

**United Nations Development Group Iraq Trust Fund  
MPTF OFFICE GENERIC FINAL PROGRAMME<sup>1</sup> NARRATIVE REPORT  
REPORTING PERIOD: FROM January 2009 TO December 2012**

<b>Programme Title &amp; Project Number</b>	<b>Country, Locality(s), Priority Area(s) / Strategic Results<sup>2</sup></b>																		
<p>- Programme Title: Private Sector Development Programme for Iraq (PSDP-I)</p> <p>- Programme Number : Project C10-11</p> <p>- MPTF Office Project Reference Number: 00066995</p>	<p>Iraq Nationwide (Baghdad) and in three pilot governorates Erbil, Anbar, Basrah</p> <p>Priority areas: Inclusive, more equitable and sustainable economic growth</p>																		
<b>Participating Organization(s)</b>	<b>Implementing Partners</b>																		
UNDP (Lead), ILO, UNIDO, FAO, UNOPS, UN-HABITAT, UNWOMEN	<ul style="list-style-type: none"> <li>• National counterparts (government, private, NGOs &amp; others): Prime Minister’s Office Advisory Commission (PMAC) and Task Force for Economic Reform with seven Working Groups – all established by COMSEC Order and with representatives of relevant Iraqi government entities, Central Bank, National Investment Commission, private sector and unions , and other relevant stakeholders</li> <li>• Implementing Partners: IOM</li> <li>• Other international partners: World Bank, OECD, IFC, USAID, SIDA, STC, Unioncamere and embassies of US, Poland, Romania, EU Delegation, Sweden, Italy as well as international private sector entities</li> </ul>																		
<b>Programme/Project Cost (US\$)</b>	<b>Programme Duration</b>																		
<p><b>MDTF Fund Contribution:</b></p> <table border="0"> <tr> <td>UNDP (C11-10a)</td> <td>USD 9,750,000</td> </tr> <tr> <td>ILO (C11-10b)</td> <td>USD 3,358,930</td> </tr> <tr> <td>UNOPS (C11-10c)</td> <td>USD 5,541,070</td> </tr> <tr> <td>UNIDO (C11-10d)</td> <td>USD 7,700,000</td> </tr> <tr> <td>FAO (C11-10e)</td> <td>USD 3,300,000</td> </tr> <tr> <td>UN-HABITAT (C11-10f)</td> <td>USD 2,000,000</td> </tr> <tr> <td>UN Women (C11-10g)</td> <td>USD 1,220,000<sup>3</sup></td> </tr> </table>	UNDP (C11-10a)	USD 9,750,000	ILO (C11-10b)	USD 3,358,930	UNOPS (C11-10c)	USD 5,541,070	UNIDO (C11-10d)	USD 7,700,000	FAO (C11-10e)	USD 3,300,000	UN-HABITAT (C11-10f)	USD 2,000,000	UN Women (C11-10g)	USD 1,220,000 <sup>3</sup>	<table border="0"> <tr> <td>Overall Duration (<i>months</i>)</td> <td>48 months</td> </tr> <tr> <td>Start Date<sup>4</sup> (<i>dd.mm.yyyy</i>)</td> <td>01/01/2009</td> </tr> </table>	Overall Duration ( <i>months</i> )	48 months	Start Date <sup>4</sup> ( <i>dd.mm.yyyy</i> )	01/01/2009
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<sup>1</sup> The term “programme” is used for programmes, joint programmes and projects.

<sup>2</sup> Strategic Results, as formulated in the Strategic UN Planning Framework (e.g. UNDAF) or project document;

<sup>3</sup> Increased by USD 20,000 in July 2010 to accommodate expenditures for evaluation of un-related UNIFEM/UN Women project funded by the ITF.

<sup>4</sup> The start date is the date of the first transfer of the funds from the MPTF Office as Administrative Agent. Transfer date is available on the [MPTF Office GATEWAY](#)

MDTF disbursement in three tranches and with a total of USD 32,870,000 transferred to Participating Agencies as of 31 December 2011.

**Agency Contribution:** USD 100,000 (UNDP)

**Government Contribution:** Not applicable

**Other Contribution (donor):** Not applicable

**Programme Assessment/Review/Mid-Term Eval.**

Evaluation Completed

Yes  No Date: *dd.mm.yyyy*

Evaluation Report - Attached

Yes  No Date: *dd.mm.yyyy*

Original End Date<sup>5</sup> (*dd.mm.yyyy*) 31/12/2011

Actual End date<sup>6</sup>(*dd.mm.yyyy*) 31/12/2012

Have agency(ies) operationally closed the Programme in its (their) system? Yes  No

Expected Financial Closure date<sup>7</sup>: 31/12/2013

**Report Submitted By**

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<sup>5</sup> As per approval of the original project document by the relevant decision-making body/Steering Committee.

<sup>6</sup> If there has been an extension, then the revised, approved end date should be reflected here. If there has been no extension approved, then the current end date is the same as the original end date. The end date is the same as the operational closure date which is when all activities for which a Participating Organization is responsible under an approved MPTF / JP have been completed. As per the MOU, agencies are to notify the MPTF Office when a programme completes its operational activities. Please see [MPTF Office Closure Guidelines](#).

<sup>7</sup> Financial Closure requires the return of unspent balances and submission of the [Certified Final Financial Statement and Report](#).

## **FINAL PROGRAMME REPORT FORMAT**

### **EXECUTIVE SUMMARY**

The Private Sector Development Programme for Iraq (PSDP-I), was jointly implemented by seven UN agencies under the coordination of UNDP and in close cooperation with the Government of Iraq (GoI) and private sector partners. PSDP-I achieved a series of results that will pave the way for private sector development in terms of policy reforms and downstream activities.

At the upstream level, major achievements include: institutional arrangement of dedicated bodies to address economic reforms that create a business enabling environment, namely the Task Force for Economic Reforms and its seven Working Groups; a private sector legislative assessment and review; a roadmap and strategies for restructuring State Owned Enterprises (SOEs); a Small and Medium Enterprises (SMEs) Development Policy, including legal and institutional frameworks for a dedicated SME agency; an investment policy that includes an Iraq Industrial Strategy; a draft tax and financial policy; a Land management reform; and gender mainstreaming in private sector legislation and policy.

As a cumulative outcome, the Private Sector Development Strategy of Iraq was developed, including inputs from Iraqi businesses and to be finalized in consultation with the Government, the Iraqi Private Sector, and international development partners, which will contribute to an efficient, predictable and transparent business enabling environment that will eventually lead to economic growth, diversification and job creation in Iraq.

At the downstream level, local economic planning and pilot projects for economic revitalization were implemented in three governorates: Basrah, Anbar and Erbil, selected according to economic and social criteria by joint agreement of UN and GoI. The downstream activities included rehabilitation of business development and vocational training centers. The implementation of business packages integrating provision of micro-loans with training in the construction and agriculture sectors were mainly targeting unemployed youth and women. Support to regional economic planning, with capacity building of local institutions, the restructuring of selected SOEs, as pilot project and support towards master planning in electricity distribution was also given.

UNDP provided support to the local private sector by launching the UN Global Compact (UN GC) Iraq Network to advance Corporate Social Responsibility (CSR) and to provide a platform for multi-stakeholder dialogue and business collective action. Through the UN GC, the Iraqi private sector can work towards achieving international standards of sustainable business and enhance its role as partner in the development agenda. The Network became a key business counterpart for the Private Sector Development Strategy of Iraq and will be used for future consultation to enhance and implement the strategy.

As an extended result of PSDP-I, UNDP and Shell signed an agreement in 2012 to implement a wide range of development projects in Southern Iraq over four years. The partnership aims to increase local area development activities, promote local SMEs and provide vocational training that responds to the private sector's needs. The KRG concluded a cost-sharing agreement with UNDP for a Socio-Economic Infrastructure Needs Assessment in the Kurdistan region to provide recommendations for five-year investment plans to meet the 2020 development plan. The Assessment delivered recommendations, which are addressing the first priority in both policies and investments to water and environment.

ILO supported the development of the *National Employment Policy*, aimed at reducing unemployment, a policy endorsed by the Council Of Ministers. Currently ILO is working with the National Committee for Employment to develop an action plan to implement the policy.

UNIDO supported the GoI towards achieving *sustainable industrial development* by assisting in the preparation of the Industrial Strategy for Iraq, the development of industrial zones, preparing the legislative framework, facilitating social mitigation and supporting micro, small and medium enterprises.

FAO provided the Iraqi counterparts with a *comprehensive analysis of the agriculture sector in Iraq*, which will lead to the development of a national policy and investment strategy. The analysis will enable the GoI to spend USD7 billion in 2013 to promote employment generation and sector growth, including development of agro-industries.

## **I. Purpose**

This Programme was conceived and designed with Iraqi stakeholders (public and private), various UN organizations and other international stakeholders 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, Basrah, Anbar and Erbil. The program supports the government in 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.

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 environment for private sector development. The second pillar addresses the governorate-level challenges of private sector growth through planning and implementation activities within three selected governorates.

The Programme was originally developed within the Strategic (UN) Planning Framework of the UN Assistance Strategy 2008-2010 which in turn was aligned to the objectives of the National Development Strategy (NDS) of Iraq, the International Compact with Iraq and the MDGs.

According to both the MDGs and the NDS, the development goals specifically addressed by the PSDP-I, are MDG 1 on poverty alleviation, MDG 3 on gender and MDG 8 on partnerships for development. The PSDP-I specifically addresses Millennium Development Goal (MDG) 1 on poverty, MDG 3 on gender and MDG 8 on the development of a global partnership for development. The downstream aspects of the programme contribute to job creation and private sector development.

As a multi-agency programme, PSDP-I has been conceived under the Economic Reform and Diversification Sector Outcome Team (ERDSOT) to unite the efforts of its member agencies in pursuit of two (of its three) key outcomes: Outcome 1) Improved policies, strategies and related institutional developments that are sensitive to the MDGs, social inclusiveness, gender equality and pro-poor economic growth, and Outcome 2) Enhanced key sectors of local economy in most deprived areas.<sup>8</sup>

During 2011, the Iraqi Government continued the implementation of its National Development Plan 2010-2014 and the UN Country Team made a transition in its Strategic Planning Framework leading to

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<sup>8</sup> At the time PSDP-I was developed, in 2008, UNDAF priority areas were not defined yet and multi-agency cooperation was envisaged according to Sector Outcome Teams.

programmes and operations being guided by the UNDAF for Iraq, 2011-2014. The PSDP-I responded specifically to UNDAF Priority Area 2 “Inclusive, more equitable and sustainable economic growth”. Agency-specific interventions are guided by their respective country programmes agreed upon with the Government of Iraq. These programme documents are built on the UNDAF and align agency operations with their respective Mandates, expertise and Iraq-specific capacity and requirements.

For UNDP as lead agency of the PSDP-I, all activities were guided by UNDP Country Programme Document (CPD) and following the Country Programme Action Plan (CPAP) 2011-2014. In particular PSDP-I responded to CPD and CPAP 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. PSDP-I contributed to all the objectives in NDP section 11 on Private Sector, including legislation reform, the generation of suitable business environment and SoE restructuring.

Under these frameworks and as per the Programme Documents, immediate objectives of PSDP-I were the following::

- Outcome 1: The policy and regulatory environment is more conducive to private sector development;
- Outcome 2: Strengthened economic recovery in three governorates in the South, Central and Northern areas of Iraq.

Outputs:

- Output 1.1: Strengthened national capacities for private sector development policies.
- Output 1.2: Improved efficiency of the Public Micro Lending Programme and access to business loans.
- Output 1.3: Strengthened operational, regulatory and legislative environment for SMEs development.
- Output 2.1: Local economic strategies and development plans are in line with national and provincial; frameworks in three governorates.
- Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates.

## **II. Assessment of Programme Results**

### **i) Narrative reporting on results:**

From 2009 until 2012, the PSDP-I made significant contributions to the development of the private sector and for achieving inclusive economic growth in most areas of interventions, both at upstream and downstream level, respectively fulfilling outcomes 1 and 2.

#### **Outcome 1: The policy and regulatory environment is more conducive to private sector development.**

The achievements by PSDP-I UN participating agencies under this outcome led to an overall acceleration of the reform process in the policy and legislative areas relevant for the creation of an enabling business environment in Iraq. This was achieved in particular through establishment of mechanisms for partnership and interaction with the Iraqi Government, private sector entities and bilateral/multilateral organizations working on private sector development.

The UN participating agencies worked in their respective area of competence, under the coordination of the three lead agencies (UNDP, UNIDO, ILO), contributing to the creation and empowerment of the national counterparts and institutions in charge of the reform process. The absence of such institutions

and the scarce capacity and knowledge about market oriented policies among Iraqi policy-makers has been a major obstacle for private sector development for long time; identifying this obstacle at the early stage of the programme helped to better address PSDP-I efforts under all areas towards changing / improving this situation.

