regulations, land title reform, competition, PPPs, mitigation package, agricultural and trade policies are available	
1.1.4 Increased knowledge of officials on key policy issues for enterprise development to support the design and implementation of relevant legislative and institutional frameworks	<i>[Activity supported by ILO/UNOPS]</i> <ul style="list-style-type: none"> NTR
1.1.6 A tripartite consultation mechanism of the Government, Employers and Workers representatives in the Socio-Economic Council of Iraq is available to promote social dialogue	<i>[Activity led by ILO/UNOPS: achievement rate at 80%]</i> <ul style="list-style-type: none"> Map and capacity assessment of Employers' Organizations conducted between June and September 2012; findings are being compiled into a report which will be finalized by the end of 2012

1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available.	<i>[Activity supported by ILO/UNOPS]</i> <ul style="list-style-type: none"> • NTR
1.3.1 A survey of SMEs (including formal and informal sector) is available	<i>[Activity led by ILO/UNOPS: achievement rate at 75%]</i> <ul style="list-style-type: none"> • Since early September an SME expert is drafting the report of the findings collected through the first and second SME survey; it will be released during the first half of December 2012.
1.3.2 GoI High Economic Committee and concerned ministries are supported to formulate legislative strategies for SMEs-friendly regulatory framework	<i>[Activity led by ILO/UNOPS: achievement rate at 80%]</i> <ul style="list-style-type: none"> • NTR
1.3.3 Strengthened national capacities of business development services and Non-Bank Financial Institutions.	<i>[Activity led by ILO/UNOPS: achievement rate at 60%]</i> <ul style="list-style-type: none"> • NTR
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
2.1.1 Identify, in a participatory, evidence-based framework, local economic comparative advantage of the target areas	<i>[Activity led by ILO/UNOPS: achievement rate at 95%]</i> <p>The three consultants hired to support the groups of experts in Anbar, Basra and Erbil, in the territorial diagnosis and the identification of economic development projects were able to conduct participatory workshops in each of the governorates. During the workshops the territorial diagnosis was validated with the private sector so as the identified economic development projects in Anbar, Basra and Erbil. The final report of the workshop is being drafted.</p>
2.1.2 Local economic recovery (LER) strategies are in harmony with Provincial Development Strategies (PDS)	<i>[Activity led by ILO/UNOPS: achievement rate at 95%]</i> <ul style="list-style-type: none"> • Upon the request of the KRG Ministry of Planning and after the strategic meeting held in Erbil, in July ILO/UNOPS drafted a terms of reference for the Economic Development Planning entity at the provincial level, translated into Arabic and submitted it to the KRG Ministry of Planning and the Erbil Governor's Office, for their final decision. Official submission was made in early August 2012. • In late August 2012 a Committee was formed by the Erbil Governor to revise the above-mentioned terms of reference and submit them to the KRG Ministry of Interior for final decision on the establishment of an Economic Development Unit within the Governor's Office.
2.2.1 Technical support provided to identify priorities and program implementation in the sector of Business Development Services. Specific area identified in the ProDoc.	<i>[Activity 2.2.1d (Business Development Services) led by ILO/UNOPS: achievement rate at 95%]</i> <ul style="list-style-type: none"> • A Business Development Services (BDS) consultant was hired by UNOPS to train Business Information Centres (BICs) on: BDS market assessment, business plan development, development of marketing strategy and development of financial sustainability plan. In August, the consultant was able to provide assistance to Chambers of Commerce CoCs and BICs in Anbar and Erbil to select the Market Research Companies for the BDS market assessment that will be conducted to support the BICS in preparing their plans. • In August 2012 a training needs assessment workshop was conducted in Beirut for BIC staff. The training aimed at assessing their needs, capacities and support the preparations of the training program planned to take place in October on how to produce a business development plan, a marketing strategy and a financial sustainability plan. The workshop also included the Market Assessment Company team hired by Anbar and Erbil BICs. • In August, the team together with the ILO Local Economic Recovery (LER) specialist

