



**UNITED NATIONS DEVELOPMENT GROUP
IRAQ TRUST FUND**

Programme Cover Page

Participating UN Organisation(s):

UNIDO, FAO

Sector Outcome Team(s):

Agriculture and Food Security

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Programme Title:

Rehabilitation of the Mosul Dairy Plant

Programme Number:

Programme Description (limit 1,000 characters):

With funding provided by the Government of Italy through the UNDG Iraq Trust Fund, and in kind contribution by the Government of Iraq through the Ministry of Industry and Minerals this 24 months project will assist the Government of Iraq in the process of rehabilitating and revitalizing the country's economic infrastructure and promoting industrial development particularly by elaborating a sector development strategy for the dairy sector in the northern provinces of Iraq and providing support for the rehabilitation of the Mosul dairy plant. Apart from the direct employment within the Mosul dairy plant the project has a multiplier effect creating new jobs in the transportation and retail chain in the long run as well as encouraging farmers to increase the milk production.

Enhancing national capacities for quality and quantity of milk production in Iraq is an important step in replacing imported food by local produce.

In order to become a competitive unit besides the technology in use and the well trained staff, the basic infrastructure of the processing facilities also have to fit the purpose. The project will address this issue by provision of support for the rehabilitation of the Mosul dairy plant in order to improve milk (especially cheese) processing and to establish a viable and reliable partner for dairy farmers.

The Programme strategy is based on two pillars:

- Capacity building:
 - Institutional capacity building involving staff from Ministry of Industry and Minerals (MoIM) and Ministry of Agriculture (MoA) as well as regional authorities, staff from the State Company for Dairy Products (SCDP) and Universities
 - Human resources development, involving staff from private and public sector as well as farmers and
- Technology transfer:
 - Facilities rehabilitation according to international standards allowing the application of Hazard Analysis and Critical Control Point (HACCP) conform processing
 - Investment of new processing lines

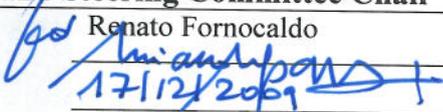
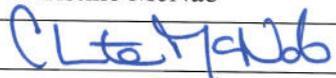
Programme Costs:		Programme Location:	
UNDG ITF: (Italian earmarked contribution)	US \$ 2,519,606	Governorate(s):	5 Northern Governorates of Iraq.
Govt. Contribution:	US \$ 6,000,000 ¹	District(s):	Mosul
Agency Core:	-	Town(s)	Mosul (for factory rehabilitation)
Other:	-		
TOTAL:	US \$ 8,519,606		

Govt of Iraq Line Ministry Responsible:
Ministry of Industry and Minerals

Programme Duration:
Total # of months: 24
Expected Start date: 01 October 2009
Expected End date: 30 September 2011

Review & Approval Dates	
Line Ministry Endorsement Date:	18 November 2008
Concept Note Approval Date:	11 February 2009
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ISRB Approval Date:	9 December 2009
Steering Committee Approval Date:	17 December 2009

Signatures of Agencies and Steering Committee Chair

I.	Name of Representative	Renato Fornocaldo
	Signature	
	Name of Agency	UNIDO
	Date	17/12/2009
II.	Name of Steering Committee Chair	Christine McNab
	Signature	
	Date	17/12/09

National priority or goals (NDS 2007- 2010 and ICI):

NDS: Pillar One: Strengthening the foundation of economic growth
Pillar Two: Private Sector revitalization
Pillar Three: Improving the Quality of Life

¹ The Government will use 6 million USD from its own resources for the procurement of equipment for the rehabilitation and renewal of production lines of the dairy plant

ICI Benchmarks (as per the Joint Monitoring Matrix 2008):

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

Benchmark 4.6.5: Carry out investment plans.

Indicative action: Rehabilitate damaged physical infrastructure

Sector Team Outcome(s):

Outcome 1: Enhanced Production and Productivity in the Agricultural Sector

Outcome 2: Environment for sustainable employment generation is created in Iraq

Project Outcome(s): Enhanced production and productivity within the agricultural sector (focusing on dairy related elements).

**Detailed Breakdown of Budget by Source of Funds and
Distribution of Programme Budget by Participating UN Organization**

Participating UN Organization	Portion from ITF Budget (US \$)
UNIDO	\$ 2,519,606
Total ITF Budget (US \$)	\$ 2,519,606
Italian earmarked contribution	

Total budget (in US \$):	\$ 8,519,606
Sources:	
• Government	\$ 6,000,000 (see footnote 1)
• ITF (earmarked) (Italy)	\$ 2,519,606
• ITF (unearmarked)	\$ -

The Donor:

Since 2004 the Government of Italy has provided UNIDO with over \$16 million USD of funding to enable the Organization to assist the Government of Iraq in the rehabilitation and revitalization of the agro-industrial sector. Italy has been a strong supporter of reconstruction and revitalization efforts in Iraq. Also the “Pilot Project for the Rehabilitation of the Dairy Sector in Iraq”, with main project activities linked to the Diwanayah Dairy plant was financed by the Government of Italy.

1. Executive Summary

Recovery of Iraq's agricultural sector will be very critical for the economic revival of the country. Several factors present challenges both to national and international efforts to revitalize the agriculture and agro industrial sector in Iraq. Among them are lack of modern technologies/working practices, damaged food processing enterprises and low productivity of food producing and processing units and enterprises.

The high quality food needed to supplement the essential food basket, including those necessary to provide the needed bio-available micronutrients, are animal based foods - meat, fish, eggs and dairy products - and fruits and vegetables. Most of these are imported at present. Only a few of them are locally produced. Some of these food items are categorised as expensive and are beyond the purchasing power of most Iraqis. Such food could not only improve nutrition but, if provided from local production, would also stimulate the agricultural sector.

The war and civil rivalries between competing ethnic groups creates security problems for farmers, agribusiness and consumers. Farmers have trouble getting inputs such as feeds, fertilizer, seeds, veterinarians and other inputs, as well as getting their produce to market affecting the fresh milk supply for processing plants.

Within the agricultural sector, special attention should, therefore, be given to measures that will encourage producers to increase production of animal products

The rehabilitation of the food-processing sector therefore offers an effective means of consolidating employment and income generation in both the rural and urban areas. Such activities will also support the efforts to improve the nutritious situation of the population and contribute to public health.

To address these urgent needs, UNIDO with its Government of Iraq (GoI) counterpart Ministry of Industry and Minerals (MoIM), will implement a project entitled *Rehabilitation of the Mosul Dairy Plant*.

The Project will assist the Government of Iraq to implement the National Development Strategy (NDS) for revitalizing the private sector and improving the quality of life of people both in rural and urban areas by rehabilitating and upgrading damaged physical enterprises.

This 24-month project will assist GoI in elaborating a dairy sector strategy allowing sustainable investments for the utilization of locally produced milk, strengthening the human resources along the dairy value chain and support the rehabilitation of damaged physical infrastructure such as the Mosul Dairy Plant.

The Mosul dairy plant is one of the four plants under the auspices of the State Company for Dairy Products, a company related to the Ministry of Industry and Minerals. It was established in the early 1970th and received support from UN during the setup and start-up period. Main areas of production were sterilized milk in glass bottles, processed cheese, yogurt and cream. The Mosul dairy plant also received support for the upgrading of its personnel related hygiene system through the ongoing Food Safety project.

The activities of this project will follow the successful model of the implemented pilot project for the rehabilitation of the dairy sector in Iraq and build on achievements of other projects implemented in the region like the FAO implemented "Dairy sector development project", the joint FAO UNIDO "Community Livelihoods and Micro-Industry Support Project in rural and urban areas of North Iraq", the "Pilot project for the rehabilitation of the Dairy Sector in Iraq" as well as the project "Rebuilding Food Safety and Food Processing Industry Capacity" implemented by FAO, WHO and UNIDO.

The project activities will strengthen the capabilities of the established pool of experts and trainers, capable to disseminate the gained knowledge and experience throughout the country. The linkage to

R&D will be strengthened through the development of vocational training programmes and their involvement in technology transfer and product development.

It is anticipated that:

- Standard conform facilities and production technologies at the state of the art would contribute to increased food safety and consumers confidence in Iraqi products.
- Focusing on cheese production and utilization of the buffalo milk available in the region would create the connection to the growing international market for this special product.
- The activities proposed under this project would address both institutional and human capacity gaps and facilitate industrial development in Iraq.
- A quality based and reliable milk pricing system would contribute to the improvement of the raw milk quality, thus increasing the income situation of the dairy farmers.

