



**United Nations Development Group, International Trust Fund
ANNUAL PROGRAMME¹ NARRATIVE PROGRESS REPORT**

REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2009

<p>Submitted by: Svend Erik Ladefoged, Chief Technical Advisor, UNIDO Email: e.ladefoged@unido.org Tel (office): +962 6 581 5921 ext. 14</p>	<p>Country and Thematic Area² Iraq Agriculture and Food Security sector</p>
<p>Programme No: A5-28 MDTF Office Atlas No: 66928 Programme Title: Technology Acquisition to Re-start and Generate Economic Transformation (TARGET)</p>	<p>Participating Organization(s): UNIDO</p>
<p>Implementing Partners:</p> <ul style="list-style-type: none">• Ministry of Industry and Minerals• Ministry of Planning and Development Cooperation	<p>Programme Budget (from the Fund): \$2,979,000</p>
<p>Programme Duration (in months): 24 months Start date³: 1 January 2009 End date: 31 December 2010</p>	

¹ The term “programme” is used for programmes, joint programmes and projects.

² E.g. Priority Area for the Peacebuilding Fund; Thematic Window for the Millennium Development Goals Fund (MDG-F); etc.

³ The start date is the date of the first transfer of funds from the MDTF Office as Administrative Agent.

I. Purpose

In Anbar, conflict and insecurity has had a profound impact on most of the socio-economic activities of the Governorate. Among others, the conflict has severely affected the agricultural input supply networks, the agro-industrial capacity, the local agro-commodity markets, the financing mechanisms, and the livelihoods of communities involved in these sectors.

“TARGET” has been designed to empower conflict affected communities through the revitalization of productive capacities in selected areas of the Anbar Governorate. The project activities will strengthen the livelihood recovery process by rehabilitating/revitalizing selected agro-processing enterprises and other assets in the governorate. To accomplish this, the project identifies a number of agro-processing enterprises (SME) and agro-infrastructure facilities that will be revitalized, and support other auxiliary income-generating opportunities that will help to mutually reinforce agro-economic empowerment and community reconstruction and development in project targeted areas.

Project outcomes:

1. Enhanced capacity of the Ministry of Planning and the Ministry of Industry to implement and monitor programmes for the rehabilitation/revitalization of the agro-industrial sector.
2. 50 to 75 rehabilitated/revitalized agro-enterprises (SME's), generating estimated 500 - 750 jobs.
3. Strengthened livelihood recovery for approximately 750 households in rural areas through appropriate technology transfers and promotion of non-farm income-generating activities.

The project relates to the following Strategic (UN) Planning Framework guiding the operations of the Fund:

National Development Strategy:

- Pillar Two: Private Sector Revitalization
- Pillar Three: Improving the Quality of Life

International Compact for Iraq:

Goal 4.6: To support the development of the agriculture sector to achieve food security, generate employment, diversify the economy and preserve the countryside. Create an enabling environment for a market oriented agricultural sector.

- Benchmark 4.6.4: To improve institutional and regulatory underpinnings of public agriculture.
- Indicative action: Strengthen the technical and management capacity of agricultural organizations.
- Benchmark 4.6.5: Carry out investment plans.
- Indicative actions: (i) Rehabilitate damaged agricultural infrastructure; and (ii) Improve the delivery of public agricultural services.

Sector Team Outcome(s):

- Outcome 1: Enhanced Production and Productivity in the Agricultural Sector to achieve food security.
- Outcome 2: Poverty Reduction and Sustainable Employment for vulnerable groups created.

II. Resources

Financial Resources:

- The project is solely financed through the Fund: \$2,979,000
- No budget revisions have been made.
- Funds are received timely and the transfer mechanisms to the project area as well as the procurement procedures are appropriate.