The programme supported the creation of the Task Force for Economic Reform (TFER) and its seven thematic Working Groups (WGs), established by Cabinet Orders in 2008-10 with membership composed of GoI representatives and Private Sector entities. The thematic areas covered by the WGs were selected as the key pillars of the economic reform process aimed at private sector development, as per the targets of Outcome 1. These are:

1. Legislative Assessment and Revision
2. Restructuring of State-owned Enterprises
3. SME Development
4. Investment Policy
5. Tax and Financial Policy
6. Land Management Reform
7. Social Dialogue

Beneficiaries of this cooperation include:

- Prime Minister's Advisory Commission (PMAC)
- Iraqi Cabinet and COMSEC
- Iraqi Council of Representatives
- Shura Council
- Ministries of Finance, Industry and Minerals, Labour & Social Affairs, Planning (including COSIT), Transport, Electricity, Oil, Trade, Water Resources, Housing & Construction, Agriculture, Culture, and the State Ministry of Women Affairs
- Central Bank of Iraq
- National Investment Commission
- Private sector and unions, such as: Iraqi Federation of Industries (IFI) and its branches in Erbil and Ramadi, Iraqi Businessmen Union, Association of Iraqi Businessmen, Association of Iraqi Banks, Iraqi Contractors and individual Enterprises, Federation of Chambers of Commerce and Industries, Iraqi Federation of Chambers of Commerce in Basrah, in Erbil, and in Ramadi, as well as individual chambers
- NGO partners, such as the Iraqi Institute for Economic Reforms (IIER), Iraq Centre for Business Community Development (ICBCD), Women Empowerment Organisation.

The establishment of these bodies, the TFER and the seven thematic WGs, and the technical assistance provided to them over the duration of the programme ensured an appropriate institutional framework is in place to move forward the reform process required for a more conducive business environment.

Key components of such reform process initiated under the PSDP-I include:

Legislative review (full legislative assessment report completed under UNIDO coordination and presented/disseminated in March and July 2012) and draft laws in the areas identified have been submitted and endorsed by the Council of Ministers, for Shura Council's review according to Iraq legislative procedures:

- Relevant studies/roadmaps/strategic frameworks available and endorsed by the GoI for policy reform in: SOEs restructuring (all agencies under UNIDO and UNDP coordination); SME development (all agencies under UNDP and ILO-UNOPS); Micro-loan management (by UNDP); Tax and banking (by

UNDP); Land policy with roadmap on governance arrangements for the policy reform process and State Land Management Policy (by UN-Habitat); studies on sustainable agriculture, land tenure system and productivity, utilization of irrigation water (by FAO); Gender mainstreaming in legislative and policy frameworks (UN-Women).

- Investment map and industrial strategy completed and submitted respectively to the National Investment Commission and the Ministry of Industry for further implementation (by UNIDO);
- Mechanism of institutionalization of social dialogue in place through creation of a national-level tripartite body (Business, Labor, Government) designed to establish itself as a body capable of consulting, developing and generating solutions for policy-makers regarding social and economic legislation/regulations (established at the National Economic Conference organized under ILO-UNOPS coordination in May 2011)
- Introduction of corporate social responsibility in the Iraqi business environment as essential for the development of an economically, environmentally and socially sustainable private sector in Iraq, in particular through the UN Global Compact Iraq Network (launched under UNDP coordination in October 2011)<sup>9</sup>

Combined, the progress made on the identified target areas constituted the backbone of the Private Sector Development Strategy (PSDS) of Iraq, a comprehensive document that includes the results of the activities conducted under the PSDP-I, formulated through extensive consultations with the GoI and the private sector. At the closure of the Programme, the completed draft of the PSDS was presented to the TFER for final review (December 2012).

The PSDS represents a key result as it defines the steps undertaken and to be implemented by the GoI in terms of legislative, institutional and policy reforms needed to make the Iraqi business climate more favorable. More importantly, the PSDS confirms the commitment of the GoI to follow up on these steps and openly engage with the private sector, by including them in the reform process as an active partner, rather than a minor player as regarded before.

Although the adoption of the PSDS by the GoI is not finalized yet - due to delays in the compilation and translation into Arabic, as well as feedback submissions by the national counterparts—the GoI and private sector are carrying continuous consultations to finalize the PSDS. This represents a considerable behavioral change in terms of capacity and willingness of the counterparts, especially the Government, to engage in a constructive dialogue with the private sector. Previous attempts of reform by the GoI, out of the scope of PSDP-I, were often observed not to be inclusive and focused on a state economy setting, without consulting the private sector to open the market.

Behavioral changes among private sector beneficiaries also emerged as a result of the consultative mechanisms initiated by the programme, especially in terms of organizational structure and capacity of the Iraqi private sector to engage in multi-stakeholder dialogue with the Government and other partners (including among themselves) and improve individual and collective business practices towards international standards

Additionally, UNDP initiated a project, upon request by the Ministry of Trade and complementing the PSDP-I, to support and equip the Company Registrar's Office with the required equipment, software, training and consulting services to streamline the company registration process and to digitize the over half million of paper registration documents. This helped creating a dedicated database, with standardized format for interfacing and exchanging information with future data systems to be implemented by Government authorities dealing with statistics and tax in Iraq, such as COSIT and the Ministry of Trade. This complementary project contributed to render the information about companies in

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<sup>9</sup> See below for more details about specific Outputs in each area that led to the achievement of Outcome 1.

Iraq more accessible and organized, benefitting the business climate in terms of transparency and streamlined business registration procedures.

## **Outcome 2: Strengthened Economic recovery in three governorates in the south, central and northern areas of Iraq**

At the downstream level, the programme conducted activities aimed at strengthening local economic recovery in three governorates, Anbar, Basrah and Erbil, selected jointly by UN PSDP-I agencies and Government counterparts according to criteria of economic and social viability and needs.

The programme contributed to the set up of local institutional frameworks to plan economic recovery centered on private sector development, at the local level, to improve coordination with central authorities, i.e. TFER through the establishment of Governorate Steering Committees (GSCs). The GSCs are composed of local Government (Governor's office, Provincial Councils, line Ministries departments, investment agencies) and representatives from the private sector (such as local business associations and chambers of commerce).

Linkages between the GSCs and the TFER were established to ensure coordination between upstream and downstream activities of the programme, with regular engagement from the GSC representatives in meetings at national level (TFER and WGs) and training and capacity building activities organized at upstream level.

Major downstream results consist of the enhancement of the economic development planning capacity at the provincial level, with raised awareness and interest in planning modalities and instruments that were new to the Governorate Offices and other stakeholders. Activities led by ILO-UNOPS to deliver Territorial Diagnosis and Project Charters were useful for the local beneficiaries to acquire trust and familiarity with the methodology. Capacity building for the government working groups was strengthened in the fields of economic analysis principles and instruments and in participatory planning techniques. The groups learned the importance of conducting economic analysis and the collection and use of accurate information, at the local level, to inform economic decisions. This also led to the inclusion of the private sector in the decision making process.

The Program did not include the provision of implementing support to Governorates Offices for the identified projects. With respect to the institutionalization of Provincial-level economic development planning, the Program encountered the resistance of the Central-level authorities and had to acknowledge that the proposed level of decentralization of economic planning requires much capacity building and the formation of planning teams with a higher set of competences. It is to be verified to what extent these competences are available. In Erbil, the Governorate Office was particularly interested and motivated to establish a planning team dedicated, on a full-time basis, to the preparation of economic development plans. Commitment and interest are essential in achieving institutional changes.

Pilot projects were also conducted in the three Governorates through business packages jointly designed and implemented by UNDP, ILO-UNOPS, UN-Habitat, FAO and UN-Women, combining training, business development services, microfinance and promotion of gender equality in various sectors identified by the respective GSCs as priority sectors.

The pilots included projects on SOE restructuring and social mitigation, key economic infrastructure and electricity distribution planning in Anbar and Basrah. The SOE project was carried out by UNIDO and the remaining pilot projects were carried out by UNDP. The pilot projects were selected together with the central and local government counterparts (TFER and GSCs) as relevant for strengthening local economic recovery, as defined in the Programme Document.

### ***Overall Contribution of the Programme to strategic priorities***

Millennium Development Goal (MDG): the PSDP-I specifically addresses MDG 1 on poverty, MDG 3 on gender and MDG 8 on the development of a global partnership for development. The downstream aspects of the programme contribute to job creation and private sector development, particularly through the business packages in the three governorates which provided a combination of training, micro-loans and business development services that helped set up of new businesses and enlargement of existing ones. Gender was also mainstreamed throughout the programme, at upstream level with inclusion of gender sensitive aspects in the legislative and policy reforms adopted by the GoI as well as in the institutional building (such as in the SME policy and agency or in the revised draft laws examined by the Cabinet) and being realized at the Governorate level through the implementation of the business development services, access to services and capacity building.

The United Nations Development Assistance Framework (UNDAF) for Iraq 2011-2014: among the five UNDAF priorities for 2011-14, PSDP-I responds specifically to UNDAF Priority Area 2 “inclusive, more equitable and sustainable economic growth”. This priority area addresses the needs and issues that are expected to arise throughout the transition to a market-led economy. Within this framework, PSDP-I interventions contributed to the promotion of a business environment conducive to the development of sustainable enterprises and job creation for Iraqi women and men.

### **Outputs:**

#### **Output 1.1 Strengthened national capacities and policies for private sector development – *Fully Achieved***

PSDP-I activities contributed to enhance the Iraqi policy and regulatory framework for business by working closely with national counterparts to build and/or strengthen institutional capacities for private sector development. Under the lead of UNDP, the TFER and seven WGs under the PMAC received technical assistance by PSDP-I UN agencies in the formulation of policy and regulatory reforms. WG on legislation (assisted by UNIDO), WG on SOE Restructuring (assisted by UNDP and UNIDO), WG on SME development (assisted by ILO-UNOPS and UNDP), WG on Investment (assisted by UNIDO, in cooperation with the NIC), WG on Social Dialogue (assisted by ILO-UNOPS and UNDP), WG on Tax and finance (assisted by UNDP), WG on Land policy (assisted by UN-Habitat). Participation of women in all WGs was secured and assisted by UN-Women to facilitate gender mainstreaming through the process.

The programme also provided guidance to the TFER for its transition into the High Council for Economic Reforms, as the public entity formally in charge of the reform process, according to the Economic Reform Law draft presented to the GoI; as part of the legislative and institutional review by the PSDP-I. The draft law was submitted to the Shura Council by the Cabinet early 2011 and still under review.

Specific results by PSDP-I focused on the following areas:

#### ***Legislative and institutional assessment***

A legislative assessment exercise to provide the basis for the drafting of legislation and the provision of capacity building on legislative and institutional aspects related to private sector development in Iraq was carried out by PSDP-I agencies during the duration of the programme. A series of meetings and workshops involving the WG on Legislation and under the leadership of UNIDO led to the identification of thirteen legal core areas to be assessed, as critical for private sector development in Iraq. These included: 1. Basic Legal Framework (Constitution and civil code); 2. Commercial status; 3. Investment regime; 4. Public Procurement; 5. Privatization; 6. Public Private Partnerships; 7. Litigation

(Conciliation and Arbitration) promotion; 8. Labor code; 9. Agriculture regime; 10. Intellectual property rights; 11. Property rights related to land regime; 12. Taxation and customs; 13. Banking.

All PSDP-I UN agencies contributed to the legislative assessment, each of them assessing legislation in their areas of competence.

A fully harmonized assessment report was completed, indicating the differences and discrepancies between applicable legislations in an attempt to overcome such differences. A final roundtable on legislative assessment and drafting was organised by UNIDO in March 2012, where all legislative deliverables on legislations were presented and discussed; the roundtable concluded three year's work of PSDP-I. Priority legislation, including Company Law, Bankruptcy Law, Public Private Partnership (PPP) and Economic Reform draft Law, will continue to be addressed by the WG on Legislation. USAID-funded Tijara project will build on PSDP-I work in this area for further streamlining the recommendations provided for the Company Law. All legislative assessment reports, including draft laws and private sector institutional assessments were completed and compiled for official distribution to Iraqi counterparts, UN agencies and other partners in July 2012. The IT based interactive platform to sustain legislative processes was successfully developed and installed, providing an easier and more transparent access to Iraqi legislation related to private sector, access that was very difficult or impossible before. At the closure of the programme, the legislative reforms presented were under review by the Shura Council. The WG on legislation is in charge of follow-up process.

UNIDO completed an institutional assessment report of the private sector in Iraq. This was aimed at establishing a permanent consultation and dialogue framework for the optimal utilization of the Private Sector Institutions by increasing their active participation in the consultation process of policy making in Iraq.

