

United Nations Development Group Iraq Trust Fund
Project: 66995 - C10-11
Date and Quarter Updated: 1 April – 30 June 2010
2nd Quarter 2010

Participating UN Organisations: UNDP (Lead), ILO, UNIDO, FAO, UNOPS, UN-HABITAT, UNIFEM	Sector: Governance & Human Development (C) SOT: Economic Recovery and Development
--	--

Government of Iraq – Responsible Line Ministry:
Over-all responsibility: Prime Minister’s Office and Advisory Board

Upstream coordination through Task Force on Economic Reforms (TFER) and its Working Groups (WG):

1. Legislative Revision,
2. State-Owned Enterprise Restructuring,
3. SME Development,
4. Investment Policy,
5. Tax Policy,
6. Land Reform,
7. Social Dialog.

The TFER and all WGs are established through COMSEC orders and comprise members from relevant Iraqi government entities¹, Central Bank, National Investment Commission. They also define membership for representatives of private sector and unions², and other relevant Iraqi stakeholders³.

Downstream coordination in Erbil, Anbar, and Basrah through PSDP-I Steering Committees with representation of relevant local Government of Iraq (GoI) counterparts⁴.

Title	Private Sector Development Programme for Iraq				
Geographic Location	National upstream-level and three priority governorates: Basrah, Al’Anbar and Erbil.				
Project Cost	USD 32,850,000 ⁵ Cost sharing and co-funding under discussion with GoI and other partners.				
Duration	36 months				
Approval Date (SC)	4 December 2008	Starting Date	01 January 2009	Completion Date	31 December 2011
Project Description	<p>This Programme is conceived and designed with Iraqi stakeholders (public and private), various UN organizations and other international stakeholders in an effort to create and enable an effective, coherent, and comprehensive framework for private sector development in Iraq at both the national and governorate levels in three priority Governorates. It is a means of achieving: i) sustainable and increased employment opportunities; ii) poverty reduction; iii) the enhancement of the legal and regulatory framework which will allow an increase in sustained domestic and international investment; iv) the development of a legal and regulatory framework designed to perpetuate an overall rational, coherent, and economic environment; and v) the diversification the basis of future economic growth in Iraq in a gender inclusive and environmentally sustainable manner.</p> <p>The programme addresses these challenges through two pillars of activities. The first pillar is a national level policy support intervention aimed at shaping a more conducive private sector environment. The second pillar addresses the governorate-level challenges of private sector growth through planning and implementation activities within three selected governorates.</p>				

¹ Including Ministry of Planning and Development Cooperation, Ministry of Agriculture, Ministry of Water Resources, State Ministry of Women Affairs, Ministry of Labour and Social Affairs, Ministry of Industry and Minerals, Ministry of Finance.

² Federation of Chambers of Commerce and Industries, Iraqi Federation of Industries, Iraqi Businessmen Union, Association of Iraqi Businessmen, Association of Iraqi Banks, Iraqi Contractors Federation, Chambers of Commerce and Industries in Basrah, in Erbil, and in Ramadi, etc.

³ Including NGO partners, e.g. Women Leadership Institute, Women Empowerment Organisation, Iraqi Al-Amal Association

⁴ Includes representation Provincial Councils, Women Higher Commission in Kurdistan, etc.

⁵ The total budget is divided into components for each participating UN agency. Transfer of funds is subject to a three- instalment transfer schedule. At the time of this report, only first tranche (USD 12,000,000) transferred but second tranche (USD 10,889,894) already approved by UNDG/ITF SC.

Development Goal and Immediate Objectives

Development Goal:

- Contributes to following Sector Outcomes:
Sector Outcome 1: Improved policies, strategies and related institutional developments that are sensitive to MDGs, social inclusiveness, gender equality and inclusive of those in poverty in terms of positive economic growth;
Sector Outcome 2: Enhance key-sectors of local economies in the most deprived areas.

Immediate Objectives:

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

Outputs, Key activities and Procurement

IP Outputs⁶

- IP Output 1.1: Strengthened national capacities for private sector development policies.⁷
- 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 SMEs development.
- 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.

IP Activities

- 1.1.1 Assist technically a Task Force within the Prime Minister Office to support the formulation, implementation and monitoring of public PSD initiatives of the GoI, and conduct a final programme evaluation;
- 1.1.2 Conduct a comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD;
- 1.1.3 Support the drafting, parliamentary review, and implementation of legislation including SoE corporatisation (amendment of Law 22), privatisation, investment law rules and regulations, land title reform, competition, arbitration, PPPs, mitigation package, agricultural and trade policies;
- 1.1.4 Build the capacity of officials regarding key policy issues for enterprise development, including PPPs, corporatisation and privatisation of SOEs, access to private finance, industrial policy, labour standards, land titling, agriculture, trade and allocation to support the design of relevant legislative and institutional frameworks ;
- 1.1.5 Implement investment potential mappings (including sector-specific);
- 1.1.6 Promote social dialog, institutionalise and technically support the organisation of a tripartite consultation mechanism of the Government, Employers and Workers representatives in the Socio- Economic Council (SEC) of Iraq;
- 1.1.7 Prepare in consultation with the Socio-Economic Council a Private Sector Development Strategy for Iraq, including a strategy for investment, private farming, trade and an economic regional reintegration program proposal;
- 1.1.8 Provide continuous support to the Program to mainstream gender and ensure women's full participation in policy and strategy design;
- 1.2.1 Improve the design and the management of the Governmental guaranteed Micro-Lending Programme of the GoI (implemented by MoLSA and MoIM);
- 1.2.2 Assist with the design and implementation of other mechanisms to enhance access to credit by SMEs;
- 1.2.3 Review of micro-lending legislation and draft of laws and by-laws;
- 1.3.1 Provide assistance for a survey of SMEs (including formal and informal sector);

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

⁷ Wording slightly corrected from original “Strengthened national capacities and policies for private sector development” through a revised work-plan approved by UNDG/ITF Steering Committee (meeting on 10 May 2010).