Human Resources:

- National Staff:
 - 1 National Project Coordinator, based in Baghdad
 - 1 Field Project assistant, based in Fallujah.
- International Staff:
 - 1 Chief Technical Advisor

III. Implementation and Monitoring Arrangements

UNIDO has overall responsibility for implementation of the project and the appropriate use of the funds allocated. Four entities are involved in the project's implementation: (1) UNIDO headquarters, (2) the UNIDO Iraq Office in Jordan, (3) Ministry of Industry and Ministry of Planning and Development Cooperation and (4) the recipient enterprises and beneficiaries. A system of close collaboration has been built between the entities with frequent exchange of information about the project's aims and objectives, i.e. outcomes of enterprise assessments, the recommended equipment to be purchased, building renovation works to be done and capacity building to be organized.

Selection of which enterprises to support has involved a dual system. First, a general assessment of each enterprise was made by the Project Management Unit (PMU). This assessment was based on a comprehensive questionnaire combined with visits to each enterprise by staff from the PMU. On the basis of this assessment a scoring and ranking system was developed.

Second, an international expert was engaged to identify equipment for enterprises within the different sectors, i.e. metal work, automotive repair, woodwork etc.

With regard to the building rehabilitation works for the enterprises local experts will be engaged to assess these needs and to provide the required drawings and specifications. For in-country capacity building/training local experts will be engaged.

The project supports selected SME's with a mixture of equipment, minor building renovations and capacity building initiatives. Household beneficiaries are supported through the provision of basic skills training and tool kits. Procurement of these goods and services follows UNIDO's procedures and guidelines for international and local purchases.

Monitoring of the activities is done through regular Programme Steering Committee meetings, regular reporting by the national field staff and frequent interaction with the two leading ministries, Ministry of Industry and Minerals and Ministry of Planning and Development Cooperation. In addition meetings are held regularly with the national field staff. In addition a comprehensive database is currently under development, which will carry data related to the projects main activities, i.e. supply of equipment and toolkits, building renovations, capacity building initiatives and various social data linked to the beneficiaries' business operations.

IV. Results

Output 1: A Comprehensive Action Plan for the Rehabilitation of Directly Affected Agro-Industries is Prepared and Agreed Upon by All Stakeholders			
Activities	Description	Status	Reflections/Comments
1.1 Finalize the technical assessment of the Agro-Industrial Sector in Conflict Affected Project Areas	250 SME's identified and assessed against the equipment and associated training needs. This would facilitate the selection of 50-75 units that will be assisted under the project in Fallujah Industrial Zone.	Done	250 enterprises were assessed using a standard questionnaire. Based on a scorecard system combined with review of photographic evidence obtained as part of the survey, 80 enterprises were selected for support.
1.2 Needs Assessment to Strengthen Institutional Support Mechanisms	<p>The two Ministries' teams of experts will improve their competency by working with the UNIDO Team on the different activities and technical aspects of the project.</p> <p>In addition, the teams will upgrade their technical capacity through various training programs.</p>	Ongoing	<p>Staff from the two counterpart ministries has participated in various project activities, including a study tour to Lebanon.</p> <p>“TARGET” is modeled on a similar type of project in Lebanon, implemented by UNIDO. The study tour was designed to enlighten the Iraqi Team about the aims and objectives of the project, the outcomes and implementation modalities vis-à-vis the provision of equipment, building renovation and capacity building activities.</p>
1.3 Prepare Comprehensive Proposals for the Rehabilitation of Conflict Affected Enterprises:	This is the main outcome of the technical assessment, which will lead to having all factories operational and the requisite number	<p>Equipment: Done</p> <p>Toolkits: Done</p>	<p>Detailed data on the rehabilitation have included:</p> <ul style="list-style-type: none"> ▪ Technical specifications for

