



**[Iraqi Trust Fund]**

**ANNUAL PROGRAMME<sup>1</sup> NARRATIVE PROGRESS REPORT**

**REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2009**

<p><b>Submitted by:</b>          Simona Marinescu,          Programme Director (UNDP)          UNDP-Iraq Amman Office          16 Majid Al-Edwan Street          Shmeissani, P.O. Box 941074          Amman 11194, Jordan          Office, Jordan: +962 6 560 8330          Email: <a href="mailto:simona.marinescu@undp.org">simona.marinescu@undp.org</a></p>	<p><b>Country and Thematic Area<sup>2</sup></b>  <b>IRAQ</b>          Economic Recovery          Private Sector</p>
<p><b>Programme No:</b> C10-11a  <b>MDTF Office Atlas No.</b> 54995  <b>Project Number</b> 66995  <b>Programme Title:</b>          Private Sector Development Programme for Iraq</p>	<p><b>Participating Organization(s):</b>          UNDP (Lead), ILO, UNOPS, UNIDO, FAO, UN-HABITAT, UNIFEM</p>

<sup>1</sup> The term “programme” is used for programmes, joint programmes and projects.

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

**Implementing Partners:**

- *International Organizations, including NGOs:*  
CHF, IOM  
World Bank, OECD, EC, DFID
- *National Government:*  
Task Force for Economic Reforms;  
Prime Minister's Advisory Board;  
Various Line Ministries;  
COSIT;  
Governorates and Provincial Offices.

**Programme Duration (in months): 36 months**

Start date<sup>3</sup>: January 2009

End date: December 2011

Budget Revisions/Extensions:

An Addendum was made to the Project Document by the UNDP ITF Peer Group, extending the timeline from 24 to 36 months without a change in the overall budget amount and signed by the DSRSG on 30 November 2008.

**Programme Budget (from the Fund):**

*For Joint Programme provide breakdown by UN Organization*

The 1<sup>st</sup> Tranche out of three has been provided for this Programme from the ITF.

The total funds to be received from the three tranches in the Signed Agreement are as follows:

- UNDP (Lead) C10-11a USD\$ 9,750,000
- ILO C10-11b USD\$ 3,358,930
- UNOPS C10-11c USD\$ 5,541,070
- UNIDO C10-11d USD\$ 7,700,000
- FAO C10-11e USD\$ 3,300,000
- UN-HABITAT C10-11f USD\$ 2,000,000
- UNIFEM C10-11g USD\$ 1,200,000

---

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

## **NARRATIVE REPORT FORMAT**

### **I. Purpose**

The Private Sector Development Programme for Iraq is conceived and designed with Iraqi stakeholders (public and private), various UN organizations and other international stakeholders, in an effort to create and enable an effective, coherent, and comprehensive framework for private sector development in Iraq, at both the national and at governorate levels in three pilot governorates. The programme supports the government in achieving: i) Sustainable and increased employment opportunities; ii) Poverty reduction; iii) Enhanced legal and regulatory framework conducive to increased and sustainable domestic and international investment; iv) Development of a legal and regulatory framework designed to perpetuate an overall rational and coherent economic environment; and, v) Diversified basis for future economic growth in Iraq in a gender inclusive and environmentally sustainable manner.

The programme addresses above challenges through two pillars of activities. The first pillar is a national level policy support intervention aimed at shaping a more conducive environment for the private sector development. The second pillar addresses the governorate-level challenges of private sector growth through planning and implementation activities within three selected governorates.

<b>Development Goal and Immediate Objectives</b>	
Sector Development Goals:	
Outcome 1: Improved policies, strategies and related institutional developments that are sensitive to MDGs, social inclusiveness, gender equality and inclusive of those in poverty in terms of positive economic growth;	
Outcome 2: Enhance key sectors in local economies in the most deprived areas.	
Immediate Objectives:	
1. The policy and regulatory environment is more conducive to private sector development;	
2. Strengthened economic recovery in three governorates in the South, Central and Northern areas of Iraq.	