ILO provided the GoI with technical comments on the draft Iraqi Labour Code in reference to international labour standards and comparative labour law and practice. ILO comments were received by the GoI after the text of the draft Labour Code was amended and submitted for further legislative processes. The comments were followed by a training session delivered by the ILO at its Headquarters in Geneva, to nine members of the Labour and Social Affairs Committee of the CoR, including the Chairman from the Federal Government, and four representatives of the KRG Ministry of Labour and Social Affairs. The Iraqi delegation was trained on how to re-draft the Labour Code. Specific topics addressed during the training, included implementation of the Core Labour Standards in Iraq through the Labour Law; goals for the Labour Law reform; legislative process and techniques; the ILO, conventions and status of ratification in Iraq; freedom of association and the right to organize; labour legislation in the contemporary world; non-discrimination and gender equality; forced labour; child labour; general working conditions; social protection; the employment relationship; termination of employment/discipline in employment; implementation and enforcement of the Labour Administration and Labour Inspection Law; labour market composition: vocational education and training and labour migration and employment. The participants also reviewed the comments of the Workers' and Employers' Organizations on the Labour Code.

UN-Habitat conducted a legislative and institutional assessment on land management and land administration which found that the Civil Code formed a strong legislative basis for the Iraqi land regime. The assessment concluded that the current land management system is outdated, contradictory and in need of a major overhaul to streamline policy on land management. A conference "Towards a State Land Management Policy for Iraq" was conducted jointly with the World Bank in Beirut in May 2010; participants included the TFER WG on land and the MoP Poverty Reduction Committee. The conference concluded that land management is a cross cutting issue that affects economic development as well as social services and housing. Accordingly, land management cannot be addressed purely within the parameters of economic development alone, but needs to be addressed comprehensively

through a land policy process. FAO conducted a complementary activity on agricultural land tenure, related to the study tour that was conducted by UN-HABITAT. The activity was focused on studying Germany's well developed land management systems especially in the agricultural land experience, the experiences of German institutions in the management, acquisition and disposal of public land in urban and rural areas for economic, as well as social and environmental purposes.

UN-Women conducted a review of five core legal areas from Gender perspective (Iraqi Constitution, Civil Code, Economic Reform law, labour Code, and Social Security and Retirement Law), providing Guidelines for Gender Sensitive Legislation drafting process aimed at assisting the GoI in making the legislative process gender sensitive.

### ***Restructuring of SOEs***

The restructuring of SOEs was identified as a major challenge of the Iraqi economy to transit from a centralized to a free market-private sector led economy; a WG on SOE was established as PSDP-I main actor to lead the process. The joint efforts by the WG and TFER, UN agencies –UNIDO and UNDP— and other partners such as the World Bank which signed an MOU with the UN to contribute to this objective, led to the preparation of the Roadmap on SOEs Restructuring and was approved by the Cabinet in August 2010 (Cabinet Decision #314/2010). Following the approval, ministries appointed senior Focal Points to oversee the formation of Restructuring Units (in Ministries with SOEs) and to coordinate development of the restructuring plans with the TFER and other relevant counterparts (UN, World Bank, MOLSA, etc.).

The legislation related to the restructuring process was assessed and drafted as part of the legislative review activities, with completion of draft laws and recommendations for: Economic Reform Law; Regulations for Investment Law; PPP law and recommendations for public procurement; Company Law; Competition Law. PSDP-I also assisted with the preparation of a series of guidelines on diagnosis and classification of SOEs, asset valuation and ToRs for the establishment of the Restructuring Units (within Ministries with SOEs) and Restructuring Support Teams (cross-Ministerial). Preparation of activity and budget tables and matrixes for GoI support to SOEs Restructuring under 2012 Federal State Budget Law was also provided.

Recommendations for a social mitigation package were also provided to assist the Government in dealing with the consequences of the SOEs restructuring on the job market, based on successful experiences of other transition economies i.e., Poland, where training activities were conducted in partnership with the Government of Poland.

### ***Investment Policy***

In close coordination with the National Investment Commission (NIC) and the TFER WG on Investment Policy, UNIDO finalized the Investment Map and circulated both English and Arabic versions to the NIC and other Iraqi stakeholders providing comprehensive overviews and analysis of selected key economic sectors. 20 sector profiles accompanied by 28 project profiles and profiles of five provinces (Anbar, Baghdad, Basrah, Erbil and Najaf) were prepared (target sectors: beverages, palm dates, dairy, fishery, meat, other food processing, poultry, telecom, cement, electricity services, construction, fertilizers, financial services, oil and gas services, tourism, glass, petrochemical, transport and logistics, housing). The Map was elaborated on the basis of discussions and surveys with the NIC, Ministries, business associations and companies and through a comprehensive review of available literature and statistical work and following guidelines for a national investment strategy.

### ***Industrial Strategy & Policy***

UNIDO agreed with the Ministry of Industry & Minerals (MIM) to coaching and training assistance for the formulation of Iraq's Industrial Strategy and Policy, which provided inputs to the formulation of a comprehensive Private Sector Development Strategy. Following initial preparatory events in 2010 and

review of previous work (DFID funded draft Green Paper on Industrial Development and SOEs Restructuring), a cycle of four training events took place in 2011-2012 with the following objectives:

- To jointly prepare a report on the sustainable industrialization strategy and the building of policy platforms
- To support the process of building a system of industrial governance by providing training on key issues and approaches for Strategic Governance for Sustainable Industrialization (SGSI) and coaching the process owners in the course of a series of workshops
- To help build capabilities and capacities for SGSI in Iraq in the course of the programme.

The final draft of Industrial Strategy, including the policy framework was issued jointly with MIM on August 2012 and adopted by MIM Board Commission on Feb 2013. Then it has to be approved by the Council of Ministers in order to start implementation on July 2013 as planned.

The outcomes of the training events are as follows:

- Provided inputs to the Industrial Strategy
- Built skills and competencies for SGSI
- Achieved greater understanding of other countries' experiences..

A Industrial Strategy Working Group was established in 2010 and further enlarged in 2011 with the inclusion of more than 20 representatives of Ministry's departments, other Iraqi institutions (including KRG) and the private sector.

The first workshop took place in Bratislava, Slovakia on 16-20 May 2011 with focus on consolidating the approach to strategy development for the project and on revisiting the current situation, based on the draft strategic diagnosis initiated by the Iraqi participants.

The second workshop took place in Istanbul, Turkey on 8-12 August, 2011 and was aimed to develop a challenging, but feasible vision 2030 of a sustainable industrialisation process in Iraq, and to develop and start specifying a policy framework for this process. In addition the work developed to that date, related to the strategic diagnosis of the industrial system, was thoroughly reviewed and rectifying the approach along with other countries' experiences of industrialisation process.

The third event took place in Dublin, Ireland in December 2011 and final understandings over the skeleton and contents of the vision and of several chapters of the strategy report, covering context, scenarios, industrial systems, key dimensions and key drivers and policy framework was achieved.

A first strategy report was produced and reviewed during the fourth event held in April 2012 in Tunis. According to the 4<sup>th</sup> event conclusions and agreed upon methodology, the final draft of the Industrial Strategy for Iraq until 2030 was produced by MIM, with full support from UNIDO's international and national team on August 2012. The strategy was adopted by MIM Commission Board on February 2013 with implementation plan to be started on July 2013. However, these are still subject to the approval of the Council of Ministers, which MIM has not yet addressed.

### ***Tax and Financial Policy***

The Programme, under the leadership of UNDP and together with the TFER WG on Tax and Financial Policy, developed a Preliminary Tax Policy Design Framework. Various meetings with the Working Group in Baghdad furthered the development on tax policy recommendations as well as recommendations for strengthening the Iraqi tax administration, including customs and tariffs.

In June 2011 the Romanian Government along with the National Bank of Romania, Ministry of Finance, and Supervisory Commission for Insurance expressed their interest to the Iraqi Ministry of Foreign Affairs in supporting Iraq's financial reforms including: tax and customs, banking, and insurance. The National Bank of Romania extended an invitation to the Central Bank of Iraq, Ministry of Finance and

other relevant institutions to meet in Bucharest for high-level consultations on potential cooperation. In September a delegation led by Deputy Prime Minister travelled to Romania to meet with counterparts and exchanged views and lessons learned. The visit resulted in the Government of Romania offering technical support. Cooperation priorities identified included: Public finance management and asset administration, Tax and Customs regime and administration, Banking system reforms, and Insurance. An agreement was reached to pursue the cooperation within the framework of a Memorandum of Understanding. To secure financial support for each of the projects formulated within the scope of this cooperation, parties will work together on ensuring access to national financial resources as well as to international funding.

### ***Social Dialogue***

ILO and UNOPS worked closely with the WG for Social Dialogue, providing comprehensive stakeholder mapping as a basis for further developments and preparation for the establishment of a tripartite board for the Economic Reform Council, envisioned to be created through the eventual enactment of the Economic Reform Law. In May 2011 ILO and UNOPS organized a National Economic Conference in Baghdad, under the auspices of the Speaker of the Parliament and in collaboration with the World Bank at the Council of Representatives. Key socio-economic issues facing Iraq were discussed, including the business and regulatory environment, status of the proposed Labor Law, introduction of the Economic Reform Law, corporatization of SOEs, implementation status of investment, reform of the public distribution system and freedom of association.

The Conference created a national-level tripartite body (Business, Labour, Government) designed to establish itself as a body capable of consulting, developing and generating solutions for policy-makers regarding social and economic legislation/regulations.

UNDP contributed to promoting social dialogue through the UN Global Compact, a global initiative aimed at fostering private-public dialogue to advance sustainable business practices and collective business action, particularly in the area of human rights, labor, environment and anti-corruption. The UN GC was launched in Iraq in October 2011 with the establishment of the Iraq Local Network, which today counts more than 90 member-organizations from all the country, including private companies, business associations, NGOs, and provides them with a single platform for multi-stakeholder dialogue with Government and other major partners.

### ***Land Management Reform***

UN-Habitat has been supporting the TFER and the WG on Land Tenure and Utilization in addressing land issues related to economic development, in particular: land related legislative and institutional assessment, Land policy, State Land Management. Given the limited knowledge of the WG on land policy issues, UN-Habitat provided training to the group on international best practices. A study visit was organised in Berlin, where the working group was exposed to the process of land policy reform, and restitution and privatization of state land during the process of transition that followed the unification of Germany. Further training took place in workshops in Amman and Baghdad.

During the study visit of the WG to Berlin, a vision statement was prepared that outlined the aims of reforms in the land sector. These included reforms in land management, land administration and new initiatives on land education. The statement was endorsed at PMAC, yet so far has not been issued to the Council of Ministers by PMAC.

Based on the vision statement, UN-Habitat supported the WG in outlining the contents of a comprehensive land policy, the roadmap for a policy process and the governance arrangements for a policy process. Given that land reforms requires high level engagement of a number of ministries, it was agreed that a high level commission should be formed in order to drive the policy reform process; it was envisioned that this would be appointed by the CoM and may include members of the working group if

nominated by their respective ministries. A paper was prepared setting out the roles and responsibilities of a National Land Policy Commission that would be tasked to prepare the national land policy. This has been issued to the Prime Minister, who has recommended its review by the MoP before submitting to CoM. It has therefore been submitted by the WG to MoP. In order to generate policies, baseline studies were prepared on land governance and urban land tenure, and the legislative assessment incorporated further studies on land valuation, land registration, land inventories and resolutions of disputes.

The PMAC will continue to promote the establishment of the National Land Policy Commission and Vision Statement on Land Reforms. Once reviewed and agreed upon by MoP, it will be submitted to CoM. Once the commission is established, it will follow with the process of submitting the state land management policy to CoM and develop other policies and outreach and lead the comprehensive land policy process. Given the political climate and potential sensitivities on land, the timing for establishing a land commission needs also to be considered. A proposal was submitted for GoI cost sharing for developing further policies, capacity support to a Land Policy Advisory Commission, scaling up the State Land Inventory, and establishing the post graduate course on land management and land administration. This is currently being followed up by UN-Habitat.<sup>10</sup>

FAO was also involved with supporting the sub-group on Agricultural Land Tenure and Utilization; given the complexity of agricultural land management in Iraq following successive regime changes, Iraq's transition towards decentralization and challenges of growing urbanization, meaningful land reforms in Iraq will require an underlying land management policy.

Specialized studies have been also submitted by the experts of the MoA on three main topics as planned:

- Sustainable agricultural development in Iraq
- Improving land tenure systems and land productivity in Iraq
- Optimum utilization of irrigation water in Iraq

This activity is partially achieved since FAO has contacted a technical officer at the HQ in order to obtain the technical clearance on the submitted studies.