	<p>worked on the development of BDS market assessment tools (TORs, questionnaires, focus group discussion guidelines). The assessment started at the beginning of September.</p> <ul style="list-style-type: none"> • Translation of the Improve Your Business (IYB) training manual (over 1,000 pages) into Kurdish started in September 2012 and will be completed by the end of October 2012. Candidate IYB Trainers are completing the IYB requirements in order to be admitted to the Refresher course, that will take place in December, and to eventually obtain the IYB Trainer certification.
Procurement	<ul style="list-style-type: none"> • NTR
Main Implementation Contraints and Challenges	
<p>Substantive challenges:</p> <p><u>Implementation challenges in Anbar.</u> A separate Memo has been prepared by ILO and UNOPS on the subject.</p> <ul style="list-style-type: none"> - <u>July 2012:</u> four out of five members of the Group of Experts have left the group - <u>September 2012:</u> The Governor of Anbar called off an ongoing consultation with the private sector, organized in collaboration with the Chamber of Commerce. Since then, the Governor's Office instructed ILO and UNOPS to officially request authorization for any activity to be implemented in Anbar. <p><u>Institutionalization of Local-level Planning for Economic Development:</u></p> <ul style="list-style-type: none"> • The EDU Resolution will not be approved. Instead the GoI decided to establish development and planning councils at the Governorate level. • Delays in the production of the Territorial Diagnosis reports and the project charters: The three EDUs nominated by the Governors of Anbar, Basra and Erbil, have experienced a number of challenges which are partly related to their only recent exposure to ILO/UNOPS analysis and planning methodology, and partly related to the following reasons: the greatest majority of their members are neither economists nor local-level planners; the required workload is significant and the process is more demanding than they expected; they are very busy with their own day-to-day assignments and it is very hard for them to allocate adequate time for the territorial diagnosis and the identification of projects; they are not compensated for this work, which is an additional heavy task on the top of their official duties. It is worth mentioning here that Erbil Governor's office has agreed to pay their group members an amount of money as incentive for this required extra workload. <p>Management/Logistic challenges:</p> <ul style="list-style-type: none"> • Limited slots available for International staff coming to Baghdad and this affects in a way holding events in Baghdad or for the International staff to attend meetings on time. • Limited movement for International staff when meeting with Iraqi counterparts and government in the red zone. • Complicated procedure for getting Iraqi counterparts in the International Zone and limited number of SSI escorts available to handle visitors' requests. 	

D. UNIDO

Funds Committed	USD 7,186,384.23	% of received	93.33%
Funds Disbursed	USD 5,451,905.00	% of received	70.80%
Forecast final date	31/12/2012	Delay (months)	12

Direct Beneficiaries	Number of Beneficiaries¹¹	% of planned (current status)¹²
Men	n/a	n/a

¹¹ Number of beneficiaries may not be quantified as the current interventions are on a policy, advisory and legislative level benefitting the Government of Iraq and designated governorates.

¹² The project document does not define concrete numbers of beneficiaries to be targeted.

Women	n/a	n/a
Children	n/a	n/a
IDPs	n/a	n/a
Others	n/a	n/a
Indirect beneficiaries	All citizens of Iraq.	n/a
Employment generation (men/women)	n/a	n/a

Quantitative achievements against objectives and results		% of planned
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development		
Output 1.1: National capacities for private sector development policies are strengthened.		99%
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq		
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates.		80%

Qualitative achievements against objectives and results	
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
1.1.1 Technical support is provided to the taskforce working within the Prime Minister's Office to formulate, implement and monitor the public PSD initiatives of the GoI.	<p><i>[Activity supported by UNIDO]</i></p> <ul style="list-style-type: none"> • The CTA terminated early May but was subsequently mobilized again in the period June-July for the closure of UNIDO PSDP-I Upstream Component. • Meetings and discussions were held with the TFER with main focus on implementation of the SOEs Restructuring Programme and possible assistance by UNIDO in cooperation with Istanbul International Center for Private Sector Development, led by the former Programme Director
1.1.2 A comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place	<p><i>[Activity 1.1.2 led by UNIDO; activity 1.1.3 supported by UNIDO; total achievement rate: 100%]</i></p> <p><i>All activities by UNIDO were completed in previous Q2</i></p>
1.1.3 Draft legislations related to SoE corporatisation (amendment of Law 22), privatisation, investment law rules and regulations, land title reform, competition, PPPs, mitigation package, agricultural and trade policies are available.	
1.1.4 Increased knowledge of officials on key policy issues for enterprise development to support the design and implementation of relevant legislative and institutional frameworks.	<p><i>[Activity led by UNIDO: achievement rate at 98%]</i></p> <ul style="list-style-type: none"> • <u>Coaching assistance to the Ministry of Industry & Minerals (MIM) on the formulation of Iraq's Industrial Strategy & Policy (ISP):</u> <ul style="list-style-type: none"> - Coaching assistance to MIM and the Strategy Working Group continued throughout the reporting period on all strategy report chapters drafted by the Iraqi team; - The first final draft report of the Iraqi Industrial Strategy was successfully completed in August 2012 along with a summary in Arabic; - The English version of the summary is under completion for dissemination to international stakeholders and possible publication; - MIM initiated in August a consultation procedure with main departments and Directorates on key issues of the strategy for final