<b>Outputs, Key activities and Procurement</b>	
<b>Outputs</b>	IP Output 1.1: Strengthened national capacities and policies for private sector development. IP Output 1.2: Improved efficiency of the Public Micro-Lending Programme and access to business loans. IP Output 1.3: Strengthened operational, regulatory and legislative environment for SME development is strengthened. IP Output 2.1: Local economic strategies and development plans are in line with national and provincial frameworks in three governorates. IP Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates.
<b>Activities</b>	1.1.1 Technical support is provided to the Task Force working within the Prime Minister Office to formulate, implement and monitor the public

	<p>PSD initiatives of the GoI;</p> <p>1.1.2 A comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place;</p> <p>1.1.3 Draft legislations related to SoE corporatisation (amendment of Law 22), privatisation, investment law rules and regulations, land title reform competition, PPPs, mitigation package, agricultural and trade policies are available;</p> <p>1.1.4 Increased knowledge of officials on key policy issues for enterprise development, to support the design and implementation of relevant legislative and institutional frameworks;</p> <p>1.1.5 A national investment mapping is available (including sector and geographic-specific);</p> <p>1.1.6 A tripartite consultation mechanism of the Government, Employers and Worker Representatives in the Socio-Economic Council of Iraq is available to promote social dialogue;</p> <p>1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available;</p> <p>1.1.8 Gender is mainstreamed in the programme, ensuring women’s full participation in policy and strategy design;</p> <p>1.2.1 Improved management of the Government-guaranteed Micro-Lending Programme (implemented by MoLSA and MoIM);</p> <p>1.2.2 Enhanced mechanisms to access to credit by SMEs;</p> <p>1.2.3 Draft laws and by-laws related to GoI micro-lending programme are available;</p> <p>1.3.1 A survey of SMEs (including formal and informal sector) is available;</p> <p>1.3.2 GoI High Economic Committee and concerned Ministries are supported to formulate legislative strategies for SME-friendly regulatory framework;</p> <p>1.3.3 Strengthened national capacities of business development services and non-bank financial institutions;</p> <p>2.1.1 Identified economic comparative advantages at governorate level;</p> <p>2.1.2 Local Economic Recovery (LER) strategies are in harmony with Provincial Development Strategies (PDS);</p> <p>2.1.3 Strengthen Governorate-level construction and development institutions to implement and sustain local planning capacities;</p> <p>2.1.4 Gender is mainstreamed, ensuring women participation in local strategies and plans;</p> <p>2.2.1 Technical support provided to identify priorities and program implementation in the following sectors;</p> <ul style="list-style-type: none"> <li>• Key Economic Infrastructure (UNDP)</li> <li>• Agriculture (FAO)</li> <li>• Industries (UNIDO)</li> <li>• Business Development Services (ILO/IOM)</li> <li>• Micro-Lending (CHF)</li> <li>• Construction and Development Companies (UN-HABITAT)</li> </ul>
--	--

- Relations to other programs:

#### UN Assistance Strategy for Iraq

The UN Assistance Strategy, which is the partnership between UN Agencies and the Government of Iraq for 2008-2010, was developed to strengthen the implementation of the NDS and ICI. This is a joint programme involving seven UN Agencies, which is led by the Government of Iraq. The primary area of focus is Economic Reform and Diversification responding to Outcome 1 on improved policies, strategies and related institutional development, with focus on Outputs 1.2, 1.3, and 1.4. The downstream work of this programme has focus on Outcome 2 to enhance key sectors of the local economy, with focus on Outputs 2.1 and 2.2.

#### MDG

The PSDPI specifically addresses MDG 1 on poverty and MDG 3 on gender. The downstream aspects of the programme will contribute to job creation and private sector development. Gender is mainstreamed throughout the programme, beginning with policy and institutional building and being realized at the Governorate level in business development services, access to services and social safety nets.

