

United Nations Development Group Iraq Trust Fund
Project # 66995: C10-11
Date and Quarter Updated: 01 October – 31 December 2012
4th Quarter 2012

Participating UN Organisations: UNDP (Lead), ILO, UNIDO, FAO, UNOPS, UN-HABITAT, UNIFEM (changed to UNWOMEN)	SOT: Economic Recovery and Development UNDAF Priority Area: 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				
Geographic 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	48 months				
Approval Date (SC)	4 December 2008	Starting Date	01 January 2009	Completion Date	1 January 2011 (Another cost extension granted till 31 December 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 growth through planning and implementation activities within three selected governorates.</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-instalment 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.

Development Goal and Immediate Objectives	
<p>Development Goal:</p> <ul style="list-style-type: none"> Contributes to following Sector Outcomes: 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: 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 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</p>

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

	<p>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>
<p>Procurement (major items)</p>	<p>None</p>
<p>Major Activities Undertaken from initiation until present reporting</p>	<p>Upstream Activities</p> <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 ○ State Owned Enterprise (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 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 MSME survey (including coordination with Central Organization for Statistics and Information Technology (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 Management” report for land management reform and agreement with GoI and other key Iraqi stakeholders on development of Land Policy for Iraq.
- 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 White Paper on women’s participation in employment and private sector development.
 - Significant progress achieved in planning/development/coordination in following areas:
 - Business development services (including successful training of local counterparts).
 - Coaching assistance to the Ministry of Industry and Minerals on the formulation of Iraq’s Industrial Strategy and Policy with follow up of its adoption.
 - Approval of Roadmap for Restructuring of SOEs 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.
 - A consultation meeting chaired by the TFER with the private sector on the outline of the PSD strategy was held in 9 December 2012, establishing a platform for dialogue between the government and the private sector to manage the PSD strategy. The draft PSD Strategy was completed.
- Downstream Activities
- 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 2011 with contributions of USD 750,000 from KRG and the draft Assessment was completed in 2012.

Total Funds Committed and Disbursed as of 31 December 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	100%	99%
(b) ILO	3,002,966	3,002,966	91%	90%
(c) UNOPS	5,897,034	5,897,034	93%	93%
(d) UNIDO	7,700,000	7,700,000	99%	84%
(e) FAO	3,300,000	3,300,000	79%	67%
(f) UN-HABITAT	2,000,000	2,000,000	100%	100%
(g) UNWOMEN	1,220,000	1,220,000	84%	84%
Total	32,870,000	32,870,000	95%	90%

A. UNDP

Funds Committed	USD 9,735,107.23	% of received	100%
Funds Disbursed	USD 9,682,857.23	% of received	99%
Forecast final date	December 2012	Delay (months)	12 months

Direct Beneficiaries	Number of Beneficiaries⁷	% 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		
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	% of planned	100%
Output 1.2: Improved efficiency of the Public Micro Lending Programme and access to business loans	% of planned	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	% of planned	100%
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates	% of planned	75%

Qualitative achievements against objectives⁹ 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.	<i>1.1.1 100% achieved</i>	<p><i>[Activity led by UNDP: achievement rate at 100%]</i></p> <ul style="list-style-type: none"> • Programme Steering Committee (PSC) meeting, was held on 7 October, 2012 to present on the programme achievements to date and the work plan toward the closure of the programme. The final budget revisions requested by UNDP and ILO and work plan was approved by the PSC at the PSC. The official approval by ITF was also made. • UN Global Compact (UNGC) Iraq Local Network: <ul style="list-style-type: none"> - UNDP organised a workshop in Istanbul, Turkey for members of the UNGC Iraq Network on Corporate Social Responsibility and inclusive business models together with the Istanbul International Centre for Private Sector Development and the UNGC Turkey Network. The workshop provided the Iraqi participants with the experiences of Turkish and international companies to improve business performance and address social issues faced by the private sector. - UNDP helped organise the annual meeting of the UNGC Iraq Network to celebrate the first anniversary of its establishment and its achievements to date on 9 December 2012. Over 35 participants representing companies, business associations and civil society attended the meeting, together with high-level

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'.