The project will be implemented in line with the existing institutional framework, with the Ministry of Industry and Minerals as the main partner. Although UNIDO will have the overall responsibility for the utilisation of the funds, the project will create a strong cooperation with the line ministry but also the Ministry of Agriculture, the local authorities of the Northern Provinces and other stakeholders through the establishment of a Project Steering Committee (PSC).

The main functions and responsibilities of the PSC will be to: (i) advice the project on strategic directions of support activities to be provided; (ii) ensure the effective cooperation between all involved stakeholders; and (iii) advise the effectiveness of the ongoing activities, including the annual work plan. In this connection, the project will aim to achieve co-ordination and cooperation through multi-stakeholders workshops. This arrangement will promote the involvement of all Iraqi stakeholders and will ensure national ownership and sustainability of the planned project activities.

The project will draw on the core professional capacities of UNIDO combined with its global experience gathered in providing technical assistance in the food industry in general and the dairy sector specifically. The Project will benefit from experiences of the Organization's previous agro-industrial projects in conflict affected areas in Iraq and other countries. Utilisation of synergies and linkages will help to reduce transition costs and promote broader based area wide development.

All project interventions will be permanently monitored and reviewed. This will include data collection and analysis. Collection of baseline data and information on programme work and budget expenditures. It is important to mention that the beneficiaries will be involved in this process. Six-Monthly project reports will be prepared in order to report on the achievements, work plan, outputs but also on the problems encountered, emerging constraints and recommendations on corrective actions. The Reports will also contain a detailed work-plan for the next period.

It is important to mention that the MoIM is strongly committed to the project which will build on existing facilities and human resources and improving the situation of the dairy sector both in terms of human resources and technology transfer. The commitment is expressed by the allocation of up to 6 million USD for equipment. National experts and dairy staff including management will be exposed to latest technologies, especially related to the cheese production, management systems and enterprise policies. All this will contribute to the sustainability of the project.

2. Situation Analyses

The agriculture sector in Iraq is estimated to be the second largest contributor to the Iraqi economy (after oil), providing an estimated 8% of the GDP and employing 20% of the labour force -- underlining its strong potential to contribute to economic development and labour absorption. However, despite the fact that Iraq's rural population – an estimated 7 million individuals – produces nearly one third of all available food, it possesses a disproportionately large number of poor and food insecure persons. Nearly 70% of the food insecure population is located in rural communities in which agricultural wages are the lowest across all sectors or less than half the national median hourly wage.

The last large-scale assessment of food security and vulnerability in 2005 reported 15.4% of the population to be food-insecure and in need of humanitarian assistance. The survey also indicated that a further 8.3 million people (31.8% of the surveyed population (WFP, 2006)) would be rendered food-insecure if they were not provided with a Public Distribution System (PDS) ration. IDPs are particularly vulnerable to food insecurity as they are often unable to access their food rations through the PDS. Nearly half of IDPs (47%) could not access their food ration in their place of displacement (WFP, 2007) while only 22% of IDPs had regular access to the PDS (IOM, 2007). representing less than half the national median hourly wage (WFP Food Security and Vulnerability Assessment, 2006)

Due to security problems that have confronted the Government of Iraq in its efforts to continue importing, storing and distributing food throughout Iraq, the Public Distribution System (PDS) has no longer been able to ensure access of entitled households to all food items, the poorest being the most affected by the shortage of supply. A survey, conducted by the World Food Programme (WFP), has concluded that apart from the 25 % of households totally dependent on the food basket, another 35 % might experience food insecurity in the event that the PDS is removed.

The economic sanctions on Iraq and the war strangled the productive sectors and degraded the infrastructure. Unfortunately, the Oil for Food program did not permit the procurement of food from domestic production with the result that imported foods became commonplace in the food basket and lower-priced food imports served to undermine the economic viability of domestic agriculture.

The animal population declined steeply due to severe shortages of feed and vaccines during the embargo years and production of milk and milk products has seriously declined. According to the Ministry of Agriculture figures at end 2006, there were 1,064,404 head of cattle, 146,092 head of water buffalo, 13,793,789 sheep, and 645,662 goats in Iraq (excluding the three governorates of Sulymaniyah, Dahuk and Erbil). The graphics in Annex C show the regional distribution of cows and buffalo as well as the production estimates.

The real potential demand for dairy is somehow difficult to evaluate in Iraq since current consumption is heavily influenced by the PDS (Public Distribution System) and hampered by constraints such as the absence of an efficient cold chain and electricity shortages.

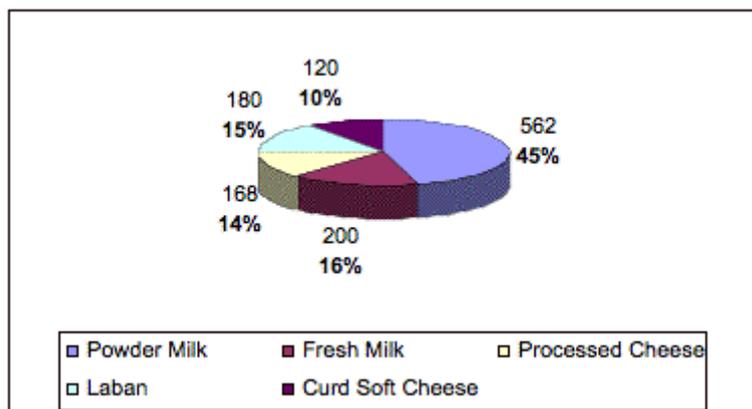
The dairy market, even in a restrictive definition – considering only of milk – has already a remarkable size with an annual turnover estimated at 1.5 billion litres (excluding 0.5 billion litres of self consumed milk in rural areas) and a value of approximately \$700-800 million at wholesale prices. Conservatively estimated, Iraq consumes a minimum of 120,000 tons of powder milk/year possibly as high as 200,000 tons/year.

Iraq currently imports between 10,000 and possibly 20,000 tons of processed cheese mainly from Iran, Egypt, Turkey and the Gulf States. Laban consumption is estimated at 300,000 tons/year made either from reconstituted milk (from powder) or from small artisan processors lacking standardization and quality control.

Curds, soft and white cheese are also widely available although on a regional/local basis often marketed with no brand and with little standardized specification. The market for curds, white and soft cheese is estimated at 60,000 - 80,000 tons.²

² INIC (Iraqi National Investment Commission Sept. 2009)

Iraq: Dairy Market, 2005 Retail Value



Source: INIC 2009

The average per capita consumption of traded milk is estimated to be 55 litres lower than in the pre-embargo period - 60 litres - and lower than in the GCC Countries - 96 litres. Liquid “ready to drink” milk - mainly from goats and sheep in rural areas or imported - should account for only $\frac{1}{3}$ of the consumption while the other $\frac{2}{3}$ are from reconstituted powdered milk. Another 500 million litres are estimated to be produced and directly consumed by farmers in their communities without reaching the market.

The potential growth of the dairy market in Iraq is spectacular, driven by:³

1. Booming population ;(Iraq’s population is set to reach 40 million in 2025 and surpass 56 million in the year 2050.) and - more importantly - a growing young population, heavy consumers of dairy products
2. Demand for diet richer in protein;
3. Increasingly sophisticated demand for dairy products.

In order to react in a proper way to these challenges there is a need to address the competitive development of this sector from different sides.

There is a need to address the dairy farming sector including breeding, animal health and proper feeding. Especially the breeding related is provided by FAO through the project: “Modernization and Development of the Dairy Cattle Sector in Iraq”. As there are big but also a lot of small and very small farms in the project area, the different needs have to be addressed. The dairy related activities of the “Community Livelihoods and Micro-Industry Support Project in rural and urban areas of North Iraq” is addressing the small producers, offering them also training on milk processing and cheese production. Though this seems to be counterproductive to the project in question it is evident and proved successful that a sound sector not only allows but calls for side a side development of large scale and small to micro units reflecting the different infrastructure and demographic situation in the project area.

The different needs of the different consumer groups constituting the national but also international market is calling for different products. The milk as a unique source for a wide spread product range from industrial goods to essential human food is a good example for this. Having supported the Diwanayah Dairy Plant and created a model for long life liquid products through the “Pilot project for the rehabilitation of the Dairy sector in Iraq”, UNIDO and the MoIM jointly with the MoA and other stakeholders is now piloting large scale cheese processing and HACCP compliant dairy facilities.