#### Iraqi National Development Strategy (NDS)

This programme is in line with Iraq's development priorities, as identified in the NDS and ICI. The development of a private sector-led economy is at the centre of Iraq's NDS and common commitments the Government of Iraq has established with the International Community as part of the ICI. PSDPI aims to support the following particular objectives under the NDS Pillar II:

1. Streamlining and simplifying procedures for doing business in Iraq by establishing an Investment Promotion Agency.
2. Implementing commercial and regulatory reforms to develop a transparent legal and institutional framework to encourage entrepreneurship.
3. Effectively utilising agreements with the Overseas Private Investment Corporation (OPIC), Multilateral Investment Guarantee Agency (MIGA), and the International Center for Settlement of Disputes (ICSID).
4. Laying the groundwork for eventual privatisation of State-Owned Enterprises according to orderly, fair, consistent, and transparent procedures.
5. Promoting private sector-led implementation of local community projects that are executed nationally.
6. Restructuring State-Owned Banks to encourage consolidation and privatisation.
7. Expanding the availability of commercial capital through concessional financing for micro-lending and small and medium enterprises.

#### The Draft National Development Plan

The draft National Development Plan is the Government of Iraq priorities for 2010-2014. At present, this project remains aligned with the draft National Development Plan.

#### The Draft UNDAF

The UN Country Team has worked closely with the Government of Iraq in the development of a Common Country Assessment during 2009, which has been approved.

The UN Country Team has developed a draft UNDAF for 2011-2014. The draft UNDAF has five priority areas, out of which UNDP will contribute to four. This project is represented as Priority Two within the five priority areas.

#### The Draft Country Programme Document

UNDP has submitted to the Executive Board Secretariat a Country Programme Document for 2011-2014, which harmonizes with the draft UNDAF, which has gone through a consultative process. This project is within area five in the Country Programme Document.

## **II. Resources**

### *Financial Resources:*

- Other Financial Resources

At this juncture there is no additional funding, other than ITF funding, specifically allocated to this project. However, there is a total of USD \$400,000 TRAC 2 funding allocated to women's economic empowerment, which will be used to complement the PSDPI activities from women's economic empowerment angle.

- Budget revisions

No budget revisions have taken place within the reporting period.

- Good practices and constraints in the mechanics of the financial process.

An Addendum was made to the Project Document by the UNDP ITF Peer Group, extending the timeline from 24 to 36 months without a change in the overall budget amount, and signed by the DSRSG on 30 November 2008.

Financial commitment to this project is set up in three tranche payments. During 2009 all agencies were working with the 1<sup>st</sup> tranche funds.

### Constraints

- The programme implementation began in June 2009 when the interim Programme Director was selected, but with limited responsibility, which delayed all financial transactions. In mid-October 2009 the Programme Director was officially selected, which triggered full capacity programme implementation and initiated procurement, recruitment and other operational issues. Commitment of funds commenced as related to recruitment plans, set-up of working mechanisms and structures with GoI and implementation of programme activities.
- Delay with the implementation of downstream activities was due to a late decision by the National Steering Committee on Target Governorates.
- Non-bank financial institutions face a series of legal and administrative constraints, which cause problems and delays with registration of microfinance institutions and slow loan disbursement. This results in increased costs for doing microfinance.

- Insufficient and fluctuating slot allocation for staff presence in Baghdad. Limited number of Red Zone movements and inability to organize workshops in the International Zone.
- Project Issues Remedial Actions-Good Practices

Project issue: Substantive Challenges

- Selection of pilot governorates required political consensus and support.
  - Good practice – A methodology for the selection of pilot governorates was agreed with the TFER along with selection criteria. This enabled an objective identification of pilot governorates where implementation of downstream activities would add value.
- Effective coordination through TFER activities with similar objectives and targets funded by other donors, especially in the areas of legislation, investment, and SOEs.
  - Good practice – Working relationship established with the World Bank and the EU, consisting of joint activities with effective and timely information sharing.
- Preparation of a joint overall short-term capacity building action plan for necessary prioritization and optimization.
- Remote management and difficulties in coordination/streamlining activities by various agencies and in relation to GoI counterparts.
  - Good practice – Establishment of bi-weekly teleconferences among PMT.
- Elaboration of the Work Plan Outputs into specific activities' breakdowns for immediate start up and mobilization of needed expertise (HQs, Amman, Iraq).
  - Remedial action – A detailed time-bound joint work plan by 1<sup>st</sup> Quarter 2010.