### ***Gender Mainstreaming***

In addition to the contribution to the legislative assessment and review, UN Women added to the objectives of the programme by conducting a number of consultative round table meetings with business women in partnership with the SMOWA and other national NGOs and with participation of businessmen organizations, representatives of the chamber of commerce and other government representatives in addition to women organizations. The meetings explored the existing environment for business women in Iraq and aimed at supporting establishment of a business women entity at the national level. The meetings, in part based on preliminary investigations conducted by UN WOMEN staff and partner NGOs, have highlighted the challenges business women are facing in Iraq, which include cultural, societal and other challenges facing the business community in general. The three recently established local business women entities (Businesswomen Association, Businesswomen Without Borders Organization, and Businesswomen Council) are undersourced and have limited membership. Recommendations from the meeting include the need to a) consolidate the efforts towards establishment of a unified entity for business women at the national level to include business women in the governorates in addition to Baghdad, b) build the capacities of the founding members of the unified entity of businesswomen and facilitate sharing of knowledge and experience, and c) draft bylaws and strategy for the unified entity, which will be key reference to future activities.

UNDP supported the preparation of a report on '*Women's Economic Empowerment: Iraqi Women Working for the Development of Iraq*', as a study conducted in 2011 to provide evidence on intervention

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<sup>10</sup> For more details, see annex report by UN-Habitat.

cases for women empowerment and describe the challenges and opportunities that Iraqi women encounter in accessing jobs and conduct income generating activities.

The results of the report were presented in the Conference on Women Economic Empowerment in Iraq, organised by UNDP and the Deputy Prime Minister Office (DPMO), in collaboration with UN-Women, ILO and the private sector members of the UN Global Compact Iraq Network. The conference, held in October 2012, served to address the key issues currently hindering gender equality in Iraq, with the intent to identify possible solutions through public policies on one hand and innovative business models on the other, looking to sustainability and inclusiveness as a goal for country development. A dedicated steering committee established at the conference under the DPMO will be in charge of following up on the process and recommendations of the meeting, launching pilot projects for women inclusion in economy with the support of UN-Women, UNDP and the private sector.

### **Output 1.2 Improved efficiency of the Public Micro Lending Programme and access to business loans**

#### ***Partially Achieved***

As lead agency for this output, UNDP worked closely with the Government and other partner organisations such as the World Bank and USAID Tijara, which were already engaged in a large micro-finance programme in Iraq.

A policy paper on '*Reforming governmental micro-lending in Iraq for employment generation*' was prepared by UNDP in 2009 and submitted to the GoI through the TFER, containing an analysis and recommendations to reform the lending system operated by the Government through the MOLSA and MIM. The recommendations and a number of workshops conducted with the relevant counterparts generated an ongoing dialogue on mechanisms to improve micro-lending in Iraq.

However, further progress was restricted due to the inability of CHF International, a micro-finance institution, the organisation assigned in the programme document under this output, to implement the activities as required; for example, the enhancement of mechanisms to access credit by SMEs and availability of laws and management tools related to micro-lending. To cope with this challenge, UNDP established a partnership with USAID Tijara to cooperate on a joint Micro-finance Policy document, presenting management tools for micro-lending in Iraq. A joint conference was held in April 2012 by UNDP and USAID Tijara, to discuss the outcomes of the document with Iraqi Government, micro-finance institutions, private sector and other relevant organisations.

A number of capacity building activities were organised by UNDP to train Iraqi Government and local authorities (in particular from the three Governorates selected for the downstream component) on principles and tools of micro-finance according to regional and international best practices. Relevant officials were invited to attend the Arab Region Microfinance Conference, held in Jordan in June 2011, and engaged in the Microfinance Network of Arab countries organised by Sanabel.

### **Output 1.3 Strengthened operational, regulatory and legislative environment for SME development**

#### ***Partially achieved***

The achievement of this output is closely linked with Outcome 1, SME development being a key policy area to strengthen national capacities for private sector development in Iraq.

On the legislative side, a draft SME Law was produced by UNDP with other agencies inputs and submitted to PMAC for endorsement on April 2011; the draft Law was passed on by PMAC to the Shura Council for discussion, endorsement and transmission to the CoR. The Draft Law was however rejected

by the Shura Council, as the scope appeared similar to the Supporting Low-income Microenterprises (Law 10/2012)<sup>11</sup> proposed by MoLSA and recently passed. The reason of the rejection was clarified only towards the end of 2012, which did not leave much time to PSDP-I for clarifications with PMAC and the Shura Council and for further consideration of the SME Law.

ILO and UNDP also produced the TORs for the SME Agency as proposed within the Draft SME Law; two study tours were organized in Croatia and Poland to make Iraqi Officials familiar with models of SME Agencies adopted in the two countries.

In 2011, the ILO conducted a Micro Small and Medium Enterprise (MSME) survey in the informal sector, utilizing a sample of 4,000 microenterprises in ten governorates. According to the findings, the ILO produced an SME assessment synthesis report, a Policy Framework for the Development of MSMEs in Iraq, as well as several briefing notes on institutional arrangements for MSME, Strategies for the Creation of Productive and Decent Employment in MSME Sector, Business Environment Reforms for Sustainable Enterprise Promotion, Building Sustainable Markets for MSME Development, and Job Creation; a harmonization analysis of the proposed SME legislative framework was completed by UNIDO. These were intended as guidance for the GoI High Economic Committee to formulate policies and strategies for SME development in Iraq.

In 2012, another MSME survey was conducted by the ILO on a sample of 533 enterprises in three governorates (Nineveh, Basrah and Baghdad), to study more in depth specific issues which emerged from the first survey. After preparing the analytical report, the ILO drafted a MSME Development Policy, and a revised version of the SME Law. In December 2012, the ILO organized a roundtable to validate the findings of the MSME survey with representatives of the Government, the Private Sector, Workers' Organizations, and International Organizations, and to discuss the proposed drafts of the MSME Policy and MSME Law. The result of the roundtable was a revised text of the SME Policy, which was shared with all stakeholders for further comments if any. The nation-wide information campaign on the SME policy was not conducted as the Policy was discussed with stakeholders only at the end of 2012.

## **Downstream**

Downstream activities under output 2.1 and 2.2 were conducted in the three governorates of Anbar, Basrah and Erbil, selected as pilots for Outcome 2 of the PSDP-I. All downstream activities were overseen and coordinated with local counterparts through the Governorate Steering Committees, chaired by the representatives of Governor's Offices (in Anbar and Erbil) and of the Provincial Council (in Basrah) with representatives from the above two local authorities and the local representation of MOLSA, MOF, MOT, MOA, as well as Chambers of Commerce, Workers Union, academia, the local Investment Board and the private sector. The following results were achieved:

### **Output 2.1 Local economic strategies and development plans are in line with national and provincial frameworks in three governorates**

#### ***Fully achieved***

The first result obtained under this output was the establishment of a Governorate Steering Committee (GSC) in each of the three governorates, as the institution in charge of endorsing, implementing, monitoring and sustaining local economic recovery activities. Under the leadership of UNDP, the three GSCs were established and a plan to identify and implement pilot projects according to needs and situational context, as well as to build the capacity of the GSC members in the areas identified as key for private sector development, was developed. Toward this aim, a workshop was organized by UNDP in

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<sup>11</sup> As a matter of fact, Law 10/2012 and the proposed SME Law aim at regulating two completely different matters, and it seems the Shura Council did not have clarity on that regard.

August 2010 in Istanbul with all agencies and GSCs members to define and coordinate the downstream activities.

A key objective for this output was to produce the Economic Development Compact in each of the three targeted Governorates; this output was delivered as planned under the leadership of ILO and UNOPS. Extensive efforts were exerted towards the institutionalization of the economic development planning at the provincial level, which was not part of the original work-plan. The decision was taken in August 2011 by the GSCs which recommended the formation of Economic Development Units (EDU) in each targeted Governorate. This choice was motivated by the intention to guarantee local ownership as well as sustainability of the new approaches and processes beyond project duration.

Following this decision, ILO and UNOPS assisted the Governorates in drafting a Resolution, which was submitted by PMAC to the CoM in April 2011, proposing the establishment of a General Directorate in each Governorate, tasked to lead economic analysis and economic planning. During a workshop in November 2011, the Ministry of Planning opposed the proposal and, instead, suggested the establishment of committees at the Governorate level. In April 2012, the Government announced establishing Planning and Development Councils in 15 Governorates except KRG, under the lead of the Governors. KRG took a different solution identified with decision makers, starting from the targeted Governorate, Erbil, which would serve as a pilot case. The Governorate of Erbil decided to establish an office tasked to identify economic development projects to be included in the Provincial Plans. A committee was created to review the draft terms of reference and produce the bylaw. The authorization of the KRG Ministry of Interior was obtained to establish the Erbil economic development planning unit within the existing Directorate of Planning, at the Governor's Office.

The Economic Development Compacts have been produced for the three Governorates, including an analysis of the economic development issues and drivers (output 2.1.1) and a strategy to address them (output 2.1.2). Each of the Governors of the three Provinces nominated a Group of Experts tasked of leading the design process of the Economic Development Compact, under the technical guidance and with the training offered by ILO and UNOPS. Several capacity building workshops were organized to train the Groups on writing and producing their own Compacts, based on a set of learning materials produced by the ILO. The "Planning for Economic Recovery and Development at the Provincial Level in Iraq: Guidelines, Templates and Examples" (hereinafter "LERD Guidelines") were written for Iraq and throughout their roll-out, they were amended on several occasions, in accordance with the feedback received from the Groups and field-based staff. The three groups were able to deliver the Economic Development Compact in December 2012, containing: (a) a diagnosis of the economic situation in the Governorate, the prevailing issues and the available assets and opportunities for economic development; (b) a menu of project ideas with related plan and budget, identified with local stakeholders and in line with the territorial diagnosis findings and the economic development objectives. Both products were produced and validated with local stakeholders.

The Compacts are meant to provide the Governor and the Provincial Council with the necessary analysis and plans to inform decision making and resource allocation for the following Financial Year. In November 2012, ILO and UNOPS held a workshop in Istanbul gathering all those involved in this project component (i.e. Governorate Offices, Provincial Councils, members of the Groups nominated by the Governors, project team and national experts), to collect their lessons and suggestions for improving the planning process and the guidelines. A lessons-learned report and a set of recommendations for the revision of the LERD Guidelines and for the follow-up have been produced in partnership with the Center for Urban and Regional Studies of the Newcastle University.

**Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates**  
*Partially achieved*

### *Integrated Business Packages*

PSDP-I has launched implementation of the Integrated Business Packages project in Basrah, Anbar and Erbil Governorates. Specific results obtained by the individual agencies include:

Business Development Services: Three Business Information Centers (BIC) were established by ILO and UNOPS as part of the Chambers of Commerce (CoCs) in Anbar, Basrah and Erbil, with provision of furniture and ICT equipment. The CoCs received financial support for the BICs to implement business development services, business management trainings and prepare marketing and information materials. With the financial support, the BICs produced marketing materials (brochures, TV spots), the yellow pages, conducted the BDS market assessment, carried out mapping studies containing baseline information on Business Development Services (BDS) providers. BIC counseling services to SMEs were enhanced through trainings, guidance and counseling handbooks. With ILO and UNOPS training and mentoring, the three BICs produced their business plan, a marketing strategy and a financial sustainability plan. In Anbar and Erbil, the production of these documents was informed by the findings of a BDS market assessment that they conducted with ILO and UNOPS financial and technical support. 29 trainers (10 women and 19 men) were trained and certified by the ILO on Start Your Business (SYB), and – among them – 17 trainers (6 women and 11 men) on Improve Your Business (IYB). ILO adapted and translated the ILO IYB and SYB training packages into Arabic and Kurdish.

IOM was contracted to support 15 NGOs in delivering enterprise creation and business plans trainings for 1965 participants. The 15 NGOs were selected through a long process that started with a mapping study of 70 BDS providers in Anbar, Basrah and Erbil. The NGOs also participated in a workshop to raise the awareness of the role played by BDS in local economic regeneration from which 5 priority areas were identified for providing grants. The NGOs prepared action plans on the priority areas identified and accordingly were selected. IOM was also supported to promote BDS in the governorates through raising awareness campaign conducted.

### Training:

UN-Habitat provided training to 538 unemployed youths in construction related skills. Women constituted 25% of people trained, and were given IT training in AutoCAD and generating bills of quantities and databases – enabling them to be productive within the construction industry.

Training in masonry, carpentry, plastering, welding and electrical services was provided and 105 small and medium scale contractor companies were trained in improved business and operational skills; 10% of the participants were women. Training was provided through partnership with MoHE Foundation for Technical Education (FTE) in Erbil, through Erbil Training Institution. UN-Habitat supported the development of curricula and training staff. This paved the way for FTE to provide training for unemployed people who are not graduates, and therefore not normally beneficiaries for FTE courses. It is expected that FTE will continue to teach the modules established through the partnership, and target unemployed youths who have not graduated from school.