³The dairy Market in Iraq, Izdihar 2006

3. Lessons Learned, NDS and ICI Relevance, Cross-Cutting Issues and Agency Experience in Iraq / in the Sector

3.1. Background/Context

The project has been designed in close cooperation with The Ministry of Industry and Minerals to be consistent with the strategies outlined in the National Development Strategy (NDS), International Compact with Iraq (ICI) as well as the Millennium Development Goals (MDGs). The project is also in line with the strategies and outcomes of the Agriculture and Food Security Sector Outcome Team (AFSSOT). In addition the project is a key component of UNIDO's commitment to assisting the Government of Iraq to achieve progress in working towards the Millennium Development Goals.

NDS:

By strengthening the national institutional capacity, the elaboration of a sector specific development strategy as well as the rehabilitation of the Mosul dairy plant the project actively works towards assisting national and international partners around the GoI's National Development Strategies of Pillar1, "Strengthening the Foundations of Economic Growth" and "Revitalisation of the Private Sector", (Pillar 2). In addition there are project activities which will contribute to greater consumer protection from unsafe locally produced food, the creation of new jobs in the transportation, storage, retail sector as well as service sector thereby contributing to new employment opportunities along the dairy value chain. The effects created by these activities will make a substantial contribution to the NDS pillar 3, "Improving Quality of Live".

ICI:

The project will support the development of the agriculture sector to increase the food security, generate employment and diversify the economy and preserve the countryside. The rehabilitation of the damaged milk-processing sector by carrying out investment plans (4.6.5) offers an effective means of consolidating employment and income generation in both the rural and urban areas, thus assisting in community based development. In addition the availability of specific milk varieties, esp. buffalo milk, allows manufacturing of special products and the creation of linkages to a market oriented agriculture industry (domestic and international markets).

MDGs:

The Project will assist the Government of Iraq to make direct contributions to the UN's MDGs for Iraq, particularly those related to poverty reduction through job creation and community building in rural areas and through development generated boosted by financial gains along the dairy value chain and its related businesses. The project will support to a limited degree the GoI's efforts regarding MDGs 1, 7 and 8.

UNCT and AFSSOT:

The Project will support UNCT assistance strategy to Iraq by improving agriculture sector's productivity and job creation especially in rural areas. The Project will support AFSSOT Outcome 1 (Enhanced Production and Productivity in the Agricultural Sector) and Outcome 2 (Environment for sustainable employment generation is created in Iraq).

3.2. Lessons Learned:

UNIDO has been actively engaged with its national and international partners to bring its expertise and technical skills to the design and development of a variety of livelihood, capacity building and productive capacity revitalization/rehabilitation initiatives. During this time, UNIDO has been able to provide project-targeted communities and enterprises with an effective means of dependence on humanitarian aid flows as well supporting the economic recovery in the Organization's programme areas.

As a result of the expertise and operational modalities developed in various environments, UNIDO has designed a holistic capacity building approach for the development and provision of effective and realistic strategies for the rehabilitation of destroyed/damaged industrial infrastructure, improvement of employment and income opportunities, and the reduction of poverty levels. This approach is based on a number of critical success factors.

These are:

- A people centred focus
- A flexible delivery model
- Identification of assets and appraisal of needs at the local level
- Appropriate and relevant technology transfer and skills development
- Strengthening income flows
- Adding value to local resources
- Promoting market access and linkages

This project reflects this approach and is tied up to these factors. As a result the project will be able to directly focus on industrial empowerment, which will help to facilitate greater participation in the local community and the sector wide economic development process.

Furthermore the core professional capacities of UNIDO combined with its global experience gathered in providing technical assistance in the food industry in general and the dairy sector specifically, as well as the significant funding obtained from a multitude of donor sources demonstrate the UNIDO competence in this area.

The project will benefit from experiences of the Organization's previous agro-industrial projects in conflict affected areas in Iraq (Ninewa and Thi-Qar Governorates) and also in other countries (Sudan and Afghanistan). UNIDO's projects in these countries have played an important role by improving human security situation by revitalizing and rehabilitating their agro-industrial capacity and productivity.

UNIDO is actively involved in dairy related project and project components. This project will strongly build on the experience gained in the "Pilot project for the rehabilitation of the Dairy Sector in Iraq" as well as the project "Rebuilding Food Safety and Food Processing Industry Capacity ". As the final evaluation of both above mentioned projects will be ongoing during the inception phase of the project it will take advantage of this situation and bring together key people for the implementation and call for direct exchange of experience.

In addition the implementation strategy will also benefit from the experiences gained in the "Community Livelihoods and Micro-Industry Support Project in rural and urban areas of North Iraq" and extend services where necessary but also involve the newly built capacities in order to sustain the previous impact but also to avoid a competitive situation for raw material.

Strong involvement of the counterparts increases ownership but also increases the risk of delay of the implementation. Clear division of responsibilities among the different stakeholders and results oriented management and monitoring including early application of corrective measures is of utmost importance to keep the envisaged timeline.

3.3. Assessment of Cross-cutting issues:

Human Rights:

The project addresses the urgent need for creating employment opportunities and creation of income in both rural and urban areas, particularly within the agricultural and industrial dairy subsectors. It tackles both, the private and state enterprises and contributes to community based development by supporting the production of safe and extended shelf live products the project will support the efforts of the Government to improve the nutritional situation and increase public health in the country.

Gender Equality:

Dairies have always been equal employers for women and men. The project will ensure equal opportunities for the participation of men and women in all project phases from planning, training, capacity building and skills upgrading to the final steps of implementation.

Key Environmental Issues:

The rehabilitation of the Mosul Dairy Plant will be done according to the modern food standards, which means that the environmental issues have an important role through the whole project. Environmental concerns such as the discharge of waste from processing activity will be addressed and will form a key component in the processing package offered. Waste water effluent will be minimized and processing residues used for animal feed. It will also be dealt with in detail during training sessions and subsequent follow up and monitoring of processing activity.

Employment Generation:

At least 400 workers, women and men, will find jobs in the Mosul Dairy Plant. The dairy will be a partner for several thousand milk producing farmers. The project will help create jobs in several sectors related to the food producing chain, like transportation, storing, retail etc.

3.4. UNIDO's Experience in Iraq:

Jointly with national and international partners UNIDO has been actively involved in a variety of productive capacity revitalization/rehabilitation initiatives as well as in capacity building and livelihood development. During this time UNIDO has been able to provide project target groups and enterprises with an effective means of reducing dependence on humanitarian aid flows as well as supporting the economic recovery in the areas of its mandate.

UNIDO has participated in agro-industrial rehabilitation/revitalization projects for over five years in Iraq and has designed a holistic capacity building approach for the development and provision of effective and realistic strategies for the rehabilitation of destroyed/damaged industrial infrastructure as well as improvement of employment and income opportunities.

Besides working with smallholders in remote rural areas UNIDO also supported the rehabilitation of the Diwaniyah dairy plant with focus on liquid milk products targeting vulnerable groups like children and supported the improvement of the hygienic situation in personnel rooms of the Mosul dairy plant. These projects are marked by a people centred focus, a flexible delivery model as well as the identification of assets and the appraisal of needs at the local level while providing appropriate technology transfers and skills development. Adding value to local resources and promoting market access and linkages to sustainable outlets for the products are part of this approach.

4. The Proposed Project:

4.1 The purpose

The purpose of the project is the enhancement of production and productivity within the agricultural sector by focusing on dairy related elements.

More specifically, the present project will support the development of a dairy sector strategy for the northern provinces of Iraq allowing its sustainable development and investments for the utilization of locally produced milk. Enhancing national capacities in terms of quality and quantity of milk produced in Iraq is an important step in replacing imported food by local produce. To achieve this sound mixture of small specialized plants and few big ones deems to be the correct way. This model can be seen in most countries around the world. In order to become a competitive unit besides the technology in use and the well trained staff also the basic infrastructure of the processing facilities have to fit the purpose. The project will address this issue by provision of support for the rehabilitation of the Mosul dairy plant in order to improve milk (especially cheese) processing and to establish a viable and reliable partner for dairy farmers. Having such a partner at hand, farmers are likely to increase production and delivery to the dairy while others remain with their small self processing unit.

The Mosul dairy plant is mandated to stay as an entity capable to compete against imports and encourage increased milk production.