Project issue: Management Challenges

- Project issue: Delay in nominating Programme Director was highly disruptive and delayed comprehensive programme initiation by two quarters.
- Project Issue: delays in recruitment of staff as well as procurement procedures to hire consultants hampered the launch and implementation of activities.
- Recruitment and deployment of experts that could operate in Iraq in the context of time and slots limitations enforced by the UN
  - Remedial action – Explore the possibility of using external contractors who can hire experts that are not limited by the same security restrictions and constraints.

Project issue: Operational

- Unavailability of common office space for the PSDPI-team in Amman as originally discussed. Space provided had to be vacated in 4thQ 2009, which disrupted work, activities, implementation and a significant amount of energy and time was spent on finding an appropriate solution to accommodate programme staff.
- Delayed establishment of a PSDPI portal in order to coordinate and share information among the PMT, as well as all other counterparts. In its coordination role, UNDP explored the possibility for establishing a portal accessible through the World Wide Web. This essential instrument to facilitate coordination, collection of input and sharing of information internally and externally among the implementing partners, has been hindered due to delays in procurement of the technical services required.
  - Remedial action - To follow the overall UNDP corporate direction pursued by the ICT Board on optimization of UNDP Enterprise Content and Collaboration Architecture, which is to be based on two major software platforms. The UNDP

PSDP-I team attended training and started gaining practical knowledge of the structure and features.

*Human Resources:*

**International Staff:**

- Programme Director (UNDP)
- CTA (UNDP)
- Programme Specialist (UNDP)
- Local Economic Recovery Specialist (ILO-UNOPS)
- Programme Coordinator (FAO)
- Legal Officer (FAO)
- Iraq Programme Manager ,Iraq Gender Advisor (UNIFEM)
- SME Specialist (ILO-UNOPS)
- CTA (UNIDO)

**National Staff:**

- Programme Associate (UNDP)
- Operations Specialist (ILO-UNOPS)
- Procurement Assistant (50%)(ILO-UNOPS)
- Human Resources Assistant (50%)(ILO-UNOPS)
- Administrative Assistant (50%)(ILO-UNOPS)
- Finance Assistant (50%)(ILO-UNOPS)
- Financial Clerk (50%)(ILO-UNOPS)
- Programme Associate (UNIFEM)
- Project Assistant Officer (UNIDO)
- Financial and Administrative Assistant (UNIDO)
- Driver/Clerk (UNIDO)
- Project Assistant (UNIFEM)

**Consultants:**

- Economic Development Expert (UNDP)
- Senior Local Economic Recovery Officer (ILO-UNOPS)
- National Officer, Anbar (ILO-UNOPS)
- Local Economic Recovery Officer (ILO-UNOPS)
- National Coordinator (ILO-UNOPS)
- Programme Administrative Associate (ILO-UNOPS)
- SME Project Officer (ILO-UNOPS)
- LER Project Officer (ILO-UNOPS)
- Agro-Economy and Agricultural Policy Consultant (FAO)
- Gender Expert (UNIFEM)
- Legal and Gender Expert (UNIFEM)
- Land Expert (UN-HABITAT)
- Land Law Consultant, Baghdad (UN-HABITAT)
- Land Law Consultant, KRG (UN-HABITAT)
- Economic and Regional Development Legal Expert (UNIDO)
- International Consultant on Legislation for Economic Development (UNIDO)
- Corporate and Privatization Legislation (UNIDO)
- Junior Legal Expert (UNIDO)
- IT Platform Expert (UNIDO)
- Three Economic Development Experts for SOEs restructuring & privatization and industrial policy (UNIDO)
- Junior Consultant for monitoring and implementation of SOEs downstream activities (UNIDO)
- Junior Consultant for Economic Researches (UNIDO)

**III. Implementation and Monitoring Arrangements**

- Implementation mechanisms primarily utilized.