		Government representatives. The meeting also featured the Tamayouz Award ceremony, an initiative promoting youth excellence and employment by awarding Iraqi architecture students with job opportunities.
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>1.1.2 100% achieved</i>	<i>[Activity supported by UNDP]</i> All legislative assessment reports, including UNDP contributions have been completed and officially distributed by UNIDO in July 2012.
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> 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>1.1.4</i>	<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>1.1.6</i>	<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"> • The outline of the Private Sector Development Strategy of Iraq was prepared through joint efforts by all participating agencies and led by UNDP. The consultation meeting with the private sector, held on 9 December 2012, and chaired by TFER was successful in discussing and endorsing the outline for the Strategy. • The draft Private Sector Development Strategy was completed in December 2012, under the leadership of UNDP, and with the collective efforts of participating agencies and inputs from UNDP Istanbul Center for PSD (IICPSD) (the strategy was submitted to the TFER in January 2013).

1.1.8 Provide continuous support to the Program to mainstream gender and ensure women's full participation in policy and strategy design.	1.1.8	[Activity supported by UNDP] <ul style="list-style-type: none"> <u>Gender:</u> In October, Iraq held its first ever “Conference on Women’s Empowerment” with UNDP’s support, and a report titled <i>Women’s Economic Empowerment- Integrating Women into the Iraqi Economy</i> was released. The report presents several case studies highlighting challenges and opportunities to women’s employment in the Iraqi economy and related recommendations for the Government of Iraq, the International Community, civil society and the private sector.
1.2.1 Improved management of the Governmental guaranteed Micro-Lending Programme (implemented by MoLSA and MoIM)	1.2.1. 70% <i>achieved</i>	[All three activities led by UNDP: achievement rate at 70% (1.2.1), 20% (1.2.2) and 40% (1.2.3)] 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>	
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>
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: Distribution of loans was completed in October when 124 loans were distributed amongst the beneficiaries; with almost 23% of females benefitting from those loans. Micro Finance Institution (MFI) Steering Committee followed up with RI and CHF on the delayed reporting and concluded to not offer them a second tranche of the funds. Electricity distribution planning: Mapping of data into the Global Information System (GIS) and into CYME Network Modelling system for development of the Electricity Master Plans was initiated and completed by the Distribution Directorates. <u>ANBAR</u> <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

		<p>between UNDP and Al Takadum. It was decided to not provide the second tranche of funds to Al Takadum.</p> <ul style="list-style-type: none"> • Electricity distribution planning: follow-up continued in 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 preparation of the Electricity Distribution Master Plan. While the distribution data collection is completed, MoE will be responsible for further distribution planning training due to the programme closure. <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 in January, 2013. • Micro Finance Component: Two pre-selected MFIs were subsequently endorsed on 10 September, 2012. UNDP completed its provisions of 1st fund tranches to these two MFIs in December 2012. • Downstream activity: The selection process based on Request for Proposal for the establishment of a Weaving Training Center in Erbil was not completed due to the lack of offers from NGOs. However, this activity will be completed in 2013 as was endorsed by the Erbil GSC.

<p>Main Implementation Constraints and Challenges</p>
<ul style="list-style-type: none"> • NTR

B. ILO and

C. UNOPS

Funds Committed¹⁰ ILO	USD 2,733,545.34	% of received	91%
Funds Disbursed ILO	USD 2,715,767.01	% of received	90%
Funds Committed UNOPS	USD 5,483,794.23	% of received	93%
Funds Disbursed UNOPS	USD 5,483,794.23	% of received	93%
Forecast final date	On Schedule	Delay (months)	0