4.2 Approach

The Programme strategy is based on two pillars:

- Capacity building:
 - Institutional capacity building involving staff from MoIM and MoA as well as regional authorities, staff from the SCDP and Universities
 - Human resources development, involving staff from private and public sector as well as farmers

and

- Technology transfer:
 - Facilities rehabilitation according to international standards allowing the application of HACCP conform processing
 - Investment of new processing lines⁴

Within this perspective, three outputs will be achieved as follows:

Output 1: *“MoIM, regional authorities and SCDP staff have improved capacities to develop strategies and plans.”*

To achieve this output, technical assistance will be provided in the first phase of the project cycle regarding strategy development, emphasising on the development of a sector wide strategy for the Northern provinces. The related activities (assessments, workshops and seminars) will strengthen the capabilities of staff of the MoIM, regional authorities and the SCDP allowing the focussed long term development of the dairy sector aiming at replacing imported milk products by local produce.

A next group of technical assistance activities will strengthen the capabilities of the MoIM and the SCDP in developing business plans as a management tool on the one hand but also as a means to get access financial instruments like soft loans (e.g. Italian or Japanese) for further development of the plants respecting economic rules. The business plan will also be a tool for economic based decisions on the development of the product portfolio of the plant.

Staff of MOIM, MOA and local authorities will be assisted in the development of a quality based milk pricing system, thus establishing an attractive tool for increasing milk production and improving the quality, shelf live and competitiveness of the local produced milk products. Throughout the lifespan of the project awareness raising activities will be carried out to improve the commitment of the farmers to quality production. These activities will be supported by interventions to strengthen human resources.

Output 2: *“Enhanced national capacities for quality and quantity of milk production in Iraq”*

To achieve this output, the activities will focus on increasing the existing pool of trainers allowing an enlarged regional as well as broadened thematic coverage. Trainers trained in course of the “Pilot project for the rehabilitation of the dairy sector in Iraq” will receive refresher training and contribute with their experience gained so far to the improvement of the training tools available, thus benefitting new trainers. In addition training for cheese production will be provided. Universities will be included in these activities in order to secure the same level of knowledge and to adapt where available the existing curricula for dairy related education to the latest international developments. Links to internationally leading sector institutions will be established for the SCDP and Universities. Key persons for the further development of the sector will be exposed to international sector specific conferences (e.g. International Dairy Federation) and fairs (technology and product related). Key staff

⁴ The procurement of the equipment will be done by the MoIM with technical support by the project

from dairies (SOE-especially Mosul and private sector) will be trained in marketing, business administration but also in the application of new technologies.

Output 3: *“Mosul dairy plant rehabilitation supported for improved dairy production”*

To achieve this output, the project will first of all focus on the rehabilitation of the existing facilities in order to establish the necessary physical infrastructure for milk processing with emphasis on cheese. Following the successful rehabilitation of the hygiene and personnel rooms in the Mosul Dairy plant in course of the ongoing project “Rebuilding Food Safety and Food Processing Industry Capacity”, the production rooms will be rehabilitated, allowing a HACCP conform production. In course of the rehabilitation the basic supplies installations will be renewed and the sewage system modernized, thus creating a show case for standard conform dairy plants in Iraq. In course of the rehabilitation activity the milk collection system will be improved through rehabilitation of a collection centre, procurement of a milk collection truck and advocating for on-farm cooling of the fresh milk. In addition the project will assist the SCDP and the management of the Mosul Dairy plant in the procurement of dairy equipment and machinery by joint development of specifications as well as review of received offers. MoIM will be responsible for the financial part of the procurement. Up to 6 mio USD are committed by the Ministry for this activity.

4.3 Beneficiaries

The rehabilitation of the Mosul dairy plant will secure the existing 170 long term jobs in the factory and lead to a total employment of up to 400 people in long term jobs, thus allowing the workers to generate livelihood for their families. The selection criteria will be established in a way that a sound mixture of existing, former but also new workers will be contracted. The selection criteria also will respect the necessary mixture of age and gender.

The dairy rehabilitated through the project will be a partner for several thousand farmers on purchasing their milk as well as people working in logistics, transportation and retail sectors.

The population in the market area of the dairy will benefit from the project as safe products with extended shelf live will be available in the market.

4.4 Expected Outcomes

This 24 months project will assist the Government of Iraq in the process of rehabilitating and revitalizing the country’s economic infrastructure and promoting industrial development particularly by elaborating a sector development strategy for the dairy sector in the northern provinces of Iraq and providing support for the rehabilitation of the Mosul dairy plant. Apart from the direct employment within the Mosul dairy plant the project has a multiplier effect creating new jobs in the transportation and retail chain in the long run as well as encouraging farmers to increase the milk production.

The present intervention would contribute to a sustainable dairy sector development based on economic conditions thus contributing to the establishment of a competitive dairy sector in Iraq. By strengthening the sector through increased production and economic processing food imports can be replaced by local produce, thus contributing to increased food security.

Standard conform facilities and production technologies at the state of the art would contribute to increased food safety and consumers confidence in Iraqi products.

Focusing on cheese production and utilization of the buffalo milk available in the region would create the connection to the growing international market for this special product.

Furthermore the project would contribute to the establishment of a sound mix of small and big production facilities allowing responding properly to the challenges of the internationalized markets.

The activities proposed under this project would address both institutional and human capacity gaps and facilitate industrial development in Iraq.

Another focus of the project is related to the improvement of the raw milk quality and the introduction of a quality based reliable milk pricing system

5. Results Framework

The following Results Framework Table provides a detailed overview of the core components of the Project. The table provides the key outcomes, outputs and indicators expected for the project, the partners involved in the implementation of specific outputs, indicators and other measures that will assist the project management team to track the progress of the project implementation.

Expected Project Outcome:

Enhanced production and productivity within the Agricultural Sector (focusing on dairy related elements).

Expected Project Outputs:

Output 1:

MoIM, regional authorities and SCDP staff have improved capacities to develop strategies and plans

Output 2:

Enhanced national capacities for quality and quantity of milk production in Iraq

Output 3:

Mosul dairy plant rehabilitation supported for improved dairy production,

The table below shows the tabular overview of the results framework for the Project.

Table 1: Results Framework and Indicators

Programme Title:	Rehabilitation of the Mosul Dairy Plant						
NDS/ICI priority/ goal(s):	<u>NDS Goals:</u> Pillar Two: Private Sector revitalization Pillar Three: Improving the Quality of Life <u>ICI Agriculture Sector Goal:</u> To support the development of the agriculture sector to increase the food security, generate employment, diversify the economy and preserve the countryside. Create an enabling environment for a market oriented agricultural sector.						
UNCT Outcome	Enabling Environment Created for Sustaining Agricultural Development and Food security						
Sector Outcome	Agriculture and Food Security Outcome 1: Enhanced production and productivity in the Agricultural Sector. Agriculture and Food Security Outcome 2: Environment for sustainable employment generation is created in Iraq						
Outcome 1	Enhanced production and productivity within the Agricultural Sector (focusing on dairy related elements).			NDS / ICI Priorities: Private Sector revitalization			
IP Outputs	UN Agency Specific Output	UN Agency	Partner	Indicators	Source of Data	Baseline Data	Indicator Target
Output 1: MoIM, reg. authorities and SCDP staff have improved capacities to develop strategies and plans	MoIM, reg. authorities and SCDP staff have improved capacities to develop strategies and plans	UNIDO	MoIM, Reg. Authorities, SCDP	Number of MoIM, reg. authorities and SCDP staff trained on strategy development	Training report	0	10
				Percentage of MoIM, reg. authorities and SCDP staff fully satisfied with the quality of the training in terms of relevance and usefulness	Post training participants' assessment		80%

				Dairy sector development plan for the northern Governorates in Iraq drafted	Final document	No	Yes
				Business plan for the sustainable rehabilitation of the Mosul dairy plant drafted	Final document	No	Yes
				Quality based raw milk price system introduced	Quality control reports by MDP	Existing pricing system	Price differentiation according to determined raw milk quality
Output 2: Enhanced national capacities for quality and quantity of milk production as well as dairy management in Iraq	Enhanced national capacities for quality and quantity milk production in Iraq	UNIDO	MOIM, MOA UB, US,SCDP Private sector	Number of trained trainers on milk and cheese processing as well as extension service staff	Training report	18 trainers on milk processing, 0 cheese processing, extension service staff to be determined during inception phase	24 for milk 15 for cheese 50 for extension service to farmers
				Percentage of trainees fully satisfied with the quality of the training in terms of relevance and usefulness	Post training participants' assessment		80%