FAO conducted training of trainers (TOT) courses in Jordan for 31 beneficiaries and others in Erbil, Basrah and Anbar for a total number of 426 beneficiaries from all the three governorates in four areas of: a) Food Safety and Protection; b) Extension Services; c) Agricultural Marketing; and d) Water Policy. Three Agricultural Centers were also launched as planned in the three governorates, with the procurement completed from the field level, while the finalization pending due to the obstacles faced by FAO in issuing the Letter of Exemption needed to deliver the equipment to the locations.

### Micro-finance

According to the PSDP-I business package model, micro-loans were provided by UNDP to the beneficiaries of the training activities described above as a support in finding employment or to start/expand their own business; particularly in the areas construction and agriculture.

UNDP selected three NGO and Micro-finance Institutions in 2011: CHF, Relief International, and Al Takadum. The distribution of loans was completed in Basrah by October 2012 with 124 loans distributed among the beneficiaries, which contributed to establishing, rehabilitating or expanding their agriculture, services and trade business; 23% of the beneficiaries were women. In Anbar, 53 loans were disbursed covering beneficiaries for the agriculture, industrial and trade business; 42 % of the beneficiaries were women.

In Erbil, two MFIs were selected (BFF and Al Thiqa) and the first release of funds was processed in December 2012.

Key Economic Infrastructure (Electricity Distribution Network Master Plans for Anbar and Basrah):

The progresses in key economic infrastructure development in Anbar and Basra were all in the area of electricity, the infrastructure sector identified as priority in the two governorates for business development. Such progresses included: training of System Planning and Data Collection engineers from the Electricity Distribution Directorates of Anbar and Basrah and from the Ministry of Electricity in Baghdad; Completion of electricity Distribution Network data collection in Anbar and Basrah; procurement and delivery of the Network Modeling software and equipment; completion of the mapping of data into the Global Information System (GIS) and into CYME Network Modeling system for development of the Electricity Master Plans by the Distribution Directorate

Industries (partial rehabilitation of three SOEs in Anbar and Basrah governorates):

Detailed industrial feasibility studies, including comprehensive rehabilitation action plans have been developed for all three selected SOEs. 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).

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. The downstream component developed and delivered tailored capacity building sessions throughout the project period, including COMFAR III Basic and Advanced Training (November 2009), Success in Management and Effective Organization (April/May 2012), Advanced Management Training and Turkey Study Tours (June 2012), Advanced Human Resources Management (July 2012), Productivity and Competitiveness (July 2012), International Marketing (Sept. 2012), Study Tours and company visits to France (October 2012), and training in Financial Analysis of Investment Project Scenarios with application of COMFAR III (November 2012). The visits of partner companies in Europe/Asia brought high-level employees of the three SOEs together with selected partner companies and institutions in France, Italy and Turkey 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, and to provide 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. All equipment and machinery were successfully delivered, commissioned and installed in the three benefitting SOEs. Equipment required by the three SOEs included:

- For the State Company for Glass and Ceramic Industries: 1) Air Drying Equipment, 2) UPS for Glass Annealing Lehr Machine, 3) UPS for Glass Rolling and Cutting Machine, 4) Printing Rollers and Smooth Glass Rollers.
- For the State Company for Paper and Pulp Industries: 1) Paper Quality Testing Equipment, and 2) Paper Making and Processing Equipment
- For the State Company for Petrochemical Industries: 1) Mobile Electrical Test Laboratory, and 2) Environmental Testing Equipment. Training of newly supplied and installed machinery was planned and delivered to engineers and technical staff of the three SOEs, conducted directly on site at the plants by the equipment suppliers.

### **Qualitative assessment:**

The overall achievement of PSDP-I during the three years of operation is considered satisfactory, in particular with regard to the objectives set at the upstream level—to build the institutional capacity of the Government in its transition to a market and private sector led economy.

At the upstream level, the PSDP-I activities consisted in the analysis of the current legal and policy framework gaps and in the provision of tools to address them, through draft legislation and policy recommendations for the reform process. While the Programme has been successful in moving forward some important reforms through the Iraqi legislative and political system, such as the endorsement of the Roadmap for SOEs Restructuring which was a major achievement of the Programme, many other reforms are still pending approval.

The Private Sector Development Strategy is considered a key deliverable of the Programme that provides an overall result of the PSDP-I work. Although the Strategy has not yet been endorsed by the GoI, the consultative process adopted for its finalization, which envisaged large participation by the private sector, is in itself a significant result in terms of strengthened partnerships and multi-stakeholder dialogue, considering that before policy-making efforts by Iraqi authorities rarely or never involved consultation with private sector counterparts.

PSDP-I successfully cooperated with a wide variety of international organizations active in Iraq to support the country's transition into a private sector and market-led economy, build the capacity of the private sector and relevant state institutions, and to boost Iraq's trade. Cooperation ranged from regular and ad-hoc exchange of information to active collaboration based on legal agreements and concrete work plans. An example of this cooperation is the Iraq Partner's Forum (IPF) sub-group on Private Sector Development, which gathered several organizations to coordinate efforts and define common elements for the PSDS; PSDP-I, under UNDP leadership, coordinated the IPF PSD sub-group. In addition to that, individual active partnerships were established during the three years of the programme between the PSDP-I agencies and the World Bank, OECD, USAID, SIDA, Governments of Poland and Romania, the EU, the US Department of State and others in one or more of the seven areas identified for PSD (see above).

Coordination and support were also extended to other UN entities and programmes outside the PSDP-I (e.g. UNCT on Public Sector Modernization, WFP on reform of the Public Distribution System, UNAMI DHS on aid management and co-funding mechanisms, UNESCO on support to Ministry of Communications and CMC, UNAMI Political on Revenue Sharing and DIBS, UNCT on Corporate Social Responsibility, etc.) as well as to cooperation with a number of international private sector companies. Partnerships with the private sector were strengthened through the launch of the UN Global Compact Local Network in Iraq (UN GC), in an effort to advance Corporate Social Responsibility (CSR) and to enhance the role of the private sector in the development agenda and multi-stakeholder dialogue. The UN GC Iraq Network is intended to continue, growing beyond the PSDP-I to become the

key business counterpart for both the Iraqi Government and international organizations in development oriented projects. UNDP TRAC fund provided additional resources to conduct the activities on CSR and the launch of the UNGC Iraq Network, initiated by PSDP-I and it is envisaged to continue in the future through independent funding by the Government and the private sector members of the Network.

The funding provided by the MPTF/JP for PSDPI was catalytic in attracting other funding, especially through partnerships established with bilateral and multilateral donors as mentioned above. Some of these partner organizations provided additional technical and financial resources to complement the activities of PSDP-I, such as supporting the participation of Iraqi officials in the study tours in Poland (co-funded by the Government of Poland) and Romania (co-funded by the Government of Romania).

Organizations such as the World Bank, USAID, and OECD contributed by providing technical expertise in a number of PSDP-I deliverables, including the Roadmap for SOEs, the Micro-finance policy document, and the National Economic Conference.

The KRG concluded a cost-sharing agreement with UNDP for conducting a Socio-Economic Infrastructure Needs Assessment in the Kurdistan region, as complementary activity of PSDP-I to be conducted by UNDP and involving other relevant agencies. The project aims at identifying gaps in the presence of needed infrastructures in KRG and to provide recommendations for five year investment plans to meet the 2020 development plan.

A cost-sharing agreement for partnerships with private sector was also signed by UNDP with Shell in 2012 to implement a wide range of development projects in Southern Iraq for job creation toward sustainable development. The partnership aims to increase local area development activities, promote local SMEs and provide vocational training that responds to the private sector's needs, thus complementing the efforts undertaken by PSDP-I in this area.

## ii) Indicator Based Performance Assessment:

Using the **Programme Results Framework from the Project Document / AWP**s - provide details of the achievement of indicators at both the output and outcome level in the table below. Where it has not been possible to collect data on indicators, clear explanation should be given explaining why.

	<u>Achieved</u> Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
<b>OUTCOME 1<sup>12</sup>: THE POLICY AND REGULATORY ENVIRONMENT IS MORE CONDUCTIVE TO PRIVATE SECTOR DEVELOPMENT</b>			
<b>Output 1.1: Strengthened national capacities and policies for private sector development</b>			
<p><b>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.</b></p> <p><b>Indicator 1.1.1</b> Participation of key national stakeholder in the Task Force  <b>Baseline:</b> Task Force was recently formed in August 2008  <b>Planned Target:</b> Task Force formed and meeting regularly</p>	<p><b><u>ACHIEVED</u></b></p> <p>Task Force formed and meeting regularly</p> <p>Key national stakeholders participate in the Task Force</p> <p>Task Force functional administratively operational and substantively.</p>	<p>NO VARIANCE</p> <p>Additional main achievements:                      - Task Force complemented by seven Working Groups (established by COMSEC decision)                      - Inclusion of other international development partners into TFER and WGs to ensure coordination and sustainability</p>	<p>Terms of Reference of the Task Force</p> <p>COMSEC decision establishing the Task Force and WGs</p> <p>Reports of meetings of the Task Force and Working Groups</p>
<p><b>1.1.2 Comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place.</b></p> <p><b>Indicator 1.1.2</b> Number of assessments of legislative, institutional and sectoral needs completed  <b>Baseline:</b> Not available  <b>Planned Target:</b> 3 assessments available</p>	<p><b><u>ACHIEVED</u></b></p> <p>20 legislative assessments and with recommendations completed (laws and regulations); sectoral needs and private sector institutional assessments completed.</p> <p>Assessment of the Labour Code, of the Small and Medium Enterprise institutional framework, and of the institutional capacities of the Employers' Organizations.</p>	<p>NO VARIANCE</p> <p>A total of 13 core areas have been identified and assessed:</p> <p>Basic Legal Framework, Commercial Regime, Investment Regime, Public Procurement, Economic Reform and Privatization, Private and Public Partnership, Litigation, Jurisdiction and International Treaties on Investment Protection, Labor Code, Agriculture Regime, Intellectual Property Rights, Property Rights related to Land Regime, Tax and Customs Regime, Banking Regime, Legislative Assessment from Gender Perspective</p>	<p>Assessment reports;                      CD prepared and distributed by UNIDO including the comprehensive legislative assessment report</p>

<sup>12</sup> Note: Outcomes, outputs, indicators and targets should be as outlines in the Project Document so that you report on your actual achievements against planned targets. Add rows as required for Outcome 2, 3 etc.

<p><b>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.</b></p> <p><b>Indicator 1.1.3</b> Number of Laws and or by-laws drafted  <b>Baseline:</b> Missing laws on Corporatisation Privatisation Competition, Arbitration, Land titles, PPS  Missing regulations: investment and for all laws above  <b>Planned Target:</b> 5 Laws and or by-laws</p>	<p><b><u>ACHIEVED</u></b></p> <p>Draft laws and recommendations completed, including</p> <ul style="list-style-type: none"> <li>- Economic Reform Law</li> <li>- Regulations for Investment Law</li> <li>- Free Zone Law</li> <li>- Public-Private-Partnership final draft law and regulations for public procurement</li> <li>- Trade law</li> <li>- Arbitration law</li> <li>- Company (model) law</li> <li>- EDU by-laws</li> <li>- Competition Law</li> <li>- SME law</li> </ul>	<p>Adjustments to evolving legislative situation and activities of other partners;  Draft laws and by-laws submitted and approved by TFER, pending now Shura Council Review</p>	<p>Draft laws</p>
<p><b>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.</b></p> <p><b>Indicator 1.1.4</b> % of governmental officials trained out of total  % of trained officials participating in development and implementation of key policy issues  <b>Baseline:</b> No SOE assessed  <b>Planned Target:</b> X Number of trainees  100% participation of trainees in development and implementation of key policy issues</p>	<p><b><u>ACHIEVED</u></b></p> <p>SOE restructuring Roadmap formulated and adopted by GoI.  Preliminary budget and activity breakdowns prepared for possible GoI state budget funding.</p> <p>Various workshops, study tours held in Iraq and abroad (Vienna/ Aug 2009, Cairo/ Oct 2009, Poland/ Nov 2009, Beirut / May-June 2010, Bahrain/Jun 2010, Croatia / Sept 2010, Bratislava/ May 2011, Poland/ Jul 2011, Istanbul / August 2011, Romania / Sept 2011, Ireland/ Dec 2011, Germany/ 2011, Tunis, April 2012, Germany. Oct 2012, Istanbul/Nov 2012) with over 100 participants, jointly selected with GoI counterparts and TFER/WGs/partners</p> <p>Submitted key products to Cabinet, Shura Council, COR and ongoing implementation of approved key policy documents (incl. EDU by-laws, SOE roadmap, Investment Law amendment, Preliminary Tax Policy Design Framework, Industrial strategy, etc.)</p> <p>Training &amp; Coaching programme on formulation of Iraq's industrial strategy and set up of a governance system for sustainable industrialization under completion (3 out of 4 events held in 2011). More than 25 Iraqi participants from Ministry of Industry &amp; Minerals and private sector.</p> <p>IT Interactive Platform for sustaining legislative activities developed and initial training</p>	<p>NO VARIANCE</p> <p>Some capacity building and implementation support jointly carried out with partner organizations (incl. World Bank, OECD, USAID, US Embassy)</p>	<p>Roadmap for SOEs restructuring</p> <p>Industrial Strategy</p> <p>Reports/pictures/presentations of the study tours and training activities conducted</p>