Direct Beneficiaries	Number of Beneficiaries	% of planned (current status)
Men	1028 (BDS) + 13 (LERD)	
Women	937 (BDS) +2 (LERD)	
Children	-	
IDPs	-	
Others	-	
Indirect beneficiaries		
Employment generation (men/women)	133	

Quantitative achievements against objectives and results		
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.	% of planned	95%
Output 1.3: Strengthened operational, regulatory and legislative environment for SMEs development	% of planned	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.	% of planned	100%
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates.	% of planned	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 100%]</i> <ul style="list-style-type: none"> October 2012: Training delivered on Labour Law revision/drafting and social dialogue to 13 Iraqi officials, including nine from the Labour and Social Committee of Baghdad and four from KRG. December 2012: Second draft of the SME Law produced and discussed with representatives of the Government of Iraq and of the private sector.
1.1.3 Draft legislations related to SOE corporatisation (amendment of Law 22), privatisation, investment law rules and regulations, land title reform, competi-	

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

tion, 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"> • NTR
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"> • Feedbacks and inputs provided throughout the drafting of the PSD strategy, on MSME development and labour issues.
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"> • Survey of MSME; report produced and reviewed in December 2012 with representatives of the Government of Iraq and private sector.
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"> • November-December 2012: MSME Policy Paper drafted and discussed with the Government of Iraq and the Private Sector.
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 100%]</i> <ul style="list-style-type: none"> • Territorial Diagnosis reports finalized for Anbar, Basra and Erbil, validated by provincial stakeholders, revised by international experts and discussed at a final lessons-learned workshop. • Guidelines on how to conduct territorial diagnosis at the provincial level revised by International and National experts, in light of the experiences and lessons learned gathered after the first planning cycle.
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 100%]</i> <ul style="list-style-type: none"> • Economic development projects identified and planned with provincial stakeholders and experts for Anbar, Basra and Erbil, revised by international experts and discussed at a final lessons-learned workshop. • Guidelines on how to identify and plan economic development projects at the provincial level revised by International and National experts, in light of the experiences and lessons learned gathered after the first planning cycle. • Economic Development Planning team established by the Governor of Erbil within its Planning Unit, with ILO/UNOPS technical advice on terms of reference and staffing.

<p>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.</p>	<p><i>[Activity 2.2.1d (Business Development Services) led by ILO/UNOPS: achievement rate at 95%]</i></p> <ul style="list-style-type: none"> • 17 Improve Your Business (IYB) trainers certified. • Market assessment of Business Development Services (BDS) conducted in Anbar and Erbil by the Business Information Centers (BICs), with ILO/UNOPS technical and financial support. • BICs of Anbar, Basra and Erbil assisted in producing a business plan, a financial sustainability plan and a marketing strategy for 2013, based on the findings of the BDS market assessments. • Marketing campaigns of the BICs conducted in Anbar and Erbil (TV spots and brochures).
<p>Procurement (major items)</p>	<ul style="list-style-type: none"> • NTR
<p>Main Implementation Constraints and Challenges</p>	
<p>Substantive challenges:</p> <ul style="list-style-type: none"> • NTR <p>Management/Logistic challenges:</p> <ul style="list-style-type: none"> • NTR 	

D. UNIDO

Funds Committed	USD 7,644,631.19	% of received	99.28%
Funds Disbursed	USD 6,458,914.37	% of received	83.88%
Forecast final date	On Schedule ¹¹	Delay (months)	0

Direct Beneficiaries	Number of Beneficiaries¹²	% of planned (current status)¹³
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		
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.	% of planned	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.	% of planned	95%

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 2012.</i></p>
1.1.3 Draft legislations related to SoE corporatisation (amendment of Law 22), privatisation, investment law	

¹¹ In the framework of the PSDP-I extension

¹² 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.

¹³ The project document does not define concrete numbers of beneficiaries to be targeted.