			Number of trainers trained on marketing and business administration	Training report	To be identified during the inception phase	15
			Percentage of trainees fully satisfied with the quality of the training in terms of relevance and usefulness	Post training participants' assessment		80%
			Number of universities in target Governorates offering dairy focused training courses	Training curricula	To be determined in course of the inception phase	All Universities in the focus Governorates identified by the development strategy
			Number of SCDP and private sector staff trained in enterprise management, marketing, administration and new technologies used in the dairy sector	Training reports	To be determined in course of the inception phase	3 managers 20 marketing staff 50 administrative staff 100 technical staff
			Percentage of trainees fully satisfied with the quality of the training in terms of	Post training participants' assessment		80%

				relevance and usefulness			
				Number of staff participating in national and international dairy related events	End of activity reports	To be determined in course of the inception phase	National 50 International 20
				Number of International R&D institutions involved in the Iraqi dairy sector development	Contacts/Reports	To be determined in course of the inception phase	Involvement of at least three international institutions in the sector development
Output 3: Mosul dairy plant rehabilitation supported for improved dairy production,	Mosul dairy plant rehabilitation supported for improved dairy production,	UNIDO	MOIM, SCDP, Private sector	Mosul Plant facilities repaired	TOR, purchase order, tender documents, project progress report	Existing specs at UN IDO and SCDP	MDP facilities repaired according to international standard
				MDP energy and water supply as well as residues treatment rehabilitated	TOR, purchase order, tender documents, activity reports	Existing specs at UN IDO and SCDP	yes

6. Management and Coordination Arrangements

The project will be implemented in line with the existing institutional framework, with the Ministry of Industry and Minerals as the main partner. Close cooperation with the ministry of agriculture is foreseen throughout the project activities.

UNIDO will have the overall responsibility for the implementation of the project and the proper use of donor funds. In line with the UN administrative rules and regulations UNIDO will take all decisions regarding staff recruitment, contractual agreements, technical assistance, backstopping and project supervision, procurement, monitoring and reporting.

UNIDO also will provide technical assistance for the preparation of the specifications for the identified equipment which will be purchased through the line ministry utilising the committed 6 million US\$. In addition UNIDO through its experts will assist in the installation and provision of proper training on the use of the equipment.

The roles and responsibilities of the main stakeholder groupings that are in charge of the development, implementation and supervision of the project activities are described below.

The Project Management Unit (PMU)

Given the present security situation in the country and the limited international access, the project will establish a flexible management structure, namely, a Project Management Unit (PMU) to implement and supervise the project. The project management unit will be based in Erbil and will be supported from the UNIDO/Iraq office in Amman, Jordan as well as from UNIDO's HQ in Vienna, Austria. As soon as security situation allows the PMU will be transferred to Mosul. The organizational and operational structure of the PMU will be designed to ensure that the project management team has the autonomy and the capacity to effectively conduct its day-to-day operations and/or to make any amendments necessary to the project's action/activity plans so as to ensure that consistent progress is made during the project implementation phase. Wherever feasible, the PMU will look for cooperation with ongoing projects or capacities established by already finished projects

The PMU will have a small permanent staff comprised of: (i) a Chief Technical Adviser (CTA), (ii) a National Project Coordinator (NPC); and (iii) basic administrative support. The CTA will be based in Amman with frequent stays in Erbil until the security situation allows the deployment of international staff to Iraq. The NPC will travel to Amman for briefing in case this is not possible in Erbil. The same approach has been used in the implementation of the current UNIDO projects with satisfactory results.

When necessity arises, the PMU will be assisted for specific activities by expertise from UNIDO and/or national and international consultants. Project personnel will be recruited, with an emphasis placed on accountability and transparency, in accordance with the usual UNIDO recruiting procedures.

The CTA will be responsible for the technical aspects of the project implementation and the coordination of its activities according to the counterparts' priorities and ensuring proper coordination with other ongoing projects. The NPC will assist the CTA in the daily field operations, ensuring that all contract obligations as well as the committed contribution from the counterparts are met at the project site. He will follow up at the place of action on the project activities progress and make the necessary contacts and efforts to ensure that the set targets will be met.

UNIDO technical staff (international and national) in partnership with MoIM will be responsible for assessing the training and rehabilitation as well as equipment needs etc.

It is foreseen to hire dairy, marketing, strategy development, energy and business administration experts to assist in the project. The recommendations of the experts will also form the basis for the subsequent tendering, contracting, installation and commissioning work. Both local and international

sources will be considered following UNIDO's rules and regulations regarding the acquisition of goods and services.

The Project Steering Committee (PSC)

The Ministry of Industry and Minerals is the key counterpart and will function as the Head of the Project Steering Committee (PSC). The Ministry of Agriculture will also be a member of the PSC. Both ministries will provide background information and data. In addition representatives from local authorities of the Northern Governorates and especially Mosul District will be members of the PSC. In order to secure the linkage to the farmers and the scientific bodies a representative of the farmers delivering their milk to the Mosul dairy plant as well as from the Agricultural Department of the University of Sulaymaniyah will be invited to join the PSC. UNIDO as well as FAO will nominate a member of the PSC as well.

The main functions and responsibilities of the PSC will be to: (i) advise the project on strategic directions of support activities to be provided; (ii) ensure the effective cooperation between all involved stakeholders; and (iii) advise the effectiveness of the ongoing activities, including the annual work plan. In this connection, the project will aim to achieve co-ordination and cooperation through multi-stakeholders workshops. This arrangement will promote the involvement of all Iraqi stakeholders and will ensure national ownership and sustainability of the planned project activities.

Wherever possible UNIDO will seek inputs and expertise from other UN agencies. UNIDO will ensure that project activities will be integrated into the overall UN strategy for Iraq and encourage additional interagency cooperation. Close cooperation will be maintained with the AFSSOT and especially with the project on the "Modernization and Development of the Dairy Cattle sector in Iraq" under implementation by FAO as well as the "Private sector development programme". In the latter UNIDO has a main role. This cooperation will be secured by periodic meetings with the respective team leaders in order to avoid overlapping and unnecessary reduplication of activities and to create additional impact. A possible area for joint collaboration is in sub-contracting planned farm related activities/interventions to FAO.

Possible subcontracts to FAO will be identified during the inception phase and agreed upon at the first project's steering Committee.

UNIDO is experienced in managing similar project(s) in Iraq, being an important advantage in terms of implementation and monitoring the project progress.

7. Security, Feasibility, Risk Management and Sustainability of Results

7.1 Security, Feasibility and Risk Management

The greatest risk comes from a potential breakdown in the political and a worsening of the security situation in the Ninewa Governorate as well as a spill over to other involved governorates in the north of Iraq. Deviations from the current trend related to security improvements can further reduce access to the project sites and jeopardize implementation.

Given that the greatest threat is for staff assigned to the action in the country, project staff will be provided with field safety training, security notifications by UNAMI SSU and be a part of regular safety updates from UNIDO-Iraq Safety and Security focal point. The project will have a vehicle with VHF radio/satellite phone. Other considerations will be the protection of project assets which will involve the use of security funds to provide appropriate security for all project-procured resources.

As there are still restrictions on UN staff movement inside Iraq, the approach of the project is to secure a wide participation of local stakeholders providing different kind of services with special emphasis on risk areas.

As the project foresees a strategy development for the dairy sector in the Northern provinces, the conflicts between the different ethnic groups has to be considered as a potential hindering element.

The participatory approach foreseen for the implementation of the project and especially the fact that local authorities will be member of the steering committee for the project as a whole will help to minimize potential risks, while at the same time it enhances the stakeholder ownership, trust and sustainability.

The forthcoming elections may change the government's commitment, especially in relation to the financial needs for the rehabilitation of processing lines. As the project is developed in a way that neither the capacity building part nor the facilities repair will be influenced by change of counterpart commitment related to financial issues the risk of negative impact is minimised.

At the moment no other potential risks are foreseen.

Use of video teleconferencing, meetings in Amman and inside the country where security conditions permit, will be used as a part of risk management during the project.

MoIM will be involved in all decision-making processes at each stage of the project implementation.

In the event the security situation deteriorates the PMU in cooperation with the PSC and the MoIM will work on the development of an exit strategy emphasising on sustaining the achievements made in the field and secure that the necessary information allowing a restart of the project implementation from a sound starting point.

The project steering committee which will closely cooperate with the PMU and the consultants assigned to the action will advise on different ways of implementation in case difficult security situation arises or the political commitment is changed.

7.2 Sustainability

The present project takes into account the general security situation prevailing in the project area and is designed to ensure sustainability after the project's lifespan.

The programme utilises three main approaches to support sustainability: knowledge and awareness-raising among stakeholders and duty bearers; national and local ownership of the solution through wide stakeholder inclusion, and; building partnerships between private (farmers and entrepreneurs) and public sector.