	conducted for PMAC, institutional trainers and end users.		
<p><b>1.1.5 A national investment mapping is available (including sector and geographic-specific)</b></p> <p><b>Indicator 1.1.5</b> A National comprehensive investment map is completed  <b>Baseline:</b> No investment map available  <b>Planned Target:</b> Mapping completed</p>	<p><b><u>ACHIEVED</u></b></p> <p>Investment Map Diagnosis and Final Report for the National Investment Commission completed and available (covering 5 provincial, 20 sector and 28 investment profiles).</p>	NO VARIANCE	Investment map
<p><b>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</b></p> <p><b>Indicator 1.1.6</b> Consultation mechanism established  Quarterly consultation dialogues are held  <b>Baseline:</b> No mechanism existing  <b>Planned Target:</b> Tripartite consultation mechanism established</p>	<p><b><u>PARTIALLY ACHIEVED</u></b></p> <p>Economic Reform Law drafted (including establishment of tri-partite consultation mechanism)</p> <p>Regular tripartite consultations held within the framework of the TFER and Working Groups (e.g. Social Dialogue)</p> <p>A national-level tripartite body (business, labour, Government) established.</p> <p>UN Global Compact (UNGC) and Iraq Local Network launched (Oct 2011)</p>	With development of Economic Reform Law change of SEC (Socio-Economic Council of Iraq) to Economic Reform Council.	<p>Reports of meetings and of the National Economic Conference (May 2011) where the national tripartite body was established</p> <p>Reports and press releases about the launch of the UNGc Iraq Network</p>
<p><b>1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available.</b></p> <p><b>Indicator 1.1.7</b> Availability of a Private Sector Development Strategy including investment, private farming and trade.  <b>Baseline:</b> No strategy available  <b>Planned Target:</b> Strategy completed</p>	<p><b><u>PARTIALLY ACHIEVED</u></b></p> <p>Draft PSD Strategy paper finalized, with outline approved by TFER and private sector through a consultative process (consultations meetings in Q4 2012)</p> <p>The Strategy paper incorporates sector and area-specific contributions prepared by all UN agencies and TFER/WGs during the programme, including strategic recommendations for investment, industry, land and agriculture policies, SMEs policy, etc...as well as cross-cutting areas such as sustainable development and women empowerment.</p> <p>Three Studies with the Ministry of Agriculture have been completed and submitted by the ministry experts to FAO, to be part of the PSD strategy.</p>	The draft strategy has been submitted to the TFER in beginning 2013. Translation in Arabic is under way and further feedback from the GoI is expected to be embedded in the strategy. Other rounds of consultations with the private sector are also planned (to take place in 2013) before finalization and adoption of the strategy by the GoI.	<p>Draft PSD Strategy</p> <p>Report of consultative meetings with TFER and private sector</p>

<p><b>1.1.8 Gender is mainstreamed in the program ensuring women’s full participation in policy and strategy design.</b></p> <p><b>Indicator 1.1.8</b> Gender sensitive strategy completed;</p> <p>X number and percentage of women participating in high level policy discussions; Number and percentage of key officials to be trained in gender issues</p> <p><b>Baseline:</b> No gender strategy Available</p> <p><b>Planned target:</b> Gender sensitive strategy completed</p> <p>X number and percentage of women participating in high level policy discussions</p> <p>Number and percentage of key officials to be trained in gender issues</p>	<p><b><u>ACHIEVED</u></b></p> <p>Gender mainstreamed in the strategy</p> <p>More than 75 women participate in high level policy discussion.</p>		<p>PSD Strategy</p> <p>Training reports</p>
<p><b>Output 1.2 Improved efficiency of the Public Micro Lending Programme and access to business loans</b></p>			
<p><b>1.2.1 Improved management of Governmental guaranteed Micro-Lending Programme. (implemented by MoLSA and MoIM)</b></p> <p><b>Indicator 1.2.1</b> Number of workshops on micro-lending held for GoI officials Number study tours held for GoI officials % of increase of the number of loans issued under the GOI micro-lending programme</p> <p><b>Baseline:</b> 0</p> <p><b>Planned Target:</b> 3 workshops 3 study tours 50% increase of the number of loans issued under the GOI micro-lending programme</p>	<p><b><u>PARTIALLY ACHIEVED</u></b></p> <p>Policy Paper “Reforming governmental micro-lending in Iraq for employment generation” prepared and submitted to GoI/TFER and ongoing dialogue with GoI (in partnership with USAID Tijara)</p>	<p>CHF as pre-selected contractor unable to implement activities assigned.</p> <p>Due to discontinuation of GoI programme and requirement to achieve targets without CHF and instead through UN in-house and partnerships with USAID and World Bank, workplan revision submitted to PSC and ITF</p>	<p>Policy paper on Micro-lending reform</p>
<p><b>1.2.2 Enhanced mechanisms to access to credit by SMEs</b></p> <p><b>Indicator 1.2.2</b> N. of new management tools produced by the programme</p> <p><b>Baseline:</b> 0</p> <p><b>Planned Target:</b> 3 new management tools</p>	<p><b><u>PARTIALLY ACHIEVED</u></b></p> <p>CHF as pre-selected contractor unable to implement activities assigned.</p> <p>Partnership established with USAID Tijara’s Micro-Finance programme</p> <p>“Management Tools” to be developed and presented through Micro-Finance Policy recommendations document (in partnership with USAID Tijara and also based on already completed Change Management Plan)</p>	<p>Due to requirement to achieve targets without CHF and instead through UN in-house and partnerships with USAID and World Bank, work plan revision submitted to PSC and ITF SC</p>	<p>N/a</p>
<p><b>1.2.3 Draft laws and by-laws related to GOI micro lending programme are available.</b></p>	<p><b><u>PARTIALLY ACHIEVED</u></b></p>	<p>Due to requirement to achieve targets without CHF and instead through UN in-house and partnerships</p>	<p>Policy paper</p>

<p><b>Indicator 1.2.3</b> Number of policy papers produced on alternative vehicles for enterprise finance (Apex facility, public guarantee schemes, etc) Number of laws and by-laws drafted <b>Baseline:</b> 0 <b>Planned Target:</b> 3 policy papers on alternative vehicles for enterprise finance Review all the existing laws related to micro-lending in Iraq</p>	<p>CHF as pre-selected contractor unable to implement activities assigned.</p> <p>Policy Paper “Reforming governmental micro-lending in Iraq for employment generation” prepared and submitted to GoI/TFER</p>	<p>with USAID and World Bank, work plan revision submitted to PSC and ITF SC</p>	
<p><b>Output 1.3 Strengthened operational, regulatory and legislative environment for SME development</b></p>			
<p><b>1.3.1 A survey of SMEs (including formal and informal sector) is available</b></p> <p><b>Indicator 1.3.1</b> Nation-wide survey of the formal and informal sector implemented <b>Baseline:</b> No survey available <b>Planned Target:</b> Survey available</p>	<p><b><u>ACHIEVED</u></b></p> <p>Survey of MSME conducted; report produced and reviewed with representatives of the Government and Private Sector</p>	<p>NO VARIANCE</p>	
<p><b>1.3.2 GoI High Economic Committee and concerned ministries are supported to formulate legislative strategies for SMEs-friendly regulatory framework</b></p> <p><b>Indicator 1.3.1</b> Number of studies prepared on the key aspect of the policy and regulatory environment (SMEs) SMEs policy and draft legislations prepared <b>Baseline:</b> No study and policy available <b>Planned Target:</b> 2 studies prepared on the key aspect of the policy and regulatory environment (SMEs) Policy on SMEs available</p>	<p><b><u>ACHIEVED</u></b></p> <p>Studies and policy paper prepared and submitted to Cabinet through TFER in early 2011:</p> <ul style="list-style-type: none"> <li>- SME Policy Framework</li> <li>Assessment Conditions</li> <li>- MSME Growth and Employment Creation</li> <li>- TOR SME Agency</li> <li>- MSME Policy Paper</li> </ul>	<p>Adjustment of Output from ‘High Economic Committee’ to ‘Prime Minister’s Advisory Committee’ approved by PSC in May 2010 and presented to UNGD/ITF SC</p> <p><i>The nation-wide information campaign on the SME policy was not conducted as the Policy was discussed with stakeholders only in December 2012.</i></p>	<p>Study and policy papers for SME policy framework; TORs for SME agency</p>
<p><b>1.3.3 Strengthened national capacities of business development services and Non-Bank Financial Institutions</b></p> <p><b>Indicator 1.3.3</b> N. and % of chambers of commerce technically supported through the business development services programme N. and % of universities supported through the business development services programme <b>Baseline:</b> 6 chambers of commerce supported <b>Planned Target:</b> 24 additional chambers of commerce supported; 12 universities</p>	<p><b><u>PARTIALLY ACHIEVED</u></b></p> <p>19 Chambers of Commerce</p> <p>4 Universities</p>	<p>There are only 19 Chambers of Commerce in Iraq (one per Governorate and the national-level Federation)</p> <p>Universities in target provinces included</p> <p>The Women Entrepreneurship Development (WED) ToT was not delivered. With the one-year project extension, the personnel budget line was drained and the project team had to be reduced. This affected the pace of the implementation of the remaining activities and the capacity to implement this activity.</p>	
<p><b>OUTCOME 2: STRENGTHENED ECONOMIC RECOVERY IN THREE GOVERNORATES IN THE SOUTH, CENTRAL AND NORTHERN AREAS OF IRAQ</b></p>			

<b>Output 2.1 Local economic strategies and development plans are in line with national and provincial frameworks in three governorates</b>			
<p><b>2.1.1 Identified economic comparative advantages at governorate level</b></p> <p><b>Indicator 2.1.1:</b> Number of local Economic environment surveys conducted Participation of private sector, civil society and deprived groups in the analysis of comparative advantages <b>Baseline:</b> No surveys available <b>Planned target:</b> 3 surveys Participation of private sector, civil society and deprived groups in the analysis of comparative advantages</p>	<p><b><u>PARTIALLY ACHIEVED</u></b></p> <p>Guidelines on how to conduct a territorial diagnosis produced, pilot-tested in the field, and validated with experts</p> <p>Governorate Economic Development Units (GEDUs) in Erbil, Anbar, Basrah established, trained and mentored on the job on how to conduct territorial diagnosis</p> <p>By-laws for GEDUs endorsed and adopted by the GSCs</p> <p>Territorial diagnosis reports produced and validated in Erbil, Anbar and Basrah with local socio-economic stakeholders of the private and public sector</p>		<p>Guidelines and territorial diagnosis</p> <p>Meetings reports</p> <p>By-laws</p>
<p><b>2.1.2 Local Economic Recovery (LER) strategies are in harmony with Provincial Development Strategies (PDS)</b></p> <p><b>Indicator 1.3.3</b> N, of technical training workshops organised Participation of Public and private sectors, Civil Society and deprived groups Number of new Economic Development Plans drafted. <b>Baseline:</b> 0 <b>Planned Target:</b> 3 new Economic Development Plans drafted.</p>	<p><b><u>ACHIEVED</u></b></p> <p>Guidelines on how to identify and plan economic development projects produced, pilot-tested in the field, and validated with experts</p> <p>Governorate Economic Development Units in Erbil, Anbar, Basrah established, trained and mentored on the job on how to identify and plan economic development projects based on the territorial diagnosis findings</p> <p>Economic development projects identified and planned in consultation with local socio-economic stakeholders of the private and public sector</p>	<p>The LERD Guidelines were not among the planned outputs; it was decided to produce them in order to train and guide the work of the teams in the Provinces</p>	<p>Guidelines; Meetings reports</p>
<p><b>2.1.3 Strengthen governorate-level construction and development institutions to implement and sustain local planning capacities</b></p> <p><b>Indicator 2.1.3:</b> Number of governorate-level institutions supported <b>Baseline:</b> 0 <b>Planned target:</b> 3 governorate level institution supported</p>	<p><b><u>ACHIEVED</u></b></p> <p>Governorate Steering Committees set up and regularly met in Erbil, Anbar and Basrah (monthly meetings)</p> <p>Coordination of local activities and liaison with Governorate Institutions by Area Coordinator in Erbil, Basrah, Anbar.</p>	<p>NO VARIANCE</p>	<p>ToRs and list of members of the three GSCs</p> <p>Reports of meetings held by the GSCs</p>
<p><b>2.1.4 Gender is mainstreamed ensuring women participation in local strategies and plans</b></p> <p><b>Indicator 2.1.3:</b> Gender sensitive strategy completed</p>	<p><b><u>PARTIALLY ACHIEVED</u></b></p> <p>Gender aspects included into downstream plans and budgeting.</p>		