The PSDP-I is a joint programme involving seven UN organizations (UNDP, UNIDO, ILO, UNOPS, UN-HABITAT, FAO and UNIFEM) with detailed roles and responsibilities of all parties defined in a joint programme document signed by each agency. The joint programme interventions of participating UN agencies are aimed at common results. The objective of the joint programme is built on the comparative advantages and expertise of participating agencies, and 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. Each participating UN agency manages its own funds, which it receives directly from the ITF in three tranches.

The PSDP-I is implemented through a management mechanism agreed upon with the Government of Iraq, aiming at strengthening the country's ownership in the process of reforms for private sector development. PSDP-I's activities are identified and planned for in a joint work plan with the Programme Management Team (PMT) and Task Force for Economic Reforms (TFER), and approved by the Programme Steering Committee (PSC).

All activities are 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 four Working Groups were established to focus on specific areas: SOE Restructuring, Legislative Revision, Investment Policy, and SME Development. The implementation of PSDP-I over the year signaled the need to create additional Working Groups to cover other relevant areas such as: Tax Policy; Social Dialogue; Land Reforms.

UNOPS is the executing agency for ILO, submitting a consolidated report for their joint execution. IOM and CHF are partners in this Programme and contribute through ILO/UNOPS and UNDP respectively.

- Monitoring and lessons learnt.

The PSDPI Programme Document defines a monitoring mechanism based on the Programme Steering Committee (PSC), as the body responsible for the overall monitoring and supervision of the Programme. The PSC is to meet two times per year, however only one meeting took place (October 2009), due to the shortened actual programme implementation period caused by the late appointment of the Programme Director. In future these meetings will take place more frequently if /as required, to review progress against the work plan.

Quarterly progress reports of the activities were submitted by the Programme Management Team. This internal exercise provided an opportunity to ensure effective coordination and a forum to identify relevant remedies to meet programme deliverables.

The Governorate Steering Committees (GSC) were identified, but not officially established in 2009, due to late initiation of activities caused by the factors already mentioned above.

Each UN agency applies its own internal monitoring system and procedures, based on project management structure, internal regular communications, consultations and reporting between field and HQs/main offices.

- Assessments, evaluations or studies undertaken.

Situational analysis and preliminary assessments were conducted and reports produced in cooperation and consultation with the Task Force Working Groups in key PSDP-I focus areas; including Legislation, SOE Restructuring and privatization, Investment, and SME Development.

In particular:

- Initial review and assessment of more than 40 legal texts were conducted in the target core areas, according to methodology and work agendas that were agreed upon in Amman (June 2009) and at the Roundtable Legislative Assessment in Vienna (August 2009).
- Specific main legislative areas assessed in the reporting period include: Investment Regime, Public Procurement, Economic Reform and Privatization, Public-Private Partnership, Land Reform/Regime, and Agriculture Regime.
- A large literature review was initiated on relevant documents, including main economic literature and reports relating to Private Sector Development by the UN partner agencies. During the reporting period, which includes the inception phase of the programme, situational analysis reports have been provided by the TFER Working Groups, to assess the situation of the country in the key substantive areas of the PSDP-I.
- A draft Programme Outline on Industrial Strategy & Policy for discussion with the Iraqi Ministry of Industry and Minerals was produced.

#### IV. Results

Programme progress in relation to planned outcomes and outputs.

Summary:

The Private Sector Development Programme became operational as the recruitment process matured during the second half 2009. The Government of Iraq established the Task Force for Economic Reforms and four initial Working Groups. The seven UN agencies started to establish working relationships with the Task Force and the Working Groups in close coordination with the Programme Director. Stakeholders from multiple ministries were mobilized, showing a high degree of commitment and ownership to promote Private Sector Development, which has helped to build momentum on the importance for fostering economic diversification and job creation.

This first year, 2009, represented the inception phase of this three-year programme. While some activities could be initiated in the reporting period, a number of coordination mechanisms had to be put in place due to the joint and complex nature of PSDP-I.