A key element for the sustainability will be the adoption and more important, the enforcement of the sector strategy drafted in the first phase of the project. The deep involvement of all stakeholders at this stage of the project's lifecycle is crucial.

Furthermore the Ministry of Industry and Minerals is strongly committed to the project built on existing production infrastructure of the Mosul Dairy and enhancing its capacities, both in terms of human resources (management and processing staff) and technology transfer (upgraded/rehabilitated facilities).

As part of the capacity development process, all project partners will be encouraged to ensure that resources needed to sustain the activities be included in their respective budgets.

In general the sustainability of these interventions is a factor of the capability of the project to mobilise the active participation of all stakeholders involved.

The design of the project is firmly based on this prerequisite.

At the end of the programme, the Programme Steering Committee will convene a final meeting in which the next steps will be identified.

8. Monitoring, Evaluation and Reporting

The project will be subject to a continuous monitoring and evaluation process. This process will be consistent with the prevailing UNIDO policies and procedures and its obligations under the MoU with the UNDG ITF. In particular,

- A Project Inception Report and a Monitoring Plan will be submitted at the first Project Steering Committee for review and approval. The Inception Report will represent the initial efforts and detailed structure for the implementation of the project activities. The work plan to be established in this meeting will also benefit from the recommendations provided by the report of the evaluation of the pilot project for the dairy sector rehabilitation in Iraq. The Monitoring Plan will be built upon the experiences gained in other projects implemented in the country and UNIDO experience operating in several post-conflict environments so as to build a comprehensive and result oriented monitoring and tracking system. PSC members will assist in the identification of potential challenges to the implementation plan.
- The PMU will prepare regular six-month progress reports on project activities detailing progress achieved in terms of the scheduled programme of work, the problems and constraints emerging over the period, and recommendations for correcting them. In addition, a detailed work plan will be prepared identifying activities to be implemented for the following six-month period. Each report will be sent to the donor, with copies being sent to the national counterparts for their information, review, and recommendations for any appropriate action that needs to be taken.
- As part of the standard monitoring activities of the agency and depending on the security situation, technical staff and project consultants will make field visits to the project sites and prepare technical reports detailing the project's progress, achievements/findings, and lessons learned. These field reports will be made available, upon request, to the donor as well as to other collaborating projects.
- During the last three months of the project, the international staff will prepare and submit to the counterpart and to the donor an end of project report for review and approval. This 'terminal' report will assess, in a concise manner, the extent to which the project's activities have been carried-out, the outputs produced, and the progress made towards achieving the immediate, medium, and the expected longer term development objectives of the project. It will also make recommendations for any future follow-up actions that may help to support the sustainability of the project.
- Meetings of the PSC will also be held once every six months. PSC meetings will involve the participation of the Government and FAO & UNIDO representatives. A self-evaluation report, showing the progress of the project for that six months period will be prepared and distributed one month ahead of each meeting.
- The project shall be subject to a mid-term evaluation after the actual project start date. These meetings and the mid-term evaluation will analyze the results of the project and may recommend any complementary measures required to improve project performance and the achievement of the project's expected objectives.
- Monitoring of project activities will include data collection and analysis, gathering of baseline information, and the preparation of 'programme of work' and budget expenditures assessments. Special attention would be given to the participation of the beneficiaries in the monitoring and evaluation process. Monitoring modalities will be agreed upon by the PMU and M&E experts who will be dispatched during the first months of the project. These measures will be key management tools so as to ensure the effective and efficient implementation of the project.
- During the last two months of the project, the CTA with GoI counterparts will prepare and submit to the PSC members and to the donor an end of project report for their review and approval. The report will assess the extent to which the project's scheduled activities have been carried out. The report will also make possible recommendations for any future follow-up actions, which would help to support the sustainability of the project.
- The project will also be subject to an independent evaluation to be conducted within two months of the end of the project activities

- The CTA will also provide the AFSSOT a regular update of important lessons learned, challenges faced and possible develop recommendations. This information will help the AFSSOT with future planning and implementation of its results matrix within the UN Assistance Strategy.

9. Work Plans and budgets

Work Plan for: Rehabilitation of the Mosul Dairy Plant

Period Covered by the Work Plan: 1 October 2009-30 September 2011

Outputs	Major Activities	Time Frame(by activity).								implementing Partner	PLANNED BUDGET (by output)	
		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8			
Output 1:											\$ 421,300	
MoIM, regional authorities and SCDP staff have improved capacities to develop strategies and plans	1.1. Establish a Project Steering Committee involving the main stakeholders for the provision of the strategic direction and oversight										UNIDO, MoIM	\$ 25,000
	1.2. In depth assessment of the dairy sector in the Northern Governorates (existing farm, animal and processing structure, including availability of feed)										UNIDO, MoIM, Universities and local authorities	\$ 60,000
	1.3. In depth assessment of the market potential of dairy products produced in Northern Provinces (local, regional, national and international)										UNIDO, MoIM, Universities and local authorities	\$ 50,000
	1.4. SWOT analysis of the sector										UNIDO, MoIM, Universities and local authorities	\$ 35,000
	1.5. Sector vision development										UNIDO, MoIM, Universities and local authorities	\$ 29,000
	1.6. Deriving the strategy										UNIDO, MoIM, Universities and local authorities	\$ 45,000
	1.7. Development of model business plans derived from the strategy										UNIDO, MoIM, Universities	\$ 25,000
	1.8. Development of a business plan for at least the Mosul dairy										UNIDO, MoIM, Universities	\$ 15,000
	1.9. Development of a financial and HRM plan for the Mosul dairy plant										UNIDO, MoIM, Universities	\$ 10,000
	1.10. Assess the prevailing regulations for										UNIDO, MoIM,	\$ 20,000

	raw milk quality and price building									MoA	
	1.11. Development of a quality and content based pricing scheme for raw milk									UNIDO, MoIM, MoA	\$20,000
	1.12. Raise awareness on the benefits of quality milk production									UNIDO, MoIM, MoA	\$30,000
	1.13. Monitoring of the impact of the project activities on income, employment and sector development									UNIDO, MoIM, MoA	\$ 57,300
Output 2:											\$ 788,000
Enhanced national capacities for quality and quantity of milk production in Iraq	2.1. Development of a work plan for the capacity building component									UNIDO, MoIM, Universities	\$ 10,000
	2.2. Provision of refresher training of trainers trained under the pilot project for the dairy sector development									UNIDO, MoIM, Universities	\$ 30,000
	2.3. Development of different training programmes for dairy staff regarding technology, marketing and business administration									UNIDO, MoIM, Universities	\$ 30,000
	2.4. Development and adaptation of training material									UNIDO, MoIM, Universities	\$ 60,000
	2.5. Provision of training to staff of SOE and private dairies									UNIDO, MoIM, Universities	\$ 183,000
	2.6. Organization of a study tour to support institutions for the dairy sector									UNIDO, MoIM, Universities	\$ 40,000
	2.7. Encourage cooperation between research and processing sectors (farm, animal, technology related)									UNIDO, MoIM, Universities	\$ 45,000
	2.8. Organization of the participation in sector specific international conferences and fairs									UNIDO, MoIM, Universities	\$ 40,000
	2.9. Assess the existing extension services for the dairy sector									UNIDO, MoIM, MoA	\$25,000
	2.10. Updating skills of extension service providers									UNIDO, MoIM, MoA	\$70,000
	2.11. Development and dissemination of information material for quality milk production									UNIDO, MoIM, MoA	\$ 35,000

	2.12. Development and introduction of an incentive system encouraging quality milk production									UNIDO, MoIM, MoA	\$ 20,000
	2.13. Development and enforcement of a reliable quality control system									UNIDO, MoIM, MoA	\$ 20,000
	2.14. Upgrading of the milk collection system (collection centers and collection trucks)									UNIDO, MoIM	\$ 150,000
	2.15. Encouragement of the installation of modern cooling systems at the farm level									UNIDO, MoIM, MoA	\$ 30,000
Output 3:											\$ 1,310,306
Mosul dairy plant rehabilitation supported for improved dairy production	3.1. Assessment of the facilities and equipment of the Mossul dairy plant									UNIDO, MoIM	\$ 10,000
	3.2. Development of a repair and maintenance plan for the existing facilities									UNIDO, MoIM	\$ 50,000
	3.3. Repair and maintenance of the facilities and remaining equipment as well as basic installation									UNIDO, MoIM	\$ 1,030,000
	3.4. Identification and specification of the necessary equipment and replacement of basic installation									UNIDO, MoIM	\$ 15,000
	3.5. Commissioning of the equipment									UNIDO, MoIM	\$ 45,000
	3.6. Provision of training on the proper use of the equipment									UNIDO, MoIM	\$ 150,000
	3.7. Development of a maintenance plan for building. Machinery and equipment									UNIDO, MoIM	\$ 10,306
	Total UNIDO Budget										\$2,519,606
	Others :(Contribution by the Government through purchase of equipment)										\$6,000,000
	Total Planned Budget										\$8,519,606

Budgets: The table should be accompanied by a budget narrative for each line item, providing a description of the item and the calculation of cost.