	<p>1.3.2 Support GoI Prime Minister’s Advisory Board and other concerned ministries for an SME-friendly regulatory framework;</p> <p>1.3.3 Strengthen capacities of business development services and Non-Bank Financial Institutions at the national level;</p> <p>2.1.1 Identify, in a participatory, evidence-based framework, local economic comparative advantage of the target areas;</p> <p>2.1.2. Support local institutions in the production Local Economic Recovery (LER) strategies in harmony them with Provincial Development Strategies (PDS);</p> <p>2.1.3 Strengthen governorate-level institutions to implement and sustain local development planning capacities;</p> <p>2.1.4 Promote gender mainstreaming and women participation in local strategies and plans;</p> <p>2.2.1 Direct implementation of pilot projects and support local governor’s office and line ministries at the governorate-level to identify priorities and implementing their programs in the following sectors: Key Economic Infrastructure (UNDP); Agriculture (FAO); Industries (UNIDO); Business Development Services (ILO/IOM); Micro-lending (UNDP); Construction and Development Companies (UN-HABITAT).</p>
Procurement	None
Major Activities Undertaken from initiation till present reporting	<ul style="list-style-type: none"> • Cabinet-endorsed establishment of a Task Force for Economic Reforms and seven Working Groups with membership of relevant Iraqi State entities and private sector: <ul style="list-style-type: none"> ○ Legislative Assessment and Revision; ○ SOE Restructuring; ○ SME Development; ○ Tax and Financial Policy; ○ Investment Policy; ○ Land Management Reform; ○ Social Dialogue. • Submission of Preliminary Legislative Assessment Report (May 2010) covering the areas of investment, commercial, public procurement and privatization core areas as well as assessments in area of agriculture, labour, land regime, SMEs, and gender. This included the development of drafts including: Law for Economic Reforms, Investment Law, Free Zone Law and general Private Public Partnership Law including guidelines. • MoU signed between UNDP (on behalf of UN PSDP-I agencies) and World Bank on cooperation to support the development of a Roadmap for SOE Restructuring. • Agreement with GoI and other key Iraqi stakeholders on; i) SME development activities which includes the establishment of a SME agency, ii) preparations of an MSME survey, including coordination with COS, as well as iii) submission of paper “<i>Reforming governmental micro-lending in Iraq for employment generation</i>”. • Completion of “<i>Preliminary Institutional, Legal and Technical Assessment Administration and Management</i>” report for land management reform and agreement with GoI and other key Iraqi stakeholders on development of Land Policy for Iraq. • Preparations for investment mapping. • Preliminary Tax Policy Design Framework. • Completion of generic structure for Agriculture Private Sector Strategy and approval by Iraqi counterparts. • Establishment of Governorate Steering Committees in Erbil, Basrah, and Al-Anbar and initiation of various downstream activities. • Completion of draft policy paper on COS Economic Analysis Unit and shared with COS. • Completion of a White Paper on women’s participation in employment and private sector development. • Significant progress achieved in planning/development/coordination in following areas: <ul style="list-style-type: none"> ○ Private Sector Development Strategy; ○ Business development services, including successful training of local counterparts; ○ Coaching assistance to the Ministry of Industry and Minerals on the formulation of Iraq’s Industrial Strategy and Policy.

Total Funds Committed and Disbursed as of 30 June 2010

Agency	Total Approved Amount [in USD]	1 st Tranche Received [in USD]	Rate of Funds Committed (against 1 st Tranche) ⁸	Rate of Funds Disbursed (against 1 st Tranche)
(a) UNDP	9,750,000	3,561,644	54.7%	54.7%
(b) ILO	3,002,966	1,096,974	54.7%	30.8%
(c) UNOPS	5,897,034	2,154,167	42.7%	35.8%
(d) UNIDO	7,700,000	2,812,785	62.2%	33.3%
(e) FAO	3,300,000	1,205,479	124.4%	91.3%
(f) UN-HABITAT	2,000,000	730,594	100.6%	42.0%
(g) UNIFEM	1,200,000	438,357	55.3%	55.3%
Total	32,850,000	12,000,000	64.2%	49.4%

A. UNDP

Funds Committed	USD 1,948,955	% of received	54.7%
Funds Disbursed	USD 1,948,955	% of received	54.7%
Forecast final date	On Schedule	Delay (months)	0

Direct Beneficiaries	Number of Beneficiaries ⁹	% of planned (current status) ¹⁰
Men	not applicable	n/a
Women	n/a	n/a
Children	n/a	n/a
IDPs	n/a	n/a
Others	n/a	n/a
Indirect beneficiaries	All citizens of Iraq.	n/a
Employment generation (men/women)	n/a	n/a

Quantitative achievements against objectives and results	% of planned
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
Output 1.1: National capacities for private sector development policies are strengthened.	70%
Output 1.2: Improved efficiency of the Public Micro Lending Programme and access to business loans.	12%
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
Output 2.1: Local economic strategies and plans developed in line with national and provincial frameworks in three governorates.	12%
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorate	12%

⁸ Second tranche was approved within reporting period and received by some (but not all) Participating Agencies before 30 June 2010, thus explaining commitment above 100% of the first tranche amount.

⁹ Number of beneficiaries may not be quantified as the current interventions are on a policy, advisory and legislative level benefitting the Government of Iraq and designated governorates.

¹⁰ The project document does not define concrete numbers of beneficiaries to be targeted.

Qualitative achievements against objectives¹¹ and results	
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
1.1.1 Technical support is provided to the taskforce working within the Prime Minister Office to formulate, implement and monitor the public PSD initiatives of the GoI.	<p><i>[Activity led by UNDP: achievement rate at 80%]</i></p> <ul style="list-style-type: none"> • 26 April 2010: presentation of progress and results of PSDP-I to UNDG ITF Steering Committee including over-all and agency-specific presentations as well as presentation by TFER Chairman Dr Ghadhban including request for the second tranche of funding. • 28 April 2010: TFER endorsement of revised PSDP-I Work Plan. • 29 April 2010: Economic Recovery and Development Sector Outcome Team (ERDSOT) endorsement of revised PSDP-I Work Plan. • 10 May 2010: UNDG ITF Steering Committee endorsement of revised PSDP-I Work Plan. • 10 May 2010: PSDP-I Programme Steering Committee Meeting held: <ul style="list-style-type: none"> - PSDP-I Progress Report January 2009-April 2010, including cooperation arrangements with World Bank, OECD, USAID; - Report regarding the ITF Steering Committee approval for PSDP-I second tranche disbursement up to USD 13.4 million; - PSDP-I Recruitment Plan; - Implementation challenges and strategy for 2010 and beyond; - Calendar of events for 2010 / timeframe for Private Sector Development Strategy in cooperation with UNDP Headquarter Private Sector Development Unit). • 30 May 2010: PSDP-I Project Management Team Meeting: <ul style="list-style-type: none"> - Preparation of Private Sector Development Strategy – process, timeframe, content, coordinating team; - Memorandum of Understanding UN/World Bank implications, proposed cooperation protocols; - Outcome of PSDP-I meeting with Anbar and UN-Habitat / World Bank workshop in Beirut, Lebanon; - Upcoming missions. • TFER Land Reform Working Group established through COMSEC Order #59/2010. • 03-04 May 2010: PSDP-I Programme Director accompanied AECID¹² on an organized mission of the UNDP Country Director and TFER Chairman Dr Ghadhban to Madrid/Spain. The purpose was to follow-up on UNDP Resident Representative Christine McNab's high-level meetings with Spanish Ministry of Foreign Affairs and Cooperation and present the status of UNDP implemented projects funded by Spain, including funding for all PSDP-I agencies. • 23-25 June 2010: participation of PSDP-I Programme Director in USAID Economic Growth Officers' Conference in Washington DC.
1.1.2 A comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place.	<p><i>[Activity supported by UNDP]</i></p> <ul style="list-style-type: none"> • 07 April 2010: second meeting of the Working Group on Tax Policy at the Prime Minister's Advisory Commission; • 15 April 2010: preliminary meeting of the TFER Working Group on Tax Policy concluded the following future actions: <ul style="list-style-type: none"> - To pursue goals and carry out Order #32 of the COMSEC, the Working Group on Tax Policy will hold a technical meeting to finalize its TORs and work-plan; - Briefing Book on Tax Reforms will be circulated amongst the working group members and partners as a basis for further discussions for a revised tax regime in Iraq. The aim is to continue work on the Briefing Book on Tax Reforms towards a Medium Term Tax Reform Strategy that could streamline the legislative and institutional changes required for a functional tax system; - A workshop will take place on Medium Term Tax Reform in Bahrain to raise awareness, recommendations and gain consensus

¹¹ Terminology in line with this reporting format (page 2): IP Outputs as 'immediate objectives'.