<p>rules and regulations, land title reform, competition, PPPs, mitigation package, agricultural and trade policies are available.</p>	
<p>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>	<p><i>[Activity led by UNIDO: achievement rate at 100%]</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 completed 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 review; - MIM High Board of Directors adopted the industrial strategy in February. 2013 with time frame for obtaining the Cabinet approval and for implementation, which is supposed to start on July 2013. • <u>Follow up of GoI 2012 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; - On January 2013 MIM awarded 5 packages of sectors of SOEs restructuring consultation jobs with international consultants. Contracts were not signed due to end of fiscal year.
<p>1.1.5 A national investment map is available (including sector and geographic-specific).</p>	<p><i>[Activity led by UNIDO; achievement rate: 100 %]</i></p> <p><i>The Investment Map was completed in Q3 2011.</i></p>
<p>1.1.6 A comprehensive Private Sector Development Strategy for Iraq is available.</p>	<p><i>[Activity supported by UNIDO: achievement rate for UNIDO inputs: 100%]</i></p> <p><i>This activity was completed in Q3 in 2012; final reports were edited and circulated to all stakeholders early August.</i></p>
<p>1.3.2 GoI Prime Minister’s Advisory Board and other concerned ministries supported for an SME-friendly regulatory framework.</p>	<p><i>[Activity supported by UNIDO; achievement rate for UNIDO inputs: 100%]</i></p> <p><i>This activity was completed in Q2 2012.</i></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 data-bbox="581 310 1429 346"><i>[Activity 2.2.1c (Industries) led by UNIDO: achievement rate at 80%¹⁴]</i></p> <ul style="list-style-type: none"> <li data-bbox="581 346 1372 382">• <u>Rehabilitation of three SOEs in Anbar and Basra governorates:</u> <p data-bbox="581 415 1523 646">- 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. The machinery supply to the SOE for Petrochemical Industries was partly slightly delayed by the equipment supplier and due to freight issues, which were solved in the meantime. Training sessions in use and maintenance of the respective equipment were organized and carried out directly at the SOEs.</p> <p data-bbox="581 653 1523 1087">- As part of its capacity building activities, the project organized a set of learning programmes in the form of study tours, trainings, workshops and meetings with partner companies in selected foreign countries. In the reporting period, the meetings with partner companies took place in France and in Italy, and brought high-level employees of the three SOEs together with selected partner companies and institutions that are engaged in the same industrial sector, to exchange knowledge and expertise in support of the successful rehabilitation and further development of the SOEs. In addition to providing a platform for the SOEs to exchange knowledge and learn from each other as well as to review potential investment plans for further development of the SOEs. Detailed outcomes and follow-up of potential investment cooperation furthered through these meetings with partner companies were shared with the Iraqi MIM;</p> <p data-bbox="581 1094 1523 1354">- Following request received by the Iraqi MIM in the second half of 2012, and subsequent to the COMFAR III Basic and Advanced Training that was held in 2009, the project organized the one-week workshop: Financial Analysis of Investment Project Scenarios with Application of COMFAR III in November 2012, with selected staff from the State Company for Glass and Ceramic Industries, State Company for Paper and Pulp Industries, State Company for Petrochemical Industries the Iraqi Ministry of Industry and Minerals and the Iraqi Ministry of Planning.</p> <p data-bbox="581 1360 1523 1921">- Detailed industrial feasibility studies, including comprehensive rehabilitation action plans were developed and finalized for all three selected SOEs. The topics covered are in accordance with UNIDO's methodology in industrial feasibility studies and include: i) Project Background and Basic Idea, ii) Market Analysis and Marketing Strategy, iii) Raw Materials and Supplies, iv) Location, Site and Environmental Assessment, v) Engineering and Technology, vi) Organization and Overhead Costs, vii) Human Resources, viii) Implementation Planning and Budgeting, ix) Financial Appraisal and x) Economic Cost-Benefit Analysis. The analysis of the current status of the factories was undertaken through field visits in 2011 and 2012 to Iraq, including visits of the plants, in close cooperation with the SOEs, including physical observation of available equipment and machinery. In several meetings with the technical staff and the management of the SOEs, and with representatives from the Ministry of Industry and Minerals, the draft studies were reviewed and the data re-confirmed, during SOE workshops and meetings in Baghdad (February 2011), Istanbul (September 2011) and Amman (November & December 2012)</p>