PROGRAMME BUDGET

PROGRAMME BUDGET		ESTIMATED UTILIZATION OF RESOURCES (US\$)		
CATEGORY	AMOUNT (US\$)	2009	2010	2011
1. Supplies, commodities, equipment and transport	205,470	55,000	140,000	10,470
2. Personnel (staff, consultants and travel)	816,000	150,500	497,000	168,500
3. Training of counterparts	232,000	20,000	202,000	10,000
4. Contracts	1,005,000	170,000	595,000	240,000
5. Other direct costs	112,924	19,775	71,700	21,449
Total Programme Costs	2,371,394	415,275	1,505,700	450,419
Indirect Support Costs - 6.25% is the maximum	148,212	25,955	94,106	28,151
TOTAL (excl. in kind from Government)	2,519,606	441,230	1,599,806	478,570

Budget narrative

Budget line	Title of position	Detailed description	Basic unit costs per month or unit	# of units	Total costs
1. Personnel					
1.1. National programme personnel	National Project coordinator	Responsible for overall day-to-day business including supervision, establishing and maintaining efficient linkages between project, beneficiaries and counterparts as well as to other projects and programmes. He/ She will be involved in organizing and overseeing training programmes, study tours and other project activities and ensuring an effective monitoring and evaluation system. He/ She will closely coordinate their activities with other UN agencies (Duty station: Mosul with frequent travel to Erbil and Baghdad. In case relocation will be necessary duty station will be Erbil)	\$ 2,500	24	\$60,000
1.2. International project personnel	Chief Technical Advisor	The CTA will be responsible for the overall implementation of the project ensuring that necessary arrangements are in place at national and international level, human resources are available as well as other inputs. He/ she will be responsible that the scheduled activities take place, and the planned outputs are produced in line with the project document. In addition the CTA will be responsible for technical and financial reporting and any modifications becoming necessary during the project implementation period. (Duty station: Erbil with frequent travel to Amman. In case relocation will be necessary duty station will be Amman)	\$ 14,000	21	\$294,000
	HQ tech. expertise	Will be responsible for specific quick responses in technical areas where no int. expert is assigned	\$ 10,000	9	\$ 90,000
1.3. National consultants	Dairy technician	He/ she will assist the international dairy expert for all technical inputs and follow up on the recommendations developed by the international expert.	\$ 2,000	18	\$36,000

	Extension service expert	He / she will assist the international dairy expert for all technical inputs and follow up on the recommendations developed by the international expert especially in the field of extension services,	\$ 2,000	9	\$18,000
	Marketing expert	He / she will assist the international dairy expert for all technical inputs and follow up on the recommendations developed by the international expert	\$ 2,000	5	\$10,000
	Business management expert	He / she will assist the international dairy expert for all technical inputs and follow up on the recommendations developed by the international expert	\$ 2,000	6	\$12,000
	Civil engineer	He/ she will be responsible for the assessment of the facilities, the development of the specifications and the bill of quantity as well as the proper planning of the repair and maintenance work to be done in Mosul dairy plant as well as selected collection centers.	\$ 2,000	8	\$16,000
	Strategy advisor	He / she will assist the international dairy expert for all technical inputs and follow up on the recommendations developed by the international expert	\$ 2,000	4	\$8,000
	Energy expert	He / she will assist the international dairy expert for all technical inputs and follow up on the recommendations developed by the international expert	\$ 2,000	3	\$6,000
1.4. International consultants	Dairy expert	He/ she will be responsible for the in depth assessments of the prevailing situation, technology advise, development of specifications for equipment to be purchased, participation in the tendering process as well as in the development and the implementation of a quality based milk price scheme and the upgrading of trainers and experts.	\$ 12,000	6	\$72,000

	Strategy expert	He / she will be responsible for the development of a sector specific strategy to be endorsed by the Government and the local authorities. The strategy will be based on the findings of the in depth assessments.	\$ 12,000	3	\$36,000
	Marketing expert	He / she will be responsible to transfer latest knowledge on proven marketing techniques and strategies for dairy products.	\$ 12,000	3	\$36,000

	Business management expert	He / she will be responsible for technical inputs and the transfer of state of the art management techniques and conducting specialized training as well as the development of the business plan for the Mosul dairy plant and model business plans according to the sector strategy.	\$ 12,000	3	\$36,000
	Energy expert	He / she will be responsible for the planning and realization of an energy and supply saving concept for the rehabilitated dairy plant and the implementation of alternative energy concepts.	\$ 12,000	3	\$36,000
2. Contracts					
	Civil engineering and rehabilitation	Building and plan rehabilitation of Mosul dairy plant and milk collection centers.		Up to 4	\$800,000
	Specialized training	Subcontracts for specialized training conducted by specific institutions or NGOs (depending on bidding results); milk pricing/quality system, strategy development.	\$100,000	2	\$100,000
	Commissioning	Of repair and maintenance work as well as equipment procured by UNIDO.	\$45,000	LS	\$45,000
	Independent evaluation	Subcontract for a consultancy company to conduct independent evaluation of the project.	\$60,000	LS	\$60,000
3. Training					
	Awareness raising	Sensitizing workshops for farmers and milk producers.	\$ 5,000	7	\$35,000
	Technical workshops	Specific technical workshops for stakeholders.	\$ 5,000	7	\$35,000
	In service training	To cover costs for capacity building activities along the dairy value chain.	\$ 5,000	10	\$50,000
	Training abroad	To cover costs for training not possible to be conducted in Iraq.	\$ 44,000	1	\$44,000
	Study tours	To cover the costs of the participation of selected staff in international fairs, conferences related to the project.	\$ 34,000	2	\$68,000
4. Equipment					

	Milk collection equipment	Equipment for milk collection centres and collection truck (to be specified during the inception phase).	\$ 120,000	1	\$120,000
	Project vehicle	MOSS compliant vehicle for project team.	\$ 45,000	1	\$45,000
5. Supplies and commodities					
	Office Supplies	To cover the costs of office supplies.	\$40,470	LS	\$40,470
	Other Items	IT equipment, office furniture.			
6. Travel					
	Project Steering Committee	To cover the costs for the participation of members of the project steering committee in different meetings.	\$ 5,000	5	\$25,000
	International travel	Project related travels of international staff including HQ staff.		LS	\$15,000
	Local travel	Travel costs for local travels including DSA for national staff.		LS	\$10,000
7. Miscellaneous					
	Unforeseen expenditures	Costs not specifiable at the moment and security costs at 3% for miscellaneous and 2% for security costs.	\$112,924		\$112,924
8. Agency management support costs					
	UN Agency support costs at 6,25%	UN agency administrative support costs.	\$ 148,212		\$148,212
Grand Total					\$ 2,519,606

Annex A: Agency Project Status Profile

Sl. #	Project ID #	Project Title	Total Budget (US\$)	Implementation Rate (% complete)	Commitments (% as of 30-09-2009)	Disbursements (% as of 30-09-2009)	Remarks
1	A5-19b	Rehabilitation of the Date Palm Sector in Iraq	3,124,454.00	85%	90%	65%	FAO lead UNIDO figures only. To be completed end December 2009
2	A5-20	Job Creation through Cottage and Micro-Industries Promotion in Al-Qadessia	5,871,891.00	65%	74%	53%	FAO lead UNIDO figures only. To be completed end December 2009
3	A5-22b	Support for Job Creation and Self Employment Through Promotion of Micro-Industries in Ninewa Governorate of Iraq	2,117,832.00	40%	50%	40%	To be completed end December 2009
4	A5-28	Technology Acquisition to Re-start and Generate Economic Transformation (TARGET)	2,979,000.00	5%	10%	5%	To be completed end January 2011
5	C10-07	Enterprise Development and Investment Promotion in the SME Sector in Iraq	3,057,537.00	90%	50%	35%	To be completed end December 2009
6	C10-11d	Private Sector Development Programme for Iraq	2,812,785.00	25%	30%	15%	To be completed end December 2011
7	C 10-12	Enterprise development through information and communication technology	2,940,000.00	Recently approved			30 September 2011
8	D2-17c	Rebuilding Food Safety and Food Processing Industry Capacity	1,772,602.00	100%	98%	98%	WHO lead UNIDO figures only. To be completed March 2010