¹² Spanish Agency of International Cooperation for Development.

	<p>on the Briefing Book on Tax Reforms and the production of a position-paper;</p> <ul style="list-style-type: none"> - Work will be conducted in synergy with USAID, OECD and World Bank to underpin GoI efforts for creating a simple and functional tax system. The Medium Term Tax Reform Strategy will be translated into legislation and institutions by the Iraqi counterparts under international assistance. OECD has made the offer of providing lawyers for the legislation drafting component and is willing to further assist with capacity building. - The Working Group on Tax Policy will meet regularly with the UNAMI Constitutional Affairs Office assisting the COR Constitutional Revision Committee and the UN Public Sector Modernization team to harmonize recommendations and accelerate progress on reforming the tax system. This concerted effort is to ensure that scenarios of fiscal federalism as produced by various partners and endorsed by the Iraqi counterparts have the necessary legal basis in the Constitution and that the decentralization of taxes is aligned with the provisions of Law #21/2008 for Provincial Powers. <ul style="list-style-type: none"> • 25 April 2010 PSDP-I-organized a meeting on review and discussion of the new draft Law for Economic Reforms (LER): <ul style="list-style-type: none"> - Discussions were based on policy recommendations of the Memorandum for Economic Reforms and new draft of the Law for Economic Reforms prepared by the two mandated Working Group on Land Reform and State-Owned Enterprise Restructuring ; - This meeting was co-chaired by the COMSEC Secretary General Dr. Ali-Alak and TFER and PMAC Chairman Thamer Ghadhban with participation of legal experts of the ministries of Industry and Minerals, Agriculture, Trade, Water Resources, Municipalities and Public Works, Planning and Development Cooperation, Finance, COMSEC as well as the Central Bank of Iraq, the Bar Association and the Federation of Industries. - Next steps and actions identified in this meeting: <ol style="list-style-type: none"> 1. PSDP-I requested aggregated comments, including a proposal for a new structure of the law, to be presented to the authors along with a revised text of the law; 2. Revised draft Law for Economic Reforms to be submitted to a wider debate in a conference jointly organized by TFER and PSDP-I teams; 3. Request to organize an internal meeting to further discuss and secure agreement on the PSDP-I aggregated comments; 4. 09 May 2010 was set as deadline for finalizing revision of new draft Law for Economic Reforms by all PSDP-I agencies. • Early May 2010: UNDP provided comments to the draft Law for Economic Reforms. • 01-02 June 2010: UNDP PSDP-I participated in a MENA Regional Working Group on Taxation, organized by the MENA-OECD Investment Programme and the Government of Bahrain. This included a side meeting for the Iraqi delegation to discuss support to the Iraqi Working Group on Tax through cooperation schemes with experts from other partner organizations (OECD, World Bank, USAID, IFC). • Provided input to the legislative assessment component within PSDP-I, for which UNIDO is providing the deliverable.
<p>1.1.3 Draft legislation related SoE corporatisation (amendment of Law 22), privatisation, investment law rules and regulations, land title reform, competition, PPPs, mitigation package, agricultural and trade policies are</p>	<p><i>[Activity led by UNDP: achievement rate at 70%]</i></p> <ul style="list-style-type: none"> • 25 May 2010: Memorandum of Understanding signed with the World Bank on “Provision of Support to the Government of Iraq Regarding Reform of State Owned Enterprises and Public-Private Partnerships”. • Received Cabinet approval for the mandate sent by TFER for the SOE

available	Restructuring, thus authorizing the design of the restructuring process. Outline developed for the SOE Restructuring Roadmap and joint meetings held with TFER and with involved international partners to finalize SOE Restructuring Plans.
1.1.4 Increased knowledge of officials regarding key policy issues for enterprise development to support the design of relevant legislative and institutional frameworks	<p><i>[Activity supported by UNDP]</i></p> <ul style="list-style-type: none"> • 28-29 May 2010: Participated in a Land Management Policy conference organized by UN Habitat and the World Bank in Beirut, Lebanon. This workshop, included discussions between Iraqi and international experts from a broad range of government and non-government stakeholders regarding land management issues in Iraq. Content included outlining the main issues of potential, considerations while preparing land policy and access to land. Of particular note was the issue of premises as one element in the promotion of growth within the private sector, including issues for Iraqi small businesses and foreign investors. • Supported the establishment of a consultative sub-group on SMEs within the Iraq Partners' Forum as a platform for brainstorming on policy options in support of the GoI efforts on revitalizing the private sector and as a consultative mechanism to ensure consistency of UN and World Bank assistance to the GOI that is in line with Paris Declaration on Aid Effectiveness.
1.1.6 A tripartite consultation mechanism of the Government, Employers and Workers representatives in the Socio- Economic Council of Iraq is available to promote social dialogue	<p><i>[Activity supported by UNDP]</i></p> <ul style="list-style-type: none"> • Weekly activities organized by the Programme Director and other PSDP-I Baghdad staff to meet with the TFER, line Ministries, CoR members and private sector organizations to enhance understanding regarding public and political support for economic reforms towards inclusive growth.
1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available.	<p><i>[Activity led by UNDP: achievement rate at 10%]</i></p> <ul style="list-style-type: none"> • Mr. Jonathan Brooks from UNDP Headquarters Private Sector Division was seconded and began a mission on 15 May 2010 with the objective to assist the Project Management Team with the terms of reference and an outline for the Private Sector Development (PSD) Strategy. To this effect, a PSD Strategy meeting was organized in Amman, Jordan on 23 April 2010 to share inputs and discuss among UN PSDP-I agencies the key items related to the preparation of the strategy including content, goals, and process. The following points emerged and consensus agreed by participants on the Private Sector Development Strategy including: <ul style="list-style-type: none"> - Goal; - Foundations; - PSD Strategy to be a common long -term vision for private sector development rather than an aggregation of PSPI-I programme outputs; GoI ownership as a critical factor in securing successful implementation of the PSD Strategy; - Strategy to relate to the National Development Plan and to be developed in consultation with all parties and to set the goals for reforms in economic policies; - Broader economic reforms are needed for the Iraqi economy to recover. This will need to be addressed so as to shape a long term strategic vision among all stakeholders for a comprehensive socio-economic development plan; - High-level event to be organized, bringing together economists and organizations, to discuss the strategic vision for economic reform in Iraq. UNDP Headquarters will support a request for the mobilization, invitation and organization of the event; - Components of the PSD Strategy defined; - Preliminary outline to be elaborated by Jonathan Brooks; - An integrated approach to be applied throughout the process; - PSDP-I Programme Director to present the agreed recommendations to TFER and then to other relevant stakeholders (during 3rd quarter 2010) • 15-18 June 2010: participation by UNDP, including Mr. Jonathan Brooks from UNDP Headquarters Private Sector Division, at the SME Agency Workshop in Beirut Lebanon organized by ILO-UNOPS. At the workshop the