Interventions, Workshop Layouts, Technical Specifications and Budgetary Details	of beneficiaries trained.	Civil works: Ongoing	<p>equipment and potential suppliers were finalized and tendered.</p> <ul style="list-style-type: none"> ▪ Technical specifications for toolkits (Welding/fabrication, Air conditioning/cooling, Sewing/ tailoring, Automotive mechanics, Woodwork/furniture making) and potential suppliers were finalized and tendered. ▪ Building renovation needs, i.e. description of works to be done, bill of quantities and drawings for enterprises selected for rehabilitation is ongoing.
1.4 Conduct Technical and Participatory Workshops with Stakeholders to Present the Proposals and Strategic and Priority Enterprises to be Rehabilitated	<p>Meetings to explain details pertaining to the technical assessment.</p> <p>Finalize the selection of enterprises to benefit from the project activities</p>	Done	Meetings were held with industrialists to confirm which equipment to procure prior to launching the tenders.
1.5 Establish a PSC Involving the Main Counterparts to Provide Strategic Direction and Oversight on the Unfolding of Project Activities	<p>Project Steering Committee to:</p> <ul style="list-style-type: none"> ▪ Advice the project on strategic directions/decisions and support activities to be provided. ▪ Ensure the effective cooperation between all key stakeholders. ▪ Advice on the effectiveness of the ongoing activities. 	The PSC was established and held its first meeting on 17 th -19 th September 2009.	<p>Members of the PSC are:</p> <ul style="list-style-type: none"> ▪ Ministry of Industry and Minerals ▪ Ministry of Planning and Development Cooperation (chair of the committee) ▪ Office of the Governor, Anbar Governorate ▪ United Nations Industrial

			Development Organization
1.6 Provide Required Training for Nationals to Supervise and Advise on Rehabilitation and Revitalization Interventions	Train the project team (and other nationals) to enhance their capabilities in project management, supervision etc.	Continuous	A comprehensive training program is in progress.
1.7 Prepare a Work plan for Rehabilitation and Revitalization Activities.	A detailed work plan for the rehabilitation work, i.e. the provision of skills training and equipment and building renovation and the implementation of the project to be presented and agreed upon by the PSC.	Done	A detailed work plan was developed.
1.8 Assist the MoI and the MoPDC to Implement Policy Decisions Leading Towards Effective Post-conflict Rehabilitation/ Revitalization of the Agro-Industrial Sector	Assist Ministry of Industry and Minerals and Ministry of Planning and Development Cooperation in implementing policy decisions leading towards effective post-crisis rehabilitation of the agro-industrial sector and in the provision of basic skills training to beneficiaries	Started January 2009 Continuous	<ul style="list-style-type: none"> ▪ Technical assessments of enterprises done. ▪ Capacity building within the two ministries on a continuous basis. ▪ Recommended selection of factories for support done. ▪ Monitoring of commitment by owners, challenges faced, initial performance, capacity levels reached, actual employment generated and recommend policies on any other assistance where needed.

Output 2: A Number of agro-SME's Rehabilitated in the communities of Fallujah, Anbar Governorate

Activities	Description	Status	Reflections/Comments
2.1 Confirm Planned Interventions with Project Selected Agro-Enterprises.	Meetings to explain the proposed procurement of equipment and building renovation work to be done	Equipment: Done Civil works: To be done	Meetings were held with industrialists to confirm which equipment to procure prior to launching the tenders.
2.2 Finalize Contract Negotiations and Legal/ Financial Arrangements for the Work to be Conducted and the Equipment to be Installed	Evaluation of bids, confirmation of specifications, quantities and prices	Planned as part of the tender procedures	Contract negotiations to be held with all suppliers, international and national to review specifications, prices, payment schedules and delivery details.
2.3 Finalize Engineering Designs, Technical Specifications, and Procure Equipments and Tools	To follow on from the technical assessments	Done	Technical specifications for the equipment support has been discussed with owners and staff of the enterprises to receive support.
2.4 Initiate Rehabilitation and Remedial Construction at Project Targeted Sites	This is the main outcome of the technical building assessment which will lead to having functional buildings for all selected enterprises	Ongoing	Surveys at the enterprises to be conducted.
2.5 Repair Damaged Equipment and Install and Commission New Machines and Product Lines	This is the main outcome of the tender process for equipment procurement, which will lead to all selected enterprises becoming operational	Ongoing	Equipment in the form of specialized machinery for each sector plus power generators will be delivered and installed in 76 enterprises.
2.6 Plan and Conduct Employee Training on	This is the training of staff in the selected enterprises in the operation	To be done upon equipment delivery	Training to be organized for owners and employees of the recipient