9	E4-19	Rehabilitation of the Specialized Institute for Engineering Industries (SIEI)	4,237,722.00	Implementation recently started			30 June 2011
		TOTALS (US\$)	28,913,823		44 %	28 %	

ANNEX B:

Project Budget Calculation

The following table presents the budget summary for the Mosul Dairy Rehabilitation project

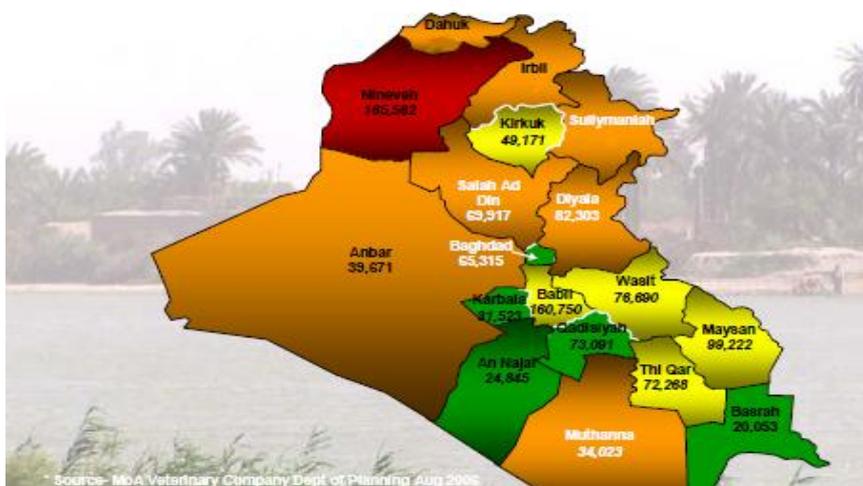
Budget Category	Item Description	Unit	Unit Cost	Qty	Total Budget USD	Estimated utilisation of Resources US\$					
						2009		2010		2011	
						Qty	Amount	Qty	Amount	Qty	Amount
1. Personnel					766,000		141,500		472,000		152,500
1.1. National					60,000		7,500		30,000		22500
	Nat. Proj. Coordinator	Month	2,500	24	60,000	3	7,500	12	30,000	9	22500
1.2. International					384,000		48,000		218,000		118000
	Chief Tech. Advisor	Month	14,000	21	294,000	2	28,000	12	168,000	7	98000
	HQ tech. expertise	Month	10,000	9	90,000	2	20,000	5	50,000	2	20000
1.3. National Consultants					106,000		14,000		80,000		12000
	Dairy technician	Month	2,000	18	36,000	2	4,000	12	24,000	4	8000
	Extension service expert	Month	2,000	9	18,000		0	7	14,000	2	4000
	Marketing expert	Month	2,000	5	10,000		0	5	10,000		
	Business management expert	Month	2,000	6	12,000		0	6	12,000		
	Civil engineer	Month	2,000	8	16,000		0	8	16,000		
	Strategy advisor	Month	2,000	4	8,000	2	4,000	2	4,000		
	Energy expert	Month	2,000	3	6,000	3	6,000	0	0		
1.4. Internatinal Consultants					216,000		72,000		144,000		
	Dairy expert	Month	12,000	6	72,000	2	24,000	4	48,000		
	Strategy expert	Month	12,000	3	36,000	3	36,000	0	0		
	Marketing expert	Month	12,000	3	36,000		0	3	36,000		
	Business management expert	Month	12,000	3	36,000		0	3	36,000		
	Energy expert	Month	12,000	3	36,000	1	12,000	2	24,000		
2. Contracts					1,005,000		170,000		595,000		240,000
	Civil engineering and rehabilitation	Co	800,000	LS	800,000		120,000		500,000		180000
	Specialized training	Co	50,000	2	100,000	1	50,000	1	50,000		
	Commissioning	Co	45,000	LS	45,000				45,000		
	Independent evaluation	Co	60,000	1	60,000					1	60000

Budget Category	Item Description	Unit	Unit Cost	Qty	Budget USD	2009		2010		2011	
						Qty	Amount	Qty	Amount	Qty	Amount
Sum of previous table					1,771,000		311,500		1,067,000		392,500
3. Training					232,000		20,000		202,000		10,000
	Awareness raising	per ev	5,000	7	35,000	2	10,000	5	25,000		
	Technical workshops	per ev	5,000	7	35,000	2	10,000	5	25,000		
	In service training	per ev	5,000	10	50,000		0	8	40,000	2	10,000
	Training abroad	Ls	44,000	1	44,000		0	1	44,000		
	Study tours	Ls	34,000	2	68,000		0	2	68,000		
4. Equipment:					165,000		45,000		120,000		
	Dairy equipment (contributed by Gol) not part of project budget	Ls									
	Milk collection equipment	Ls	120,000	1	120,000		0	1	120,000		
	Project vehicle	Ls	45,000	1	45,000	1	45,000		0		
5. Supplies and Commodities					40,470		10,000		20,000		10,470
	Office Supplies	Ls	20,470	1	20,470		5,000		10,000		5,470
	Other Items	Ls	20,000	1	20,000		5,000		10,000		5,000
6. Transport (Only for WFP Projects)											
7. Travel					50,000		9,000		25,000		16,000
	PSC	Ls									
	International travel	Ls									
	Local travel	Ls	50,000	1	50,000		9,000		25,000		16,000
8. Programme /Project Sub Total					2,258,470		395,500		1,434,000		428,970
9. Miscellaneous (not exceeding 3% of 8.)					67,754		11,865		43,020		12,869
10. Security (not exceeding 2% of 8.)					45,169		7,910		28,680		8,579
11. Agency support costs					2,371,394		415,275		1,505,700		450,419
	UN Agency Support costs 6.25%				148,212		25,955		94,106		28,151
12. Project/Programme Budget Total					2,519,606		441,230		1,599,806		478,570

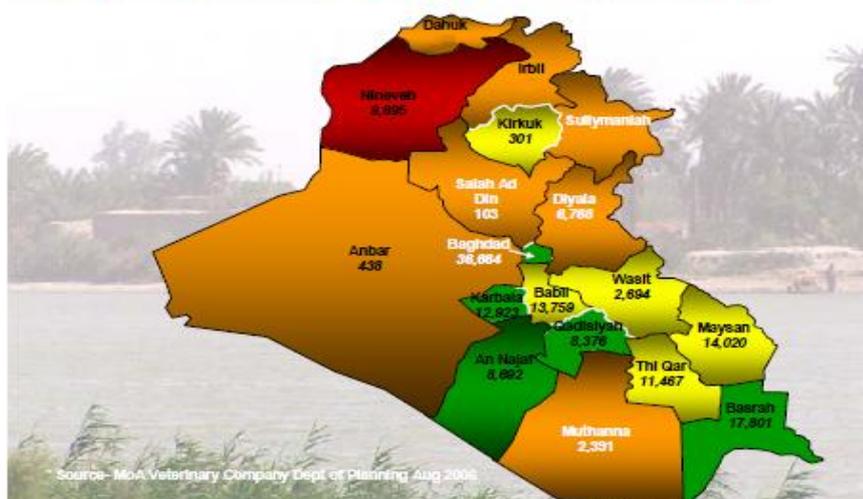
Dairy equipment will be covered by the commitment of the Government of Iraq. Up to 6 mio USD are foreseen for this.

ANNEX C:

DISTRIBUTION OF CATTLE IN IRAQ



DISTRIBUTION OF BUFFALO IN IRAQ



Unfortunately no figures for Dahuk, Irbil and Sulaymanyah were made available

Production (tonnes):

	item	2005	2006	2007
Iraq	Buffalo milk, whole, fresh	180,000	F 27,600	F 27,600
Iraq	Camel milk, whole, fresh	1,400	Fc 165	F 165
Iraq	Cow milk, whole, fresh	500,000	F 308,910	F 400,000
Iraq	Goat milk, whole, fresh	9,680	Fc 52,000	F 52,000
Iraq	Sheep milk, whole, fresh	76,000	Fc 150,000	F 150,000

F = FAO estimate | Fc = Calculated data
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