	<p>recommendation by the GoI to establish a Directorate, mainly operating as a regulatory body for SME support and aiming at building confidence and promoting social dialog was formulated by the GoI with the support of the PSDP-I. This is a result of an 18-month long consultation period with the TFER, federations of employers and business associations etc and will follow ILO Standards and international best practice.</p>
1.2.1 Improved management of the Governmental guaranteed Micro-Lending Programme (implemented by MoLSA and MoIM)	<p><i>[All three activities led by UNDP: achievement rate at 10%]</i></p> <ul style="list-style-type: none"> • Coordination with the International Finance Corporation (IFC) through face-to-face meetings in Baghdad and a conference call on 15 June 2010 to discuss their eventual support and expertise for assisting Iraq in developing a micro-lending system. This system would contribute to private enterprise expansion and meet the international standards and terms of a partnership. This is based on the UNDP Change Management Plan for revising the current lending programmes. The conclusion of the IFC discussions resulted in that IFC wishes to get involved in the areas of: (1) access to finance – with focus on strengthening MFI's on the ground and training SME's to deal with finance; (2) legal and regulatory environment; and (3) tax reform. • CHF was requested to submit a revised work plan to reflect the Change Management Plan.
1.2.2 Enhanced mechanisms to access to credit by SMEs	
1.2.3 Draft laws and by-laws related to GoI micro lending programme are available	
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq.	
2.1.3 Strengthen governorate-level construction and development institutions to implement and sustain local planning capacities.	<p><i>[Activities 2.1.3 and 2.2.1a (Key Economic Infrastructure) and 2.2.1e (Micro-lending) led by UNDP: achievement rate at 10%]</i></p> <ul style="list-style-type: none"> • Agreement on tentative dates for a meeting with the Erbil Governorate Steering Committee during July 2010. • Confirmation of the majority of Basrah Governorate Steering Committee members and agreement on date for their first meeting during July 2010. • Official launch of Al-Anbar Governorate Steering Committee with the initial date of 17 May 2010 but cancelled due to security that restricted travel by the UN team. Date and location revised to 25 May 2010 in Amman, Jordan and outcome of this meeting was agreement on the following: <ul style="list-style-type: none"> - Establishment of an Economic COMPACT for Anbar, as a mechanism to promote economic development based on public-private dialogue, identification of sectors with growth potential, employment generated by business and investment opportunities. An action plan for the Compact needs to be defined with specific priority projects; - Establishment of a Socio-Economic Development Unit in the Provincial Council for economic analysis and development planning; - Provision of Business Development Services; - Infrastructure rehabilitation including master-planning, design and capacity development; - Support for housing business expansion and training; - Micro-lending.
2.2.1 Technical support provided to identify priorities and program implementation in the sectors of Key Economic Infrastructure and Micro-lending.	
Procurement	<ul style="list-style-type: none"> • NTR

Main Implementation Constraints and Challenges

Substantive Challenges

- Need for closer coordination of integrated programme with international development partners to ensure synergies with various initiatives by World Bank, USAID, US Embassy and potential interventions including Sweden, Poland, Unioncamere and GTZ and increased coordination within the UN and TFER programme.
- Continued uncertainty on compliance of micro-finance institutions with UNDP requirements for engaging in microfinance in the three governorates, including mix market registration, legal status, portfolio size and management/logistic challenges.
- Need for closer coordination at operational project management level between participating agencies (including expenditure status, progress reporting), exacerbated by continued delays in recruitment/unavailability of key staff in various agencies.
- Continued restrictions in terms of Baghdad slot availability and office space.
- Difficulties of travel to red zone field locations to interact with project stakeholders on the ground, e.g. abortion of Anbar mission in May after several days of waiting at BIAP.

**B. ILO and
C. UNOPS**

Funds Committed¹³ ILO	USD 600,373	% of received	54.7%
Funds Disbursed ILO	USD 337,758	% of received	30.8%
Funds Committed UNOPS	USD 919,613	% of received	42,7%
Funds Disbursed UNOPS	USD 771,622	% of received	35.8%
Forecast final date	On Schedule	Delay (months)	0

Direct Beneficiaries	Number of Beneficiaries¹⁴	% of planned (current status)¹⁵
Men	n/a	n/a
Women	n/a	n/a
Children	n/a	n/a
IDPs	n/a	n/a
Others	n/a	n/a
Indirect beneficiaries	All citizens of Iraq.	n/a
Employment generation (men/women)	n/a	n/a

Quantitative achievements against objectives and results	% of planned
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
Output 1.1: National capacities for private sector development policies are strengthened.	0%
Output 1.3: Strengthened operational, regulatory and legislative environment for SMEs development	40%
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
Output 2.1: Local economic strategies and plans developed in line with national and provincial frameworks in three governorates.	10%
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates	35%

Qualitative achievements against objectives and results	
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
1.1.1 Technical support is provided to the taskforce working within the Prime Minister's Office to formulate, implement and monitor the public PSD initiatives of the GoI.	<i>[Activity supported by ILO/UNOPS]</i> <ul style="list-style-type: none"> • IPF Briefing Book for the GoI: section on SME finalized
1.1.2 A comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place;	<i>[Activities supported by ILO/UNOPS]</i> <ul style="list-style-type: none"> • Outlines for SOE Roadmap: sections on social mitigation measures supporting SOE restructuring finalized (in cooperation with UNIDO).
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;	
1.1.4 Increased knowledge of officials on key policy issues for enterprise development to support the design and implementation of relevant legislative and institutional frameworks;	<i>[Activity supported by ILO/UNOPS]</i> <ul style="list-style-type: none"> • NTR
1.1.6 A tripartite consultation mechanism of the Government, Employers and Workers representatives in the Socio-Economic Council of Iraq is available to promote social dialogue;	<i>[Activity led by ILO/UNOPS: achievement rate at 0%]</i> <ul style="list-style-type: none"> • NTR
1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available.	<i>[Activity supported by ILO/UNOPS]</i> <ul style="list-style-type: none"> • The TOR for the international consultant to support the development of a Private Sector Development Strategy was finalized, and the selection process completed (expected beginning of the assignment is August 1, 2010).

¹³ All expenditure figures are estimates only. For accurate financial reporting please refer to Agency-individual certified financial reports.

¹⁴ Number of beneficiaries may not be quantified as the current interventions are on a policy, advisory and legislative level benefitting the Government of Iraq and designated governorates.

¹⁵ The project document does not define concrete numbers of beneficiaries to be targeted.