Newly Procured and Serviced Equipment, Tools, and Production Lines	and maintenance of new equipment.		enterprises in the safe and correct operation and maintenance of the new equipment.
2.7 Provide Assistance for the Development of Business Plans and Enterprise Development and Management Trainings	The setting up of training relevant to running, management and marketing for small scale enterprises.	To be done	Business management courses and study tours to be arranged for industrialists and other partner ministries and organizations.
2.8 Provide Technical Assistance to Agro-Enterprises, Linkages to Markets, Research and Financial Institutions, etc.	Identification of consultants who may provide the required training and inputs.	Ongoing	Specific courses to be held for implementation in connection with these subjects.
2.9 Monitoring, Evaluation, and Corrective Measures and Adjustments		Continuous	Follow-up and monitoring of the project's implementation is done by the UNIDO-Iraq Office in Jordan in close collaboration with Ministry of Industry and Minerals and Ministry of Planning and Development Cooperation. Monitoring is done through site visits, telephone conferences, meetings and reporting to the projects' Program Steering Committee (2-3times per year), the two ministries (regularly), the UNDG ITF (quarterly) and UNIDO's headquarters (continuously).

Output 3: Sources of Income and Employment for Men and Women in Conflict-Affected Communities is Increased Through the Promotion of Sustainable Micro and Small Agro-Industries

Activities	Description	Status	Reflections/Comments
3.1 Confirm the needs in conflict-affected rural areas and develop livelihoods recovery interventions	Assessment of the trades prevalent in the project area.	Trades assessment: Done	Meetings were held with industrialists, Ministry officials, the Mayor's office and the counterpart ministries to confirm prevalent trades in the project area.
3.2 Plan and Conduct Project Sensitization Workshops in Project Targeted Communities	Meetings to explain details pertaining to the technical assessment.	Done	Radio announcements were made over a 15-day period calling for interested persons to apply for participation in the courses. And banners were hung at strategic locations advertising the project and calling for people to apply for training.
3.3 Finalize the Identification and Selection of Project Beneficiaries	Beneficiaries identified and assessed against the training courses offered. This would facilitate the selection of 750 persons that will receive skills training under the project.	Done	Applications were received from 1463 persons using a structured questionnaire. Selection of the 750 participants is in progress, based on a scorecard system.
3.4 Based upon Activity 3.1, Identify the Required Inputs/Technologies	Assessment of the trades offered for training.	Trades assessment: Done	Review of the applications received confirmed the interest in the courses offered.
3.5 Finalize Specifications, Tender Documentation, Evaluation, and Purchase of Project Inputs	To follow on from the technical assessments	Done	Technical specifications for the equipment support have been discussed with owners and staff of the enterprises to receive support.

<p>3.6 Plan and Organize the Training Programmes Associated with Identified Inputs/Technologies, Basic Entrepreneurship-training, etc.</p>	<p>Meetings to explain the proposed procurement of equipment and building renovation work to be done</p>	<p>Equipment: Done Civil works: To be done</p>	<p>Meetings were held with industrialists to confirm which equipment to procure prior to launching the tenders.</p>
<p>3.7 Distribute/provide start-up Capital in-terms of Equipment and Linkages to Financing Facilities for Beneficiaries to assist in the sustainability and growth of a viable micro and small agro-industries/agro-enterprises</p>	<p>This is the identification of appropriate start-up capital items and other support functions that may be needed by the beneficiaries.</p>	<p>Toolkits: Done Courses: In progress</p>	<p>Appropriate start-up toolkits for the five selected trades were developed and a tender for their purchase was done. Venues for conducting the skills training courses are in the process of being identified, and the skills training courses are in the process of being developed.</p>
<p>3.8 Monitor Equipment/Technology Utilization Rates, Processing/Production Practices, Product Quality and Hygiene Control Measures, etc.</p>		<p>Continuous</p>	<p>To be organized.</p>
<p>3.9 Encourage the Start-up and Registration of Newly Established and Revitalized Enterprises</p>	<p>This is the identification of appropriate other start-up support functions that the beneficiaries may need for venturing into self-employment.</p>	<p>To be accomplished in connection with the skills training courses</p>	<p>To be organised.</p>
<p>3.10 Provide Mentoring Support to Project Targeted Agro-Enterprises</p>	<p>This is the identification of appropriate additional support that the beneficiaries may need for venturing into self-employment.</p>	<p>To be accomplished in connection with the skills training courses</p>	<p>To be organised.</p>