¹⁴ Achievement rate for the planning component of the rehabilitation programme 95%;

	<ul style="list-style-type: none"> - Partnership study tour to Italy and France supported by local UNIDO ITPOs were conducted. The partnership missions of the three SOEs to Europe are taking place in October 2012. - 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 4th quarter of 2012.
Procurement (major items)	<p>Procurement for supply of equipment to the three SOEs initiated during 2012 Q4 progressed in the reporting period according to schedule.</p> <p>Equipment delivery was carried out as planned at the end of 2012, except only parts of the machinery supply to the SOE for Petrochemical Industries, due to some delay on the supplier side.</p>

Main Implémentation Contraints 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	\$ 2,602,814	% of approved	78.9%
Funds Disbursed	\$ 2,203,987	% of approved	66.7%
Forecast final date	31 Dec 2012	Delay (months)	-

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		
Outcome 1: Improved policies, strategies and related institutional developments which are sensitive to MDGs, social inclusiveness, gender equality and inclusive of those in poverty in terms of positive economic growth.	% of planned	100%
Output 1.1: Strengthened national capacities for and policies for private sector development.	% of planned	100%
Outcome 2: Enhance key-sectors of local economies in the most deprived areas.	% of planned	90%
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates	% of planned	90%
Qualitative achievements against objectives and results		
<ul style="list-style-type: none"> Procurement procedures of the Agriculture Information Centers (AIC) were implemented, tenders were issued and final offers were evaluated, and all equipment were purchased accordingly The Agricultural Land Study Tour in Germany has been implemented successfully. 		
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 (100% of planned) 	
	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 <ul style="list-style-type: none"> Agricultural Land Study tour was conducted successfully in Germany for Iraqi delegation, participants are from MoA, MoF, MoP, MoC and PMAC. 	

	<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"> - Three Studies with the Ministry of Agriculture have been completed and submitted by the ministry experts to FAO. - MoA experts were contacted to implement the Water resources studies, since Ministry of Water Resources was not able to do the internal issues' studies. - The two studies of the water resources management have been submitted by the experts of the Ministry of Agriculture accordingly. - Technical officer was contacted at the HQ in order to obtain the technical clearance on the submitted studies. (80% of planned)
<p>Outcome 2: Enhance key-sectors of local economies in the most deprived areas.</p>	
<p>Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates.</p>	<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 completed, and after the evaluation of the offers approved, purchase order has been released. - The supplier is waiting for the Letter of Exemption in order to deliver the equipment to the three governorates. - National IT Technical has been contracted in order to complete the installation process of the equipment in the three governorates. (90% of planned)

Main Implementation Constraints and Challenges

Poor communication between implementing officers at the MoWR caused a delay in the approval of the Draft Studies at the ministry level. Headquarters was also late in approving technical clearances for the proposed studies.

F. UN-HABITAT

Funds Committed	USD 2,000,000	% of received	100%
Funds Disbursed	USD 2,000,000	% of received	100%
Forecast final date	On Schedule	Delay (months)	0

Direct Beneficiaries	Number of Beneficiaries¹⁵	% of planned (current status)¹⁶
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

Quantitative achievements against objectives and results		
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	% of planned	100%
Output 1.1: Strengthened national capacities and policies for private sector development	% of planned	100%
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	% of planned	100%
Output 2.1: Local economic strategies and development plans are in line with national and provincial frameworks in three governorates	% of planned	100%
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates	% of planned	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 to the TFER to implement land reforms through the WG.	<ul style="list-style-type: none"> • Land Governance Assessment Framework Study complete • Communication strategy complete • Iraqi Land Policy Commission submission to Council of Ministers finalised • Land Management education paper submitted to Baghdad University
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 - final draft submitted to WGs.
1.1.3 Draft legislations related to SOE corporatisation (amendment of Law 22), privatisation, investment law rules and regulations, land title reform,	<p><i>[Activity supported by UN-HABITAT]</i></p>

¹⁵ 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.