1.3.1 A survey of SMEs (including formal and informal sector) is available;	<i>[Activity led by ILO/UNOPS: achievement rate at 40%]</i> <ul style="list-style-type: none"> Negotiations with COSIT on the methodology and key approaches to the MSME Survey implementation were carried out.
1.3.2 GoI High Economic Committee and concerned ministries are supported to formulate legislative strategies for SMEs-friendly regulatory framework;	<i>[Activity led by ILO/UNOPS: achievement rate at 40%]</i> <ul style="list-style-type: none"> Knowledge sharing workshop on SME development was organized in Beirut on June 15-18 2010: 26 Iraqi representatives of public and private sector participated (including members of the Task Force for Economic Reform and the following line ministries – Ministry of Planning, Ministry of Industries, Ministry of Finance, Ministry of Housing, Central Bank, National Investment Commission, etc.) – partnering UN Agencies – UNDP, UNIDO, FAO have contributed to the event. As a result, the recommendations to the GoI regarding further steps were endorsed. Plan of action for the study tour organization focused on institutional network needed for SME sector development was prepared and partially implemented; the study tour is planned for the 3rd-4th quarter 2010.
1.3.3 Strengthened national capacities of business development services and Non-Bank Financial Institutions.	<i>[Activity led by ILO/UNOPS: achievement rate at 40%]</i> <ul style="list-style-type: none"> BDS capacity building - a workshop on business supporting services was carried out in ILO training centre in Turin for business services providers from Iraq.
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
2.1.1 Identify, in a participatory, evidence-based framework, local economic comparative advantage of the target areas	<i>[Activity led by ILO/UNOPS: achievement rate at 10%]</i>
2.2.1 Technical support provided to identify priorities and program implementation in the sector of Business Development Services. Specific area identified in the ProDoc.	<i>[Activity 2.2.1d (Business Development Services) led by ILO/UNOPS: achievement rate at 20%]</i> <ul style="list-style-type: none"> PSDP-I was introduced to the Steering Committee of Anbar Governorate. The needs and opportunities of PSD were discussed with representatives of MOP, MOIM, and MOLSA in Erbil Governorate. 2 regional representatives (Project Officers) were selected for Baghdad and Erbil.
Procurement	<ul style="list-style-type: none"> NTR

Main implementation constraints and challenges

Substantive challenges:

- The major challenge in during this quarter was still related to the possible change in the key counterparts as a result of the national elections – this affects the capacity building implementation schedule.
- COSIT not ready to carry out MSME survey this summer as it is almost exclusively focused on the preparation of the National Census.
- There is no progress in the solution of issues in relations of the GoI with trade unions which has negative impact on the development of tripartite consultation mechanism foreseen the Prodoc.
- Limited access to counterparts in Anbar and Basra Governorates.

Management/Logistic challenges:

- Logistics problems especially access to entry and visa issues were faced in the organization of events outside Iraq and the timely provision of contact details and attendance confirmation.
- Continued delays in recruitment of ILO CTA and field staff.
- Lack of slots in Baghdad specifically allocated to PSDP-I personnel.

D. UNIDO

Funds Committed	USD 1,749,734	% of received	62.2%
Funds Disbursed	USD 936,195	% of received	33.3%
Forecast final date	On Schedule	Delay (months)	0

Direct Beneficiaries	Number of Beneficiaries¹⁶	% of planned (current status)¹⁷
Men	n/a	n/a
Women	n/a	n/a
Children	n/a	n/a
IDPs	n/a	n/a
Others	n/a	n/a
Indirect beneficiaries	All citizens of Iraq.	n/a
Employment generation (men/women)	n/a	n/a

Quantitative achievements against objectives and results	% of planned
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
IP Output 1.1: National capacities for private sector development policies are strengthened.	50%
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates	15%

Qualitative achievements against objectives and results	
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
1.1.1 Technical support is provided to the taskforce working within the Prime Minister's Office to formulate, implement and monitor the public PSD initiatives of the GoI.	<p><i>[Activity supported by UNIDO]</i></p> <ul style="list-style-type: none"> The CTA was deployed in Baghdad in the periods April 11th-May 12th and June 3rd-17th, 2010; regular meetings were held with the TFER, Programme Director, and UNIDO national and international experts. Participation to the second Project Steering Committee meeting took place on 10 May, 2010. UNIDO provided a comprehensive update of its key activities in the legislation, SOEs restructuring roadmap, investment mapping and SOEs rehabilitation areas. The Chairman of the TFER clarified that despite the persistent lack of a government, the work under the PSDPI has to continue, aimed at finalizing in such circumstances a series of policy documents, draft laws and papers to be handed over to the next Cabinet that is expected, to his opinion, to definitely build on them and on the recommendations of the TFER. Continuation of advisory assistance to the TFER Working Groups in PSDP-I key policy areas; in particular, understandings reached over approaches in the economic reform, SOEs restructuring (including the organization of a SOEs survey at all concerned Ministries), support to SME development areas and agendas for next actions were agreed. Participation to a TFER workshop on the Economic Reform Law on April 25th, 2010 and specific work agenda agreed.
1.1.2 A comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place	<p><i>[Activity 1.1.2 led by UNIDO: achievement rate at 50%; activity 1.1.3 supported by UNIDO]</i></p> <ul style="list-style-type: none"> Following a workshop in Baghdad organized by the TFER on April 25th, where initial comments of UNIDO were presented to a first draft of the TFER WG for Legislative Revision (LR), UNIDO prepared a comprehensive review of the Economic Reform Law, based also on subsequent drafts of the WG LR and including a proposal of a law structure, as requested. The final review and comments, taking into account also the institutional arrangements foreseen for SOEs restructuring and corporatization as well as for supporting SME development, are presently under finalization for immediate submission to the TFER WG LR. During
1.1.3 Draft legislations related to SoE corporatisation (amendment of Law 22), privatisation, investment law rules and regulations, land title	

¹⁶ Number of beneficiaries may not be quantified as the current interventions are on a policy, advisory and legislative level benefitting the Government of Iraq and designated governorates.

¹⁷ The project document does not define concrete numbers of beneficiaries to be targeted.