<p>3.11 Monitor impact of the Project Interventions on Productivity, Income, Employment Opportunities, and Corrective Measure</p>		<p>Continuous</p>	<p>Follow-up and monitoring of the project's implementation is done by the UNIDO-Iraq Office in Jordan in close collaboration with Ministry of Industry and Minerals and Ministry of Planning and Development Cooperation.</p> <p>Monitoring is done through site visits, telephone conferences, meetings and reporting to the projects' Program Steering Committee (2-3times per year), the two ministries (regularly), the UNDG ITF (quarterly) and UNIDO's headquarters (continuously).</p>
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V. Future Work Plan

The main activities to be carried out during 2010 are the following:

- Signing of contracts for toolkits and equipment, May
- Delivery and installation of equipment, September
- Training
 - Skills training for beneficiaries, April onwards
 - Study tours for industrialists, June onwards
- Workshop renovations
 - Design work, April-June
 - Civil works, June onwards

VI. Performance Indicators (optional)⁴

Outcome 1	Enhanced capacity of the Ministry of Planning and the Ministry of Industry to implement and monitor programmes for the rehabilitation/revitalization of the agro-industrial sector.		NDS / ICI Priorities: Private Sector Revitalization				
Outputs	UN Agency Specific Output	UN Agency	Partner	Indicator(s)	Source of Data	Baseline Data	Indicator target
<p><u>Output 1:</u> A Comprehensive Action Plan for the Rehabilitation of Directly Affected Agro-Industries is Prepared and Agreed Upon by All Stakeholders</p>	<p>1.1 MoPDC and MoI staff provided with technical assistance and training to co-lead the techno-economic needs assessments aimed at rebuilding the support mechanisms required for the planning and implementation of the agro-rehabilitation programme.</p>	<p>UNIDO</p>	<p>MoPDC MoI</p>	<p>A number of MoPDC and MoI staff participate in project sponsored training sessions</p> <p>Multi-faceted agro-industrial action plan prepared and agreed upon by PSC and project stakeholders.</p> <p>Number of trained MoI and MoPDC staff actively engaged in the implementation of project activities</p>	<p>End of Training Reports Photo Journal</p> <p>Economic Report/Plan Needs Assessments</p> <p>Activity Implementation Reports Technical Reports</p>	<p>To be determined as part of the technical assessment.</p>	<p>10 to 15 MoPDC and MoI staff participate in project sponsored training sessions</p> <p>Technical assessment conducted for about 150 agro-industrial enterprises/assets</p> <p>Action plan prepared and submitted for 50 to 75 agro-enterprises</p>

⁴ E.g. for the UNDG Iraq Trust Fund and the MDG-F.

	1.2 MoPDC and MoI officials assisted in the design and development of technical and participatory workshops aiming at sensitizing community stakeholders on project objectives and activities and at enhancing ownership.	UNIDO	MoPDC MoI Private sector	A series of Technical and Participatory Workshops organized with stakeholders	End of Workshop Reports Meeting Minutes Action Plans		3-4 Sensitization and technical workshops conducted.
	1.3 The capacity of MoPDC and MoI representatives to provide strategic direction and oversight (PSC) for the unfolding of project activities is strengthened.	UNIDO	MoPDC MoI	PSC established with participation of UNIDO, MoI, MoPDC, local authorities and private sector	PSC meeting Minutes Activity Workplans	Experience and lesson-learned from projects in Iraq and other part of the world will be applied	6 Project Steering Committee meetings organized