Progress to planned outcomes and outputs<sup>4</sup>:

<b>Outcome 1 : The policy and regulatory environment is more conducive to private sector development</b>	<b>% of planned</b>	35%
--	---------------------	-----

<sup>4</sup> Figures estimated by the Programme Director

IP Output 1.1: Strengthened national capacities and policies for Private Sector Development.	<b>% of planned</b>	60%
IP Output 1.2: Improved efficiency of the Public Micro-Lending Programme and access to business loans	<b>% of planned</b>	5%
IP Output 1.3: Strengthened operational, regulatory and legislative environment for SME development.	<b>% of planned</b>	15%

Over the reporting period, the PSDP-I Team has made significant progress in achieving results with respect to the formation of the Iraqi Task Force for Economic Reforms (TFER) and the enhancement of its capacity to assess needs, formulate policies and monitor implementation.

Output 1.1.1 (UNDP) completed (100%) the output with the creation of the TFER and its working groups, with 7 working groups operational to date. A legislative assessment is close to finalization. Output 1.1.2 (UNIDO) is expected to provide the new Government and Parliament of Iraq with a comprehensive report, highlighting legislative gaps hampering market development. As a result, Output 1.1 has reached a high degree of implementation as reflected in the table above.

It is to be noted that Outputs 1.1.4 and 1.1.5 have also had a high rate of implementation during the reporting period. All implementing agencies have built the capacity of the TFER, Working Groups (WG), and other Government representatives, as well as the private sector. Capacity was developed to identify legislative and institutional needs and formulate policies that are required to leverage the restructuring of the State Owned Enterprises, the corporatization of the State economy, and the importance of strategic investment as a key driver towards privatization. To date, the TFER, along with WGs and other partners, are ready to design the restructuring of the State Owned Enterprises, following increased knowledge and exposing counterparts to other countries' experiences, including Poland and Romania.

At the end of the reporting period, the Memorandum of Economic Reform Policies was ready and submitted to the TFER in support of the Economic Reform Law. An outline for the Roadmap of SOE Restructuring was drafted jointly by UN agencies. Assistance has been provided to the TFER SME Working Group to prepare ground for the establishment of the agency and for an institutionalized dialogue with the social partners (Output 1.1.6.). Moreover, ILO/UNOPS provided assistance for policy formulation on private enterprise and SME building, with a focus on the creation of a governmental counterpart for the private sector as an agency for SME development.

UNIDO, in cooperation with the National Investment Commission, made good progress on investment mapping with the selection of the implementing partner and completion of the preparatory work.

Furthermore, UNIFEM has made substantial progress in assisting the Government of Iraq in streamlining gender-friendly private sector development policies (Output 1.1.7.). Consequently, the Iraqi counterparts of PSDP-I have enhanced their knowledge to carry out reforms, through a gender-sensitive lens, to integrate gender and women's issues into the foundation of a market economy. The work ahead will draw on results and enhance the GoI's capacity to prepare

strategies and revise legislation for gender-sensitive private sector-led growth. A number of essential inputs for the first Iraq Private Sector Development Strategy are in process of finalization (Output 1.1.8).

<b>Outcome 2: Strengthened economic recovery in three Governorates in the South, Central and Northern areas of Iraq.</b>	<b>% of planned</b>	5%
IP Output 2.1: Local economic strategies and development plans are in line with national and provincial frameworks in three governorates.	<b>% of planned</b>	5%
IP Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates.	<b>% of planned</b>	10%

Governorate economic profiles have been prepared to allow for a comprehensive identification of needs in the three selected pilot governorates.

- Delays in programme implementation, the nature of the constraints and actions taken to mitigate future delays.
- Delayed recruitment of staff for PSDP-I, specifically the appointment of the Programme Director by more than 10 months, as well as CTAs by more than 5 months, affected the formation of the Programme Management Team.
- The closing of one office, which has required that PSDP-I staff now sit in different locations throughout Amman reduced synergy.
- Constraints in conducting missions to Iraq for UNDP staff due to the insufficient number of slots and security reasons.  
Remedial action taken - Consultants were hired to support the implementation of the programme in the inception phase and in enhancing coordination with other agencies.
- Key partnerships and collaborations, and impact on results.