<p>reform, competition, PPPs, mitigation package, agricultural and trade policies are available.</p>	<p>the PSC meeting, it was moreover agreed with the Head of the WG LR to review assessment and drafting priorities in the core areas (in the framework of the Economic Reform Law) for the remainder of the project.</p> <ul style="list-style-type: none"> • Various meetings in Baghdad and discussions from Amman were held with the Head of the WG LR to monitor the status of ongoing legislative processes in Iraq, for reviewing priorities and to ensure feedback to the first preliminary report. • UNIDO was requested to submit a proposal for developing a comprehensive legislative and regulatory framework for PPP schemes in different sectors; this will be addressed in subsequent quarters of 2010, based on a final specific workplan to be agreed during summer.
<p>1.1.4 Increased knowledge of officials on key policy issues for enterprise development to support the design and implementation of relevant legislative and institutional frameworks.</p>	<p><i>[Activity led by UNIDO: achievement rate at 50%]</i></p> <ul style="list-style-type: none"> • Coaching assistance to the Ministry of Industry & Minerals on the formulation of Iraq's Industrial Strategy & Policy (ISP): <ul style="list-style-type: none"> - A series of methodological documents, including diagnostic guidelines, were produced and transferred to the unit of the Ministry of Industry & Minerals in charge of the ISP. - Four meetings were held in Baghdad with the staff of the unit (one took place also at the Ministry in the red zone on 29 April, 2010) to review the methodology and the data collected by the unit on Iraqi industrial system. - A progress review workshop (working meeting) was planned with the adviser to the Minister and the units' staff, to be held on 21-23 July, 2010, at UNIDO HQs in Vienna, aimed also at defining next coaching & training actions as well as at letting the Iraqis familiarize with UNIDO specific approaches and policies in the relevant areas. • SOEs Restructuring Roadmap <ul style="list-style-type: none"> - Following the finalization of an outline in the previous quarter, the elaboration of the full roadmap text was initiated under the coordination of UNIDO's CTA; UNIDO elaborated moreover the whole section on institutional arrangements and, in cooperation with UNDP and the World Bank contributed to all other sections of the roadmap. - Various consultative meetings with the TFER, the World Bank (under a MoU signed by UNDP) and the adviser to the Minister of Industry & Minerals were held. - The Roadmap is currently under completion and is expected to be submitted to the TFER by end of July, 2010. • IT-based platform to sustain activities in the legislative area: the ToR have been finalized and presented to the TFER for comments (under way). Subsequently, implementation modalities and procedures will be jointly defined. • Establishment of an appropriate institutional framework for SME development: UNIDO participated to ILO-UNOPS workshop with the TFER in Beirut on 15-18 June 2010, on SME Agency for acquiring elements useful for the definition of its next capacity building programmes and in particular possible linkages between support to SME development and other thematic areas of UNIDO competence. • Other: the organization of study tours to SME Agencies in Central Europe and Brazil has been discussed with ILO/UNOPS; an integrated approach covering specific thematic areas of UNIDO competence also in other PSDPI Outputs has been agreed, to enhance synergies and complementarities.
<p>1.1.5 A national investment map is available (including sector and geographic-specifics).</p>	<p><i>[Activity led by UNIDO: achievement rate at 50%]</i></p> <ul style="list-style-type: none"> • Over fourteen economic sectors are being analyzed and over 30 investment projects for promotion and further analysis have been identified; • The definition of capacity building actions (in coordination also with other UNIDO PSDPI Outputs), the preparation of investment project profiles and the design of an interactive and comprehensive website portal are under way. • Three organizations were identified to secure private sector interest in the outputs of the Investment Mapping project; cooperation agreements or understandings were signed with: <ul style="list-style-type: none"> - A Dubai-based market research and analysis company, Dunia Frontier Consultants, expected to assist greater exposure with the investment community;

	<ul style="list-style-type: none"> - the German Initiative to Rebuild Iraq, an initiative of the Rebuilding Iraq Recruitment Program (RIRP) that has a database of over 1,000 German company representatives who, according to RIRP, will be forwarded potential investment opportunities when ready. - the US based Fronteira Global Consulting, which works to identify investment projects in Iraq and promote these to US and European investors <ul style="list-style-type: none"> • A third workshop of the project to discuss the nature of the investment-mapping project was successfully organized with the Anbar Investment Commission. Over fifty delegates participated. The head of the Ramadi based Provincial Investment Commission (PIC) highlighted the need to address information management for investment promotion purposes coped with proper use capacity building assistance.
1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available.	<p><i>[Activity supported by UNIDO]</i></p> <ul style="list-style-type: none"> • UNIDO contributions to the formulation of Iraq's PSD Strategy are under initial preparation in the fields of investments and industry through the work under Activities 1.14 and 1.1.5.
1.3.3. Strengthened national capacities of business development services and Non-Bank Financial Institutions	<p><i>[Activity supported by UNIDO]</i></p> <ul style="list-style-type: none"> • Final understandings were reached with ILO-UNOPS over UNIDO contribution in the areas of non-banking financial services and linked also to Output 2.2.1 (for Business Development Services), on entrepreneurship skill development, training and networking assistance.
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
2.2.1. Technical support provided to identify priorities and program implementation in the sector "Industries"	<p><i>[Activity 2.2.1c (Industries) led by UNIDO: achievement rate at 15%]</i></p> <p>Rehabilitation of three agro-industrial SOEs:</p> <ul style="list-style-type: none"> • Five financial opportunity study reports were completed in April 2010, after a pre-assessment of financial data on five preselected SOEs in Al-Anbar and Al-Basra, a SOE Workshop, held in March 2010, and the feedback received from the SOEs on the draft reports after the workshop. • The reports were shared with the Ministry of Industry and Minerals and the respective SOEs. • Upon proposal of UNIDO, three SOEs were eventually selected for partial rehabilitation assistance: the State Company for Glass and Ceramic Industries, the State Company for Paper and Pulp Industries and the State Company for Petrochemical Industries (official communication of the Ministry on 20 May 2010). • The methodology for the conduction of industrial pre-feasibility and feasibility studies was reviewed jointly with the Ministry of Industry and Minerals and UNIDO colleagues and was finalized in May 2010. • The call for proposals for the feasibility studies was published on 7 June 2010; bids have been received for evaluation in July and selection of sub-contractor in August 2010. • A preliminary proposal was submitted by ILO to UNIDO to cooperate over the implementation of pilot social mitigation measures within the rehabilitation of the three SOEs, under separate financing. <p>b) Business Development Services:</p> <ul style="list-style-type: none"> • An activity matrix, a workplan and an EoL (Exchange of Letters)-based agreement were drafted by ILO and submitted to UNIDO for consideration • Joint review of the workplan was initiated by ILO and UNIDO for finalization in July 2010 and start up in September-October 2010. • Understandings reached by ILO with 5 Chambers of Commerce (Anbar, Erbil, Basra, Sulaymaniyah ad Hillah) for establishment of BICs (Business Information Centres) for management of /and cooperation with/ local of local BDSs.
Procurement (major items)	<ul style="list-style-type: none"> • Procurement for Baghdad office was completed. • A lease contract for new office space in Amman (c/o Hotel Meridien) was signed and the office has become fully operational as of 1 June 2010; procurement of furniture, and equipment was completed (other minor items to be procured).

Main Implementation Constraints and Challenges

- The period was featured by increasing unavailability of escorts for meetings in the Amber Zone (Hotel Al Rasheed) and a series of fatal attacks in the Red Zone of Baghdad, as a result also of the persistent political instability and uncertainty. A mission to Anbar organized by UNDP (not joined by UNIDO) could not take place due to security and climate reasons.
- Regular working meetings with Iraqi counterparts and beneficiaries are still not possible, generating frequent operational constraints and delays. The experience in the period showed that inviting Iraqis to working meetings in Amman can be significantly more productive than in Baghdad, under the current circumstances.
- The lack of data on enterprises and sectors constitutes an important constraint for the formulation of exhaustive strategies and policies and needs to be urgently addressed; the TFER doesn't possess updated and complete information on the private sector and should be supported.