¹⁶ The project document does not define concrete numbers of beneficiaries to be targeted.

competition, PPPs, mitigation package, agricultural and trade policies are available.	
1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available.	<i>[Activity supported by UN-HABITAT]</i> Final Inputs submitted to UNDP.
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 UN-HABITAT]</i> NTR
2.2.1 Technical support provided to identify priorities and program implementation in sector of Construction and Development Companies	<i>[Activity 2.2.If (Construction and development companies) led by UN-HABITAT: achievement rate at 100%]</i> • NTR.
Procurement (major items)	• NTR

Main Implementation Constraints and Challenges	
Substantive challenges:	
<ul style="list-style-type: none"> • Continued instability of government is delaying the establishment of a land policy commission, and the submission of a state land management policy to COM. • Continued instability sometimes making difficult for meetings to take place. 	

G. UN WOMEN

Funds Committed	USD 1,005,065	% of received	84%
Funds Disbursed	USD 1,005,065	% of received	84%
Forecast final date	On Schedule	Delay (months)	0

Direct Beneficiaries	Number of Beneficiaries¹⁷	% of planned (current status)¹⁸
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		
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	% of planned	85%
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq		
Promote gender mainstreaming and women participation in local strategies and plans	% of planned	70%

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> NTR
1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available.	NTR
1.1.8 Gender is mainstreamed in the program ensuring women's full participation in policy and strategy design.	NTR
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> <ul style="list-style-type: none"> 14 businesswomen from Basra, Karbala, and Thi Qar Trained on Start and Improve Your Business model. Training was facilitated by two trainers certified from ILO's Start and Improve Your Business Model. Material was delivered to participants during this training. In the beginning of February, 2013, UN Women will randomly select

¹⁷ 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.

¹⁸ The project document does not define concrete numbers of beneficiaries to be targeted.

	<p>trainees to measure the impact of the training on former and new businesses.</p> <ul style="list-style-type: none"> • UN Women supported a carpet weaving and Business Development Services (BDS) training workshop to improve the livelihoods of 30 rural female heads-of-households (FHH) residing in the rural villages of Diyala governorate. This project aimed to economically empower vulnerable rural women through the provision of new and sustainable livelihood training. The final training stage involved a 3-day BDS training which ran concurrently with the second phase of vocational training (in-home production). This training capacitated beneficiaries in business management, finance and marketing/sales specific to the textile business. Based on a survey, 80% of the participants were willing to continue using this craft as home-based work. • UN Women sponsored TEDx Baghdad Women conference to highlight the role of women in creating new enterprises. A number of new business lines were promoted and international attention was drawn to the imaginative capacities of Iraqi women.
<p>2.1.4 Promote gender mainstreaming and women participation in local strategies and plans.</p>	<p><i>[Activity led by UNWOMEN: achievement rate at 12%</i></p> <p>A training workshop was held in Beirut from the 6th to 10th October 2012 to enhance the capacities of members of the Erbil, Basra, and Anbar provincial Councils in mainstreaming gender in the economic development plan (15 members in total). Another seven participants from Businessmen Union and Iraqi Chamber of Commerce were invited</p> <p>The training made the following recommendation:</p> <ul style="list-style-type: none"> • Follow-up sessions are required to maintain gender streaming as a priority. Three follow up sessions were conducted in Erbil, Basra, and Anbar. The sessions were facilitated through teams that gained skills in the training. 25 participants from each local council participated in these sessions. ▪ A gender Excellence center in Iraq is in need to participate in the awareness about Gender issue.
<p>Procurement (major items)</p>	<p>NTR</p>

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