Outcome 2	50 to 75 rehabilitated/revitalized agro-enterprises (SME's), generating an estimated 500 - 750 jobs.				NDS / ICI Priorities: Private Sector Revitalization		
Outputs	UN Agency Specific Output	UN Agency	Partner	Indicators	Source of Data	Baseline Data	Indicator Target
<u>Output 2:</u> A Number of agro-SME's Rehabilitated in the communities of Falluja, Anbar Governorate	2.1 Engineering Designs, Technical Specifications, and the Procurement of Equipments and Tools completed	UNIDO	MoPDC MoI	Equipment procured, delivered and installed	Technical Specifications Purchase Orders Tender Documents	PMU has database of technical specs for a number of technologies	50 to 75 rehabilitated/revitalized
	2.2 Legal and Financial contracting negotiations for rehabilitation work and equipment installation/commissioning prepared.	UNIDO	MoPDC MoI Private sector	Legal and Financial documents required for equipment installation and commissioning completed	Signed Contracts Progress Reports	To Be Assessed	50 to 75 rehabilitated/revitalized
	2.3 Training of employees on project procured equipment, tools, and the establishment of various production lines conducted	UNIDO	MoPDC MoI Private sector	No. of enterprises' employees/staff enrolled in relevant training sessions	End of Training Reports ToB Reports	To Be Determined	At least 2 to 4 employees/staff trained from each selected enterprise
	2.4 Assistance programmes for the Development of Business Plans and Enterprise Development and Management undertaken	UNIDO	MoPDC MoI	No. of agro-enterprise business plan developed No. of staff trained in enterprise management.	Submitted Business Plans Project M&E Reports Activity Reports	To Be Determined	Each supported agro-enterprise has a clear business plan 50 staff members trained in enterprise management

Outcome 3	Strengthened livelihood recovery for approximately 750 households in rural areas through appropriate technology transfers and promotion of non-farm income-generating activities.				NDS / ICI Priorities: Improving the Quality of Life		
Outputs	UN Agency Specific Output	UN Agency	Partner	Indicators	Source of Data	Baseline Data	Indicator Target
Output 3: Sources of Income and Employment for Men and Women in Conflict-Affected Communities is Increased Through the Promotion of Sustainable Micro and Small Agro-Industries	3.1 Livelihoods recovery interventions are identified and confirmed.	UNIDO	Local authorities	Techno-economic needs assessment report is prepared and submitted to the PSC	Technical and Economic Assessment Reports	20-25% unemployed	Project planning aims at improving employment levels and income flows to approximately 750 beneficiaries.
	3.2 Identification and Selection of Project Beneficiaries implemented	UNIDO	Local authorities	PMU reviews and finalizes the project beneficiary list	Project Beneficiary Forms Evaluation Assessment Tables	Experience and lesson-learned from projects in Iraq and other part of the world will be applied	Target beneficiaries identified – 750 HH
	3.3 Technical, entrepreneurial, and vocational training prog. is conducted.	UNIDO	Specialized institutes	No. of trained beneficiaries (segregated by sex and type of training)	End of Activity Reports Project M&E Reports	Training programmes and tools already in place by UNIDO	200 beneficiaries enrolled in the TOB programme
	3.4 Start-up Capital in-terms of Equipment and Linkages to Financing Facilities established.	UNIDO	Local authorities	No. of toolkits distributed to the project targeted communities No. of beneficiaries who had access to additional credits	Equipment Distribution Forms Progress Reports Field Reports	To Be Determined by survey	350 to 400 toolkits distributed. 200 microenterprises established
	3.5 Newly Established and Revitalized Enterprises are registered	UNIDO	Local authorities MoI	No. of enterprises newly registered with the support of the project	Progress Reports Business Registration Documents	Current situation of registered enterprises is unknown	30% of project supported enterprises are registered

	3.6 Project impact on Productivity, Income, Employment Opportunities is monitored	UNIDO	MoPDC MoI	Practical and results oriented monitoring plans prepared and utilized for the effective tracking of changes in income, employment, and other impact measures	Project M&E Reports Site Visits Surveys Independent Evaluations	Monitoring plan to be designed and developed by Project Steering Committee	Report of lesson learned
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VII. Abbreviations and Acronyms

HH	Household
M&E	Monitoring and evaluation
MOI	Ministry of Industry and Minerals
MOPDC	Ministry of Planning and Development Cooperation
PSC	Programme Steering Committee
SME	Small and medium sized enterprises
TOB	Training of beneficiaries
UNDG ITF	United Nations Development Group International Fund
UNIDO	United Nations Industrial Development Organization