E. FAO

Funds Committed	USD 1,500,000	% of received	124.4 % ¹⁸
Funds Disbursed	USD 1,100,000	% of received	91.3 %
Forecast final date	On Schedule	Delay (months)	0

Direct Beneficiaries	Number of Beneficiaries¹⁹	% of planned (current status)²⁰
Men	n/a	n/a
Women	n/a	n/a
Children	n/a	n/a
IDPs	n/a	n/a
Others	n/a	n/a
Indirect beneficiaries	All citizens of Iraq.	n/a
Employment generation (men/women)	n/a	n/a

Quantitative achievements against objectives and results	% of planned
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates	20%

Qualitative achievements against objectives and results	
[A workshop of Project Steering Committee pertaining to the FAO component took place in Amman between 29 and 30 June 2010 to review progress to date and decide on future actions. The meeting was attended by representatives from PMAC (Agriculture Advisor Office), MOA, MOWR, MOP, Directors of Agriculture and Directors of Water Resources from Anbar, Basra and Erbil. The Workshop was preceded by a Video Conference (on June 9, 2010) between Baghdad (PMAC) and Rome (FAO HQ) with the mentioned Iraqi counterparts and FAO technical staff in preparation for the meeting in Amman. Detailed updates are provided below and segregated per output.]	
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
1.1.2 A comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place.	<p>[Activity supported by FAO]</p> <ul style="list-style-type: none"> • A Preliminary Legislative Assessment Report, which provides an analysis of the laws that have been compiled and submitted to the lead agency for the legislative revision component (UNIDO). • The following relevant laws/drafts have been collected, translated and assessed: Draft Animal Health Law (2009); Draft Quarantine Law (2009); (Draft) Leasing and Titling – the Right of Disposal of Desert Lands Act (2009); Expropriation Act No. (12) for the year 1981; the agricultural land lease reform to agricultural companies and individuals No. (35) of 1983. In addition, an outline of legislative requirements for the food sector was made

¹⁸ Second tranche was approved in Q2 and transferred to all Participating Agencies at the end of the reporting period. As most of them had not registered the transfer in their accounting systems by 30 June 2010 and for the sake of consistency across the report, all figures and calculations in this report are based on the 1st tranche only. The imminent or actual receipt of the second tranche explains why FAO commitment could exceed 100%.

¹⁹ Number of beneficiaries may not be quantified as the current interventions are on a policy, advisory and legislative level benefitting the Government of Iraq and designated governorates.

²⁰ The project document does not define concrete numbers of beneficiaries to be targeted.

	<p>together with the proposal of different institutional options for food sector regulation.</p> <ul style="list-style-type: none"> • The legal assessment work done by FAO was revised during the meeting in late June in Amman. It was established that the assessment and recommendations provided by FAO were essential. • MOA and MOWR are to revisit their position pertaining to the drafting of legislations and accordingly, FAO will be advised on additional assistance required. This will take place for the coming reporting period. • FAO has contributed to the revision of the Law for Economic Reforms prepared by the Working Group on Legislative Revision and comments were communicated to UNDP.
<p>1.1.3 Legislation relating to SOE corporatization (amendment of Law 22), privatization, investment law rules and regulations, land title reform, competition, PPPs, mitigation package, agricultural and trade policies are available</p>	<p><i>[Activity supported by FAO]</i></p> <ul style="list-style-type: none"> • FAO contributed to the preparation of a draft outline of the SOEs roadmap that was further shared with the TFER for approval and endorsement by the COMSEC. • FAO contributed to the drafting and design of the SOEs Roadmap (led by UNDP and UNIDO) focusing of the agriculture related sector and SOEs. The draft was submitted to the TFER for further approval by the Council of Ministers.
<p>1.1.4 Knowledge of officials on key policy issues for enterprise development to support the design and implementation of relevant legislative and institutional frameworks is increased.</p>	<p><i>[Activity supported by FAO]</i></p> <ul style="list-style-type: none"> • The outline for the training component was designed by FAO as per the recommendations of the line ministries (MOA and MOWR) as well as the Agriculture Advisor's office at PMAC. • The outline was shared by the Iraqi counterparts and was endorsed during the previous reporting period to be focused on the following fields: <ul style="list-style-type: none"> - Animal, Plant and Food Safety and Protection; - Plant variety protection; - Agricultural Land Issues; and - Water Issues. • Detailed training modules in the above mentioned fields were prepared by FAO and were discussed and endorsed during the meeting in June in Amman. • It was agreed that between 7 to 10 Iraqi officials (from MOA and MOWR including staff at the three governorates) will attend four ten-day capacity building sessions in the above fields. • Subsequently, FAO will prepare a concept note of Training of Trainers to be communicated with training centers (i.e. NCARE and ICARDA) to receive offers and design the training activities accordingly.
<p>1.1.7 Private Sector Development Strategy including investment, private farming, trade for the agriculture sector is created.</p>	<p><i>[Activity supported by FAO]</i></p> <ul style="list-style-type: none"> • Iraqi counterparts tentatively endorsed the outline of strategic policy papers prepared by FAO in the previous reporting period, focussing on the following: <ol style="list-style-type: none"> 1. Policies for Enhancing Agricultural production and food safety 2. Policies for Plant and Animal Variety Protection 3. Policies for Agricultural Land Tenure System 4. Policy Issues for Water Resource Management 5. Institutional Reform and Capacity Building for Enhancing the Private Sector in the Agricultural Sector. • Further discussions took place in late June 2010 and the following modifications agreed upon: <ul style="list-style-type: none"> - Paper I (with MOA): Sustainable agricultural development in Iraq <ol style="list-style-type: none"> 1. Sustainable Development and Protection of Strategic Crop Production in Iraq. 2. Sustainable Development and Protection of Strategic Animal Production and Fisheries in Iraq. 3. Supporting the Human Resource in Iraqi Agriculture: Research, Extension and Training. 4. Measures for Institutional Reform and Synergy between the Functions of the Public and Private Sectors with the View to Stimulating the Privatization Process in Agriculture in Iraq.

	<ul style="list-style-type: none"> - Paper II (with MOA): Improving land tenure systems and land productivity in Iraq <ol style="list-style-type: none"> 1. An Overview of GOI's Legislation for Agricultural Land Tenure Systems in Iraq (to be carried out in consultation with HABITAT). 2. Towards Enhancing Agricultural Land Productivity and Land Conservation in Iraq. - Paper III (with MOWR): Optimum utilization of irrigation water in Iraq <ol style="list-style-type: none"> 1. An Overview of Policy Measures for Optimum National Irrigation Water Resource Management Systems. 2. An Overview of Policy Measures for Optimum On-farm Irrigation Water Management. • FAO is to prepare Terms of Reference (TORs) for the synthesis strategic agricultural policy paper. These will be attached to a Letter of Agreement (LOA) to be signed with MOA and MOWR to assign competent specialists to prepare the papers.
<p>IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq</p>	
<p>2.2.1 Technical support provided to identify priorities and program implementation in the agricultural sector</p>	<p><i>[Activity 2.2.1e (agricultural sector) led by FAO: achievement rate at 20%]</i></p> <ul style="list-style-type: none"> • Following preparatory discussions with MOA and MOWR during the previous reporting period, it was agreed to design and implement separate downstream pilot projects for each governorate depending on respective needs, suitability and profile. • The areas for interventions in each governorate were specified to be: <ul style="list-style-type: none"> - Basra: floating fish ponds; - Anbar: agro-processing plants; - Erbil: animal husbandry. • During the meeting in Amman in June 2010, Directors of Agriculture (and Water Resources) in each governorate and in previous consultation with the Governorate Steering Committee has prepared and presented detailed proposals as per the above. • The Amman Meeting selected areas (as initial entry points) for pilot projects in the three pilot Governorates where those Governorates have comparative advantages, as follows: <ul style="list-style-type: none"> - Anbar: agricultural marketing, post harvest handling, storage and processing technologies; - Basra: water conservation and efficient irrigation systems for palm trees production, and fisheries; - Erbil: animal breeding to improve livestock production.
<p>Procurement</p>	<ul style="list-style-type: none"> • NTR