	<p>review.</p> <ul style="list-style-type: none"> • <u>Follow up of GoI 212 budget allocations for SOEs Restructuring</u> <ul style="list-style-type: none"> - In addition to meetings in PMAC, regular discussions were initiated with Istanbul International Center for PSD for providing joint management, monitoring & evaluation assistance to PMAC and MIM, covering also complementary activities for the Industrial Strategy - A preliminary proposal was prepared and submitted to the Chairman of PMAC early August; however, as clarified later, according to Iraqi procedures, the Center and UNIDO will need to be formally invited by MIM - In August, MIM launched a call for proposals for technical assistance to the restructuring of its SOEs, inviting several consulting firms to present offers (deadline: 22 October) and other Ministries initiated the process as well but in the absence of clear procedures and approaches.
1.1.5 A national investment map is available (including sector and geographic-specific).	<p><i>[Activity led by UNIDO; achievement rate: 100 %]</i></p> <p><i>The Investment Map was completed in Q3 2011.</i></p>
1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available.	<p><i>[Activity supported by UNIDO: achievement rate for UNIDO inputs: 100%]</i></p> <p><i>This activity was completed in Q3; final reports were edited and circulated to all stakeholders early August.</i></p>
1.3.2 GoI Prime Minister's Advisory Board and other concerned ministries supported for an SME-friendly regulatory framework.	<p><i>[Activity supported by UNIDO; achievement rate for UNIDO inputs: 100%]</i></p> <p>Completed in Q2 2012</p>
1.3.3 Strengthened national capacities of business development services and Non-Bank Financial Institutions.	N.A.
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
2.2.1. Technical support provided to identify priorities and program implementation in the sector "Industries"	<p><i>[Activity 2.2.1c (Industries) led by UNIDO: achievement rate at 80%¹³]</i></p> <ul style="list-style-type: none"> • <u>Rehabilitation of three SOEs in Anbar and Basra governorates:</u> <ul style="list-style-type: none"> - The delivery of the final machinery and equipment supplies, which include paper quality testing equipment environmental protection test equipment, smooth glass rollers, etc., was planned in the reporting period as scheduled. Training sessions in use and maintenance of the respective equipment, to be held at the factories, have been organized and shall take place in the coming future. - After a set of capacity building sessions conducted in the second quarter of 2012 (one week Success in Management & Effective Organization workshop in Amman, and three weeks Study Tour to Turkey) and following the request by the Ministry of Industry & Minerals, additional tailored capacity building sessions in the field of Human Resources Management; Productivity and Competitiveness, International Marketing were conducted and a Partnership study tour to Italy and France supported by local UNIDO Investment and Technology Promotion Offices (ITPOs). The partnership missions of the three SOEs to Europe are taking place in October 2012.

¹³ Achievement rate for the planning component of the rehabilitation programme 95%;

	- The draft industrial feasibility studies, including detailed business plans for each of the three industrial sectors, were reviewed by a team of experts for finalization in the 4 th quarter of 2012.
Procurement (major items)	Procurement for supply of equipment to the three SOEs initiated during 2011 Q4 progressed in the reporting period according to schedule.

Main Implementation Constraints and Challenges

What already reported in the previous quarterly reports, in terms of general logistic and security constraints, is substantially re-confirmed.

As already highlighted, the main implementation constraint from an operational point of view is constituted by the impossibility to work side by side with the beneficiaries located in the red zone of Baghdad.

E. FAO

Funds Committed	\$ 1,925,844	% of approved	58.3%
Funds Disbursed	\$ 1,920,866	% of approved	58 %
Forecast final date	31 Dec 2012	Delay (months)	12

Direct Beneficiaries	Number of Beneficiaries	% of planned (current status)
Men	324	100%
Women	102	100%
Children	n/a	n/a
IDPs	n/a	n/a
Others	n/a	n/a
Indirect beneficiaries	All citizens of Iraq.	n/a
Employment generation (men/women)	n/a	n/a

Quantitative achievements against objectives and results	% of planned
Outcome 1: Improved policies, strategies and related institutional developments that re sensitive to MDGs, social inclusiveness, gender equality and inclusive of those in poverty in terms of positive economic growth.	
Output 1.1: Strengthened national capacities for and policies for private sector development.	95%
Outcome 2: Enhance key-sectors of local economies in the most deprived areas.	
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates	70%