The main partners of the PSDP-I in the Government of Iraq during 2009 included: The Prime Minister’s Advisory Board, Ministry of Finance, Ministry of Industry and Minerals, Ministry of Planning and Development Cooperation, Ministry of Labour and Social Affairs, Ministry of Trade, Ministry of Water Resources, Ministry of Agriculture, Ministry of Communications, Ministry of Housing and Construction, National Investment Commission, Council of Minister Secretariat (COMSEC), Central Bank, Iraq Stock Market, various Chambers of Commerce, Iraqi Federation of Industries, and Association of Iraqi Businessmen Union.

The Central Organization for Statistics and Information Technology (COSIT) is a partner in the establishment of an Economic Analysis Unit within its structure.

Other PSDP-I partners include World Bank, OECD, EC, and US Department of State.

In addition, partnerships have been established for capacity building-activities with the Egypt Corporate Responsibility Center and Polish National Business Associations. PSDP-I thanks the Government of Egypt and Government of Poland for their support in these activities.

## **V. Future Work Plan**

- Projected activities and expenditures for 1 January - 31 December 2010.
- Regular Progress Assessment meetings will be conducted to review the progress made by TFER and establishment of WGs;
- Facilitate the inclusion of Iraqi Officials in regional and global networks related to Private Sector Development;
- Identify initiatives to strengthen cooperation with donors and international partners, such as OECD, World Bank and other UN agencies;
- Facilitate joining/membership with OECD Investment Committee;
- Workshops will be organised with TFER on regulatory and institutional changes for SOEs, including restructuring, capacity building modules, and performance-based contractual management;
- Draft Corporate Governance Code for SOEs;
- Develop a White Paper on SOE Restructuring;
- Set up public outreach group in the Department of General Communication;
- Design public education campaign in support of SOEs restructuring;
- Draft Legislation/Regulations in support of SOEs restructuring;
- Conduct roundtable meetings to discuss input and structure of the PSD Strategy;
- Continue work on Private Sector Development Strategy Policy Paper;
- Address gender issues across all programme aspects;
- Comprehensive assessments will be conducted and reports drafted on the microfinance industry in Iraq and the GoI public micro-lending programme;
- Finalise White Paper on Change Management for Micro-Lending (input for PSD Strategy);
- Identify new SME-lending financial mechanisms;
- Support the on-going efforts of stakeholders in drafting microfinance legislation and amendments for current banking legislation/regulations;
- Set up Governorate Steering Committee (GSC);
- Appoint a UNDP Area Coordinator for each Governorate;
- Assist Local Councils and line ministries' offices in selected pilot governorates to evaluate development needs by conducting socio-economic analyses;
- Map cost development needs for infrastructure in support of Private Sector Development;
- Build project management capacity at the local level for Public-Private Partnerships;
- Identify pilots for pro-poor and socially-inclusive Public-Private Partnerships in infrastructure development;
- Assist Investment Commissions to implement the investment strategy through pilot project support and institutional capacity building;
- Design and implement MSME Survey, collect data, and analyze information;
- Develop and SME strategy and policy, including legal and institutional frameworks;
- Assist the GoI in designing and establishing a SME Development Agency;
- Support development of Business Development Services (BDS) at the national level;

- Advocate for the establishment of a tripartite social consultation mechanism;
  - Create BDS tailored to the needs of the local business environment in the three pilot Governorates;
  - Second tranche of funding received.
- Major adjustments in strategies, targets, key outcomes and outputs planned.

PSDP-I is in the first year of implementation of a three-year programme. No major changes have occurred in the overall planned programme strategies, targets and key outcomes and outputs, but may be required during 2010. Adjustments may be required in the timeline during 2010, due to potential changes of designated counterparts, the scope of their involvement ,or delays in the formation of a new government following the election in March 2010.

## **VI. Performance Indicators<sup>5</sup>**

Please kindly refer to Annex I.

## **VII. Abbreviations and Acronyms**

Please kindly refer to Annex II.

---

<sup>5</sup> E.g. for the UNDG Iraq Trust Fund and the MDG-F.