Main Implementation Constraints and Challenges

- The main constraint during the reporting period pertained to the movement of Iraqi counterparts into the Green Zone and vis-a-vis for FAO Programme Coordinator to visit the MOA and MOWR HQ in the Red Zone. This delayed the assembly of an FAO 'sub' Project Steering Committee.

F. UN-HABITAT

Funds Committed	USD 735,630	% of received	100.63% ²¹
Funds Disbursed	USD 589,790	% of received	42.0%
Forecast final date	On Schedule	Delay (months)	0

Direct Beneficiaries	Number of Beneficiaries²²	% of planned (current status)²³
Men	n/a	n/a
Women	n/a	n/a
Children	n/a	n/a
IDPs	n/a	n/a
Others	n/a	n/a
Indirect beneficiaries	All citizens of Iraq.	n/a
Employment generation (men/women)	n/a	n/a

Quantitative achievements against objectives and results	% of planned
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates	10%

Qualitative achievements against objectives and results	
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
1.1.2 A comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place.	<p><i>[Activity supported by UN-HABITAT]</i></p> <ul style="list-style-type: none"> • Extensive work by consultants on legal, institutional and management assessment of the land sector and issues related to private sector development has been prepared and reviewed. The content and recommendations of the “Preliminary Institutional, Legal, and Technical Assessment of Administration and Management in Iraq” (prepared by UNHABITAT consultants in December) were reviewed and additional work was commissioned to address gaps in the information on the extent and nature of informal tenure. • A study of ‘informal land tenure practices’ was prepared to address this issue through UN-HABITAT national consultants.
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><i>[Activity supported by UN-HABITAT]</i></p> <ul style="list-style-type: none"> • Preparatory and advocacy meetings were held in Baghdad and Erbil to follow up on the proposed Terms of Reference and the scope of work for the TFER Land Reform Working Group, and on the establishment of the Working Group with members of the Task Force for Legal Reform (TFLRWG) for Legislative Revision. The Working Group for Land Tenure (Ownership) and Utilisation was established on 01 April by Presidential Order 59 for the year 2010. • Review of papers on acquisition and use of land by foreigners and the Valuation Act and Registration of Valuers Act.
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><i>[Activity supported by UN-HABITAT]</i></p> <ul style="list-style-type: none"> • A joint World Bank/UNHABITAT conference entitled ‘Towards a Land Policy for Iraq’ took place in Beirut in May. Key government, civil society and private sector stakeholders attended. The conference reviewed key challenges in the management of land from the perspective of a range of land users: private sector, public use, housing, informal land use etc., with

²¹ Second tranche was approved in Q2 and transferred to all Participating Agencies at the end of the reporting period. As most of them had not registered the transfer in their accounting systems by 30 June 2010 and for the sake of consistency across the report, all figures and calculations in this report are based on the 1st tranche only. The imminent or actual receipt of the second tranche explains why UN-HABITAT commitment could exceed 100%.

²² Number of beneficiaries may not be quantified as the current interventions are on a policy, advisory and legislative level benefitting the Government of Iraq and designated governorates.

²³ The project document does not define concrete numbers of beneficiaries to be targeted.

	a view that land policy issues must take into account the potentially conflicting priorities of a range of land users. General consensus was reached that Iraq needs an over-arching land policy within which land use for enterprise development must be addressed.
1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available	[Activity supported by UN-HABITAT] <ul style="list-style-type: none"> NTR
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
2.1.3 Strengthen governorate-level construction and development institutions to implement and sustain local planning capacities	[Activity supported by UN-HABITAT] <ul style="list-style-type: none"> Training of Governorate and Municipal development institutions to plan and manage sustainable urban development, and create opportunities for private developers through generating Development Briefs for real-estate development projects in cities, was discussed with GSC in Anbar (see 2.2.1), as an alternative option to training unemployed youth and small size construction companies (see 2.2.1)
2.2.1 Technical support provided to identify priorities and program implementation in sector of Construction and Development Companies	[Activity 2.2.If (Construction and development companies) led by UN-HABITAT: achievement rate at 10%] <ul style="list-style-type: none"> Options prepared and presented to Anbar GSC for (1) training of unemployed youth to acquire employment skills in the construction sector, and (2) to small to medium size construction companies to improve business and operational capacities
Procurement	<ul style="list-style-type: none"> NTR

Main Implementation Constrains and Challenges

Substantive challenges:

- Further delays in the establishment of an inter ministerial stakeholder body regarding land:
 - Establishment of a Working Group on Land Reform: Following a request at the Legislative Round Table in Vienna in August 2009 and follow up proposals to the WG for Legislative Revision and to the Chairman of the Prime Minister's Advisory Board to establish a Land Administration and Management Working Group progress notification was received on 22nd December that Diwani Decree No. 67 was passed recommending the establishment of this Working Group together with two other Working Groups. A recommendation to establish the Working Group was put to the General Secretariat of the Council of Ministers in the last week in March.
- The reports received from local consultants on land policy, land related laws and regulatory assessment fall short in reflecting practices on the ground inspite of the fact that the consultants were adequate in their review of the laws and administrative processes. This led to the need to commission an additional study of 'informal land tenure practices' to address this issue.

Management/Logistic challenges:

- Logistic and practical problems continue to present a challenge to programme delivery.
- Movement limitations of local consultants.
- Restrictions on slots have limited UN-HABITAT staff and consultant visits to Baghdad.

G. UNIFEM

Funds Committed	USD 242,199	% of received	55.25%
Funds Disbursed	USD 242,199	% of received	55.25%
Forecast final date	On Schedule	Delay (months)	0

Direct Beneficiaries	Number of Beneficiaries ²⁴	% of planned (current status) ²⁵
Men	n/a	n/a
Women	n/a	n/a
Children	n/a	n/a
IDPs	n/a	n/a
Others	n/a	n/a
Indirect beneficiaries	All citizens of Iraq.	n/a
Employment generation (men/women)	n/a	n/a

²⁴ Number of beneficiaries may not be quantified as the current interventions are on a policy, advisory and legislative level benefitting the Government of Iraq and designated governorates.

²