Qualitative achievements against objectives and results	
<ul style="list-style-type: none"> Procurement procedures of the AIC were determined according to the Regional Knowledge and Information Management Officer, tendering process issued and offers received, under evaluation process at HQ. Preparation for the Agricultural Land Study Tour in Germany has been initiated. 	
Outcome 1: Improved policies, strategies and related institutional developments that are sensitive to MDGs, social inclusiveness, gender equality and inclusive of those in poverty in terms of positive economic growth	
Output 1.1: Strengthened national capacities for and policies for private sector development.	OUTPUT 1.1.2 Conduct a comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD <ul style="list-style-type: none"> The final draft of translated legislations has been sent and shared with UNIDO.-No Updates (90% OF PLANNED)

	<p>OUTPUT 1.1.3 Support the drafting, parliamentary review, and implementation of legislation including SoE corporatization (amendment of Law 22), privatization, investment law rules and regulations, land title reform, competition, arbitration, PPPs, mitigation package, agricultural and trade policies</p> <ul style="list-style-type: none"> - Agricultural Land Study tour to be conducted in Germany for Iraqi delegation, participants are from MoA, MoF, MoP, MoC and PMAC preparations for the study tour is under progress-No Updates.
	<p>OUTPUT 1.1.4 Build the capacity of officials regarding key policy issues for enterprise development, including PPPs, corporatization and privatization of SOEs, access to private finance, industrial policy, labour standards, land titling, agriculture, trade and allocation to support the design of relevant legislative and institutional frameworks</p> <ul style="list-style-type: none"> - Activity completed (100% of planned)
	<p>Output 1.1.7 Private Sector Development Strategy including investment, private farming, trade for the agriculture sector is created.</p> <ul style="list-style-type: none"> - Two Studies with the Ministry of Agriculture have been completed and submitted to FAO - MoWR did not submit the study of water management yet. (70% of planned)
Outcome 2: Enhance key-sectors of local economies in the most deprived areas.	
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates.	<p>Output 2.2.1 Technical support provided to identify priorities and program implementation in the agricultural sector.</p> <ul style="list-style-type: none"> - Procurement of the specified Software and Hardware has been improved, tender launched and offers were received, and now it is under evaluation process to be sent accordingly to the HQ for finalization. (70% of planned)

Main Implementation Constraints and Challenges

The main constraints during the reporting period pertained to the late response of the Line Ministries, especially MoWR, in getting the Draft studies, due to difficulty in communications between the implementing officers in the ministries.

F. UN-HABITAT

Funds Committed	USD 1,928,800	% of received	96%
Funds Disbursed	USD 1,398,640	% of received	70%
Forecast final date	On Schedule	Delay (months)	0

Direct Beneficiaries	Number of Beneficiaries¹⁴	% of planned (current status)¹⁵
Men	480	n/a
Women	120	n/a
Children	n/a	n/a
IDPs	n/a	n/a
Others	150	n/a
Indirect beneficiaries	All citizens of Iraq.	n/a
Employment generation (men/women)	n/a	n/a

¹⁴ Number of beneficiaries may not be quantified as the current interventions are on a policy, advisory and legislative level benefitting the Government of Iraq and designated governorates.

¹⁵ The project document does not define concrete numbers of beneficiaries to be targeted.

Quantitative achievements against objectives and results	% of planned
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	90%
Output 1.1: Strengthened national capacities and policies for private sector development	90%
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	100%
Output 2.1: Local economic strategies and development plans are in line with national and provincial frameworks in three governorates	100%
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates	100%

Qualitative achievements against objectives and results	
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
1.1.1 Technical support is provided to the taskforce working within the Prime Minister Office to formulate, implement and monitor the public PSD initiatives of the GoI.	<ul style="list-style-type: none"> • Land Governance Assessment Framework Study ongoing. Preliminary reports prepared • Communication strategy underway • Iraqi Land Policy Commission submission to Council of Ministers finalised • Land Management education paper prepared and initial interest shown by Munich Technical University to partner with Baghdad university • Continued technical support to the TFER to implement land reforms through the WG
1.1.2 A comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place.	<p><i>[Activity supported by UN-HABITAT]</i></p> <ul style="list-style-type: none"> • Public land management policy drafted and discussed amongst the WG
1.1.3 Draft legislations related to SOE corporatisation (amendment of Law 22), privatisation, investment law rules and regulations, land title reform, competition, PPPs, mitigation package, agricultural and trade policies are available.	<p><i>[Activity supported by UN-HABITAT]</i></p>
1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available	<p><i>[Activity supported by UN-HABITAT]</i></p> <ul style="list-style-type: none"> • Briefing notes prepared and interagency discussions underway
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
2.1.3 Strengthen governorate-level construction and development institutions to implement and sustain local planning capacities	<p><i>[Activity supported by UN-HABITAT]</i></p> <p>UN-HABITAT under this output is expected to contribute to learning sessions on land and planning issues related to economic recovery within UNDP-PSDPI organised workshops. Other than the workshop organised in Oct 2010 in Istanbul, there have been no further UNDP organised workshops for UN-HABITAT contribution.</p>
2.2.1 Technical support provided to identify priorities and program implementation in sector of Construction and Development Companies	<p><i>[Activity 2.2. If (Construction and development companies) led by UN-HABITAT: achievement rate at 100%]</i></p> <ul style="list-style-type: none"> • NTR. Training completed
Procurement (major items)	<ul style="list-style-type: none"> • NTR