<p>Number of women participating in high level policy discussions  Number of key officials trained in gender issues  <b>Baseline:</b> No strategy produced  <b>Planned target:</b> Strategy produced  X number and percentage of women participating in high level policy discussions  Number and percentage of key officials to be trained in gender issues</p>			
<b>Output 2.2 Economic and social regeneration pilot projects implemented in three selected governorates</b>			
<p><b>2.2.1 Technical support provided to identify priorities and programme implementation in the following sectors</b></p> <ul style="list-style-type: none"> <li>• <b>Key Economic infrastructure (UNDP)</b></li> <li>• <b>Agriculture (FAO)</b></li> <li>• <b>Industries (UNIDO)</b></li> <li>• <b>Business Development Services (ILO/IOM)</b></li> <li>• <b>Micro-lending (CHF)</b></li> <li>• <b>Construction and Development Companies (UN-HABITAT)</b></li> </ul> <p><b>Indicator 2.2.1:</b> Number of pilot project implemented per governorate  Number of local enterprises supported financially and technically  Number of unemployed and other marginalised groups supported for entrepreneurship</p> <p><b>Baseline:</b> 0  <b>Planned target:</b> 3 priority economic infrastructure projects identified and completed  3 SOEs supported technically for restructuring  1000 persons trained and/or supported technically for enterprise creation and development  1000 micro and SMEs supported financially</p>	<p><b><u>PARTIALLY ACHIEVED</u></b></p> <ul style="list-style-type: none"> <li>• <b>Key economic infrastructure:</b> Electricity sector (Anbar and Basrah):  Distribution Network data collection completed; Data Mapping into CYME software completed  Agreement with KRG on Social-Economic Infrastructure Needs Assessment concluded (cost-sharing) and assessment conducted and completed in end 2012</li> <li>• <b>Agriculture, Construction and development companies, Business Development Services, Micro-lending:</b>  These activities have been conducted as part of the PSDP-I integrated business packages, combining skills training for employment, business development, access to finance, as well as gender aspects operational on all three Governorates.</li> </ul> <p>Distribution of Microloans by 3 contracted MFIs completed in Basrah by October 2012 when almost 124 loans were distributed among the beneficiaries, 23% of them women.  In Anbar, 53 loans were disbursed covering beneficiaries from Agriculture, Industrial and Trade sectors, 42% of them women. In Erbil it is under progress since the first tranche was only processed in December 2012.</p> <ul style="list-style-type: none"> <li>- 3 Business Information Centers established and supported financially as well as technically within the Chamber of Commerce of Anbar, Basrah and Erbil</li> </ul>	<p>Linking and combining of agency activities into economic packages</p> <p>2 key economic infrastructure priority projects identified and completed for Anbar and Basrah (in electricity), while the 3<sup>rd</sup> project was not completed due to delays by Erbil GSC in identifying a priority sector. Initial steps took place in Erbil to identify a project for women economic empowerment (identified as priority).</p> <p>Ability to distribute Microloan Grants to the MFIs limited by UNDP internal restriction stipulating that a recipient organization may receive multiple grants provided the grants do not exceed on a cumulative basis \$300,000.</p>	<p>Electricity Distribution Network data collection and mapping for Anbar and Basrah</p> <p>Reports of training activities involving members of the three GSCs (regular reports submitted by the three Area Coordinators in charge of the programme in the three Governorates)</p> <p>Bid tender documents for the selection of the MFIs  Monthly reports by the selected MFIs on disbursements of loans</p>

	<ul style="list-style-type: none"> <li>- 14 Business Development Service providers trained on service delivery to entrepreneurs</li> <li>- 29 trainers (10 women and 19 men) trained and certified by the ILO on Start Your Business (SYB), and – among them – 17 trainers (6 women and 11 men) on Improve Your Business (IYB).</li> <li>- IYB and SYB training materials adapted to the context in Iraq and translated into Arabic and Kurdish.</li> <li>- 1965 persons trained on how to start a business</li> <li>- 330 entrepreneurs counseled on how to start a business; 150 entrepreneurs supported in the preparation of business plans, 40 entrepreneurs referred to financial institute for loan</li> <li>- 133 new businesses started</li> </ul> <ul style="list-style-type: none"> <li>• Industry: Feasibility studies for the rehabilitation of three SOEs in Anbar and Basrah completed. All equipment and machinery were successfully delivered, commissioned and installed in the three benefitting SOEs. Training on new equipment delivered at site. Capacity building sessions carried out</li> </ul> <ul style="list-style-type: none"> <li>• Agriculture: Training of Trainers for Agriculture Information Centers (AIC) has been conducted for 15 Participants from the three governorates on software designed to meet their requirements Three AICs buildings have been allocated and are being prepared to be launched into operation upon installation of the hardware and software currently under procurement Twelve training courses were conducted in Erbil, Basrah and Anbar on Food Safety and Protection, Extension Services, Agricultural Marketing, and Water Policy</li> </ul>		
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### **iii) Evaluation, Best Practices and Lessons Learned**

Progress against the PSDP-I Work Plan has been monitored and assessed regularly both by the UN Resident Coordinator who has chaired quarterly internal meetings to review and plan programme implementation, and by the Programme Steering Committee (PSC), the body in charge of assessing and monitoring the progresses and implementation of the programme. The PSC, co-chaired by the Chair of the Prime Minister's Advisory Council and the UN Resident Coordinator and composed by UN Heads of Agencies, TFER members and representatives of the donor community and other international partners, met twice a year between 2009 and 2012 as envisaged in the Programme Document; such meetings served to present the progress, discuss/review the implementation mechanisms and work plans, and approve release of the funds (in three tranches) as well as budget revisions when required.

An independent Outcome Evaluation was commissioned by UNDP Iraq in July 2011 to conduct an assessment of the CPAP Outcome 5 "Enabling policy framework for rapid economic recovery, inclusive and diversified growth and private sector development" and the Country Programme Evaluation Plan.

For the evaluation of the PSDP-I the mission assessed not only the UNDP PSDP-I team; it also held detailed consultations with the other participating agencies, government counterparts and donors. The Evaluation Team has assessed the Programme to be Moderately Satisfactory overall and for the Achievements, Efficiency of Resource Use and Impact Orientation, while the dimension of Relevance and Strategic Fit received the Highly Satisfactory mark and the Design was considered Satisfactory. PSDP-I concentrated on key strategic interventions, such as legislative reforms and formulation of PSDS with focused resources usage to maximize the impact toward the end of PSDP-I. With this focused approach, the draft PSDS was developed during the last four months of the PSDP-I by leveraging three years' works.

#### **Challenges**

PSDP-I implementing agencies faced a number of challenges in the implementation of the programme, which caused delays and sometimes prevented the full achievement of the results planned. These include both substantive and operational/logistics challenges. In particular:

##### Substantive challenges:

- While draft laws were developed to promote the private sector, the legislative process has delayed the enactment of these laws.
- The concept of SME was not present in current legislation and governmental policies. Additional efforts will be needed in strengthening capacities of Iraqi governmental agencies in this area. Baseline data of current SME status, major needs, challenges and opportunities are fragmented and often outdated; data available in Baghdad often do not cover the Kurdistan region. For these reasons, ILO conducted a SME survey of the informal sector (2011) and supported the coordination of private sector development policy between GoI and the KRG (2012).
- Non-bank financial institutions face several legal and administrative constraints (i.e. inability to deposit checks in bank accounts, difficulties in transfers between bank branches, lack of electronic services, high transaction costs, etc.). Causing delays in the registration of microfinance institutions (as local financial institutions), slowed down loan disbursement and increased microfinance implementation costs.
- CHF, which was selected to work on policy reforms to improve the efficiency of the Public Micro Lending Programme and access to business loans, was unable to deliver. This caused delays for UNDP in

- achieving planned targets by relying only on UN in-house capacities. In order to compensate for this setback, other partnerships were established with USAID Tijara and the World Bank.
- Delays in the disbursement of the total amount of micro-loans to MFIS, within the timeline of the programme, were caused by UNDP's internal restriction to limit grant amounts to no more than \$300,000 on a cumulative basis to recipient organizations. The unstable political climate, delayed the establishment of a land commission and the progress of the land policy process by UN-Habitat. In the absence of a commission with full backing of the CoM, the Land Allocation Committee, headed by the Minister of Local Government Affairs, was established through a CoM Secretariat order.
  - The main constraints faced by FAO pertained to the late response of the Legal Department in receiving the final revised draft of the translated legislative assessment, as well, procurement for the Agriculture Information Centers delayed due to the delay in getting field authorization to procure the software and hardware. Late response of the Line Ministries, MoA and MoWR, in getting the Draft studies, due to difficulty in communications between the implementing officers in the ministries caused further delays.
  - The three Economic Development Units (EDUs) nominated by the Governors of Anbar, Basrah and Erbil, experienced a number of challenges due to their recent exposure to ILO/UNOPS analysis and planning methodology. and partly due to the following reasons: (1) the majority of members were neither economists nor local-level planners; (2) the required workload was significant and the process was more demanding than they expected; (3) day to day activities did not allow enough time to be allocated for the territorial diagnosis and the identification of projects; (4) they were not compensated for this work, which was an additional heavy task on the top of their official duties. It is worth mentioning here that, during a phase of the project, the Erbil Governor's office offered monetary compensation to its group members as incentive for this required extra workload.
  - The appointment of a new Governor in Basrah in 2011 triggered the replacement of some of the EDU members including the director. This action caused delay in the implementation of the EDU work-plan, and the training had to start from scratch.
  - The EDU Resolution has not been approved, after having been submitted by PMAC to the CoM in April 2011. The Resolution proposed the establishment of a General Directorate in each Governorate, tasked to lead economic analysis and economic planning. The Ministry of Planning stated its dissent with such proposal and, instead, suggested the establishment of committees at the Governorate level. The KRG Ministry of Interior also rejected the request submitted by Erbil Governor's office to establish a Department. The Governorate of Erbil, however, succeeded in receiving approval of the KRG Ministry of Interior for the establishment of an Economic Planning team within its Planning Department.
  - ILO/UNOPS faced implementation challenges in Anbar, where four out of five members of the Group of Expert left the group thus delaying the finalization of the Territorial Diagnosis and the identification of economic development projects. In September 2012, 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 requested ILO and UNOPS to submit an official request each time they intended to gather the representatives of the private sector in Ramadi. This required some adjustments in the delivery modality, i.e., replacement of multi-stakeholder workshops with smaller focus group discussions, in several cities of Al Anbar Province.
  - The Head of the Erbil Business Information Centers (BIC) was replaced twice, which severely delayed the implementation of activities and the BIC was able to spend only two out of the four planned payment installments. The third and last Head of the BIC joined in June 2012.
  - ILO/UNOPS faced challenges in advocating for charging for business development services (BDS) delivered by the BIC, including the business management and Start Your Business training, as most of the agencies and donors were delivering trainings free of charge and even paying entrepreneurs to attend. As a result of this distortion in BDS market, BICs' financial sustainability is undermined.
  - Other constraints faced at local level are related to the lack of understanding by some government authorities about UN agencies' role in advancing sustainable development in Iraq, as well as limited

understanding of the role of private sector in economic development; and the lack of trust between the private and public sectors at national level, and between local government and business associations at governorate level. To face this challenge, UNDP organized activities at local level to raise awareness on Corporate Social Responsibility and private-public partnerships for development, particularly in the framework of the UN Global Compact Iraq Network.

- Delays and full discretion by the Government in the nomination of participants to attend the activities organised by PSDP-I (especially training and study tours outside Iraq).
- Cancellations of some of the training sessions for system planning were caused by the delay in nominations of engineers from the Ministry of Electricity, from Anbar and Basrah, for training sessions taking place outside of Iraq. The nomination process was sometimes biased and last minute nomination changes were made to include engineers with no background or former training.

Some of the Ministries decisions such as splitting the electricity department in Anbar into two departments and dividing MOLSA in Anbar into two sectors, interrupted PSDP-I on going projects in the area of key economic infrastructure, where provision of technical assistance was no longer possible as planned initially due to the change in structure.