Main Implementation Constrains and Challenges

Substantive challenges:

- Potential that current instability of government leading to delays in establishing a land policy commission
- Continued instability sometimes making difficult for meetings to take place

G. UN WOMEN

Funds Committed	USD 611,970	% of received	50%
Funds Disbursed	USD 577,000	% of received	47%
Forecast final date	On Schedule	Delay (months)	0

Direct Beneficiaries	Number of Beneficiaries¹⁶	% of planned (current status)¹⁷
Men	n/a	n/a
Women	n/a	n/a
Children	n/a	n/a
IDPs	n/a	n/a
Others	n/a	n/a
Indirect beneficiaries	All citizens of Iraq.	n/a
Employment generation (men/women)	n/a	n/a

Quantitative achievements against objectives and results	% of planned
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
Output 1.1: National capacities for private sector development policies are strengthened	75%
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
Output 2.1: Local economic strategies and plans developed in line with national and provincial frameworks in three governorates	60%

Qualitative achievements against objectives and results	
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
1.1.2 A comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place	<i>[Activity supported by UNWOMEN]</i> Legal assessments from a gender perspective were submitted for 5 core areas in Arabic and English languages. The five core areas is: 1- Constitution 2- Labour Code 3- Civil Code. 4- Economic Reform law. 5- Pension and social Security.
1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available	Final draft report of review of the SME policy framework from a Gender perspective was revived by ILO. Many inputs and comments were inserted.
1.1.8 Gender is mainstreamed in the program ensuring women`s full participation in policy and strategy design	<i>[Activity led by UNWOMEN: achievement rate at 45%]</i> – UN Women with the coordination of SMOWA conducted a consultation meeting in COMSEC to discuss the available the establishment of Businesswomen Union. The participants in the meeting came up with the below recommendations: ○ Businessmen Union office in Thi-Qar will review the new drafted

¹⁶ Number of beneficiaries may not be quantified as the current interventions are on a policy, advisory and legislative level benefitting the Government of Iraq and designated governorates.

¹⁷ The project document does not define concrete numbers of beneficiaries to be targeted.

	<p>By-law for the Businesswomen union to be finalized within 15 days, when the revision is finalized the By-law will be shared with the Iraqi Chambers of Commerce and some Businesswomen for further review. Then By-law will be submitted to SMOWA.</p> <ul style="list-style-type: none"> ○ SMOWA will submit the revised By-law to COMSEC for approval. ○ After the establishment of the Businesswomen Union, SMOWa will work on supporting them through: <ul style="list-style-type: none"> 1- Requesting the cabinet to allocate some projects to be implemented by Businesswomen. 2- Allocating non-profit loans. 3- Reducing taxes.
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IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
2.1.3 Strengthen governorate-level construction and development institutions to implement and sustain local planning capacities	<i>[Activity supported by UNWOMEN]</i> 6- NTR
2.1.4 Promote gender mainstreaming and women participation in local strategies and plans	<i>[Activity led by UNWOMEN: achievement rate at 12%]</i> A TOT training on the concept of gender and how to mainstream it in the development plans planned to be conducted in Beirut from 6 th – 10 th October for the provincial council members of Anbar, Basra, and Erbil. Members from Chamber of Commerce and Businessmen Union also participating. UN Women almost finalize the preparatory issues. UN Women contacted State Ministry of Governorate Affairs to facilitate the nominations of Anbar and Basra participants while contacted Erbil Provincial Council for nomination.
Procurement	NTR

Main Implementation Contraints and Challenges	
<ul style="list-style-type: none"> ▪ NTR 	