#### Management / Logistic Challenges:

The main implementation constraint, from an operational point of view, was the difficulty and impossibility to work side by side with beneficiaries located in the Red Zone of Baghdad. Security restrictions and extremely limited number of Red Zone movements made it difficult to travel to field locations and to organize meetings with Iraqi counterparts and to interact with project stakeholders on the ground outside the International Zone. The complicated procedures for getting Iraqi counterparts into the International Zone and the limited number of escorts available to handle visitors' requests caused more delays.

Upstream activities requiring close cooperation, partnership and communication with Iraqi and international counterparts in Baghdad faced severe restrictions in terms of Baghdad' slot availability and office space. This led to difficulties in communicating and effectively cooperating with the Government, the private sector, other international and national partners and within the seven agency team of the PSDP-I. Efforts to arrange for regular teleconferences (audio/video), including downstream colleagues and partners in the three pilot governorates, provided an opportunity to remain in close contact but these instruments were also regularly unavailable, unreliable and of sub-standard communication quality.

The planning and implementation of downstream activities were negatively affected by restrictions on travel and movement, especially in Anbar and Basrah. The PSDP-I responded by converting the two Area Coordinator positions in Anbar and Basrah from international FT posts (P-4) to UNDP Service Contract (Anbar) and subcontracted to a local company via the LTA mechanism (Basrah) posts and in such secured highly qualified local staff who were less restricted in their presence and movements and more independent in their interaction with local counterparts.

Other significant logistic challenges were:

- Following the demonstrations across Iraq in 2011, the government was given 100 days to respond to protesters' needs, a number of casualties were recorded across Iraq, as a result of these demonstrations. delays were experienced with most planned project activities. Some activities were also halted due to government imposed curfews and tightened security measures.
- Despite numerous interventions at various levels, equipment procured by UNDP for the Ministry of Electricity, as part of the Electricity Distribution Network Master Planning component, was held for

several months by the Basrah Airport customs office in an attempt to obtain payment of illegitimate customs fees from UNDP.

- The absence of a UN Women representative in Iraq, led to the postponement of high level meetings with the Minister of SMOWA and senior officers from the Advisory Council. The assignment of the new Iraqi agency representative in 2012 facilitated implementation of the relevant programme activities.

Some of these challenges have been identified as risks in the project design, such as: the political affiliation of key Government counterparts, which materialized especially at local level where in some cases the counterparts delayed or impeded activities for political reasons (i.e. authorizing meetings or study tours, nominating participants for capacity building activities, etc.); insufficient commitment or inability by the GoI to pursue the process of reforms initiated by the programme (being the goal of PSDP-I to put in place a process of reforms for private sector development, full achievement can only rely on GoI's willingness and ability to adopt and implement those reforms, which is still unclear as legislative processes in Iraq are long and involve a large range of actors); security situation (as envisaged, progresses in the programme implementation were undermined by the volatile security situation, especially at governorate level, which often led to changes and re-planning of the activities).

On the other hand, challenges that were not fully envisaged or addressed in the project design but materialized later included: a) the inability by one of the partners assigned in the programme document to conduct activities under its area of competence (i.e. CHF for the micro-finance policy at upstream level); b) the time required for certain operational procedures at UN level (i.e. recruitment and placement of programme staff, including the management team; procurement of micro-finance institutions for disbursement of the loans at downstream level) as well as at GoI level (i.e. nomination of representatives from public institutions to attend PSDP-I activities, authorization for their travel abroad), both causing major delays in programme implementation.

### **Key Lessons Learned and Best Practices**

The PSDP-I is a joint programme involving seven UN organizations with detailed roles and responsibilities of all parties based on their individual mandate, expertise and capacity in Iraq and defined in a joint programme document signed by each agency. The objective of the joint programme is built on the needs and requirements of Iraq and the comparative advantages of participating agencies, which are coordinated to avoid duplication, reduce transaction costs and maximize synergies among national partners and the UN. The activities of the PSDP-I are contained in a common work-plan and a related budget.

Such a structure provided a best practice for management and implementation of multi-agencies programs through Trust Funds, where each agency remains responsible for its own funds while implementation is coordinated under one lead agency.

In terms of relations with the Government, the PSDP-I was implemented through a management mechanism agreed upon with the GoI that aims to strengthen the country's ownership in the process of reforms for private sector development. PSDP-I's activities are identified, planned for and regularly reviewed in a joint work plan with the Programme Management Team (PMT) and the Task Force for Economic Reforms (TFER) and the seven thematic Working Groups, and was approved by the Programme Steering Committee (PSC). All activities were planned for and implemented in close consultation with the relevant GoI bodies and other stakeholders by order of the Council of Minister Secretariat (COMSEC), TFER and the seven WGs. This management mechanism has been very successful.

The Integrated Management Structure of PSDP-I was introduced building upon the joint capacity and coordination of the agencies that were present physically in Baghdad. These were represented by the CTAs of UNDP, ILO, and UNIDO, under the overall coordination of the UNDP Programme Director.

Physical presence in Baghdad and other locations on the ground by the lead agencies and programme teams proved to be an essential element for proper coordination of joint activities and constant follow-up with relevant counterparts.

The presence of the ILO in Baghdad was to ensure effective interaction and participation of our main partners, the Ministry of Labour, Employers and Workers' organizations of Iraq to ensure achievement of the outcomes of this programme, mainly those related to the social dialogue issues, especially their roles in the establishment of a tripartite consultation mechanism of the Government, employers and workers representatives in the Socio- Economic Council of Iraq. Uncertainty of the status of the legitimate employers' and workers' organizations, in light of the position of the Government at the time, and the un-timely sharing of information and coordination on meetings and implementation of some of the activities are some of the examples that prevented the effective contribution of legitimate organizations to this output and other long-term policy visions. It is therefore recommended that future joint programmes enhance collaborative decision-making by streamlining the sharing and timely exchange of information among the participating UN Agencies to facilitate a real tripartite dialogue on policy issues, such as the labour code and the SME law.

It is also recommended that the coordination and management arrangements in multi-administrative efforts of several agencies be given close attention, especially when the programme is operating at a number of levels, and when it involves many institutions and stakeholders. The participating agencies should ensure that appropriate work arrangements are made to improve the implementation. It is also important to note that such projects should operate with less ambition and more realistic expectations, even if this requires a longer inception/preparation period. This would allow for a better understanding of the context and for more realistic expectations in terms of project impacts.

Establishment of partnerships with relevant organizations and donors emerged as another lesson learnt to cope with challenges such as unexpected inability or withdrawal by organizations assigned initially to conduct the planned activities, as for the case of CHF in the area of microfinance policies. Even if not planned in the project design, the partnership established by UNDP with the USAID Tijara programme served to advance progress towards common goals. The same lesson emerged for other partnerships resulted in MOU signed with the World Bank for the work in SOEs Restructuring and with Unioncamere for the work with chambers of commerce and business services at local level.

Closer cooperation with the private sector through established mechanisms such as the UNGC (for the local private sector) and the cost-sharing agreement with Shell are also recommended to be pursued and enhanced in other similar projects aimed to private sector development.

Challenges in dealing with the security situation, especially in terms of movement for UN programme team which caused limited interactions with local counterparts, were solved to some extent by recruiting more national staff instead of international ones, as originally planned. This proved to be a useful practice for the assignment of the Area Coordinators in Anbar and Basra, where national staff was in a better position to move forward PSDP-I activities through closer coordination with local government and private sector counterparts. It is recommended that similar programs in Iraq make use of a larger number of national staff, recruited and trained since the programme inception, while a limited number of international experts can be deployed for ad hoc activities on the ground.

The timeframe of major institutional changes sought for in PSDP-I proved unrealistic for a country suffering from great degrees of political instability, poor capacities, and where the interaction with the Iraqi counterparts is severely restrained by restrictions of movement. In some cases, the rationale for some of the reforms and bylaws proposed could have been discussed more in depth and agreed upon in clearer terms, if time had allowed it. Some institutions did not fully buy-in from the start, and consequently did not take the lead of the proposed reforms, leaving these policies and bylaws mid-way. Institutional and legislative changes have to be understood, owned and politically committed to by the national and provincial decision makers, before drafts of Policies and Laws can be successfully implemented. This can be achieved when there is direct and regular interaction with decision makers and when well-connected National staff assists in the liaison.

**iv) Microfinance: Client Stories**



Ms Athr'a Ubaid Maher is a widow with seven children. Following the death of her husband, Ms Athr'a and her children difficulties in securing livelihoods which were further aggravated when their house (at the apiary) was demolished as a result of military actions in Fallujah city.

Ms Athr'a applied and was granted a US\$ 5,000 loan from Al-Takadum for the rehabilitation of the demolished apiary which was granted to them from the UNDP grant. The loan was used to purchase apiaries and agricultural products for the food of bees to produce honey. The loan enabled Ms Athr'a to take over her husband's honey production business and to sell the production in the market, which in turn allowed her to provide for her children

Mr Ayad Haraj Eid Kwan is vocational trainee beneficiary who lives in the Fallujah district, Karma sub-District, village of Subaihat, in a mud-house on abandoned farmlands with his wife and five children. Mr Ayad successfully applied for a loan from the UNDP grant to Al-Takadum. He received a loan of US\$ 2,500 which was used to purchase a water pump, seeds for cultivation and a plow (murabbaha). Mr Ayad set to work and land is now green again.



Mr Mustafa Ahmed Yehya lives in Ramadi and owns of poultry farm. One day Mr Mustafa went to the market to buy feed for poultry from an agricultural office in Ramadi, and saw a representative of Al-Takadum providing materials to farmers. He learnt about the work of the organization and how to obtain a loan. The very next day Mr Mustafa went to Al-Takadum offices in Ramadi where he met with a loan officer who explained to him in detail the requirements for applying for a loan. Soon after Mr Moustafa received the materials he had requested for his poultry farm, based on the principle of Islamic Murabaha. As a result of the loan, Mr Mustafa has expanded his business and has employed a number of unemployed youth to work on his farm.

## Annex “List of Acronyms”

CCA	Common Country Assessment
CoR	Council of Representatives
COS	Central Office of Statistics
CP	Country Programme
CPAP	Country Programme Action Plan
CPAP MTR	Country Programme Action Plan-Mid-Term Review
CPD	Country Programme Document
CPR	Conflict Prevention and Reconciliation
CSR	Corporate Social Responsibility
CSOs	Civil society organizations
DFID	UK Department for International Development
FAO	Food and Agriculture Organization
GMS	General Management Support
GoI	Government of Iraq
ICSC	International Civil Service Commission
ILO	International Labour Organization
INGO	International Non-Governmental Organisation
IMF	International Monetary Fund
IOM	International Organization for Migration
IRFFI	International Reconstruction Fund Facility for Iraq
ITF	Iraq Trust Fund
KRG	Kurdistan Region
KRSO	Kurdistan Regional Statistics Office
LADP	Local Area Development Programme
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MMPW	Ministry of Municipalities and Public Works
MNFI	Multi-National Forces in Iraq
MoA	Ministry of Agriculture
MoD	Ministry of Defence
MoE	Ministry of Electricity
MoEnv	Ministry of Environment
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
MoI	Ministry of the Interior
MIM	Ministry of Industry and Minerals
MOLSA	Ministry of Labour and Social Affairs
MoP	Ministry of Planning
MoP-KRG	Ministry of Planning-Kurdistan Region
MoT	Ministry of Trade
MoWA	Ministry of Women's Affairs
MoWR	Ministry of Water Resources

MoYS	Ministry of Youth and Sports
MTR	Mid-Term Review
NDP	National Development Plan
NDS	National Development Strategy
NIM	National Implementation Modality
NGOs	Non-governmental organization
OECD	Organization for Economic Cooperation and Development
PMAC	Prime Minister's Advisory Committee
PMO	Prime Minister's Office
PSM	Public Sector Modernisation
RRF	Results and Resources Framework
SBAA	Standard Basic Assistance Agreement
SIDA	Swedish International Development Cooperation Agency
SME	Small and Medium-sized Enterprises
SOTs	Sector Outcome Teams
UN	United Nations
UNAMI	United Nations Assistance Mission for Iraq
UNCT	United Nations Country Team
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nation Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNGC	United Nations Global Compact
UNGC LN	United Nations Global Compact Local Network
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNESCWA	Economic and Social Commission for Western Asia
UNFPA	United Nations Population Fund
UNHABITAT	United Nations Agency for Human Settlements
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Fund for Women
UNOPS	United Nations Office for Project Services
UNSCR	United Nations Security Council Resolution
US	United States
USAID	United States Agency for International Development
WFP	World Food Programme
WHO	World Health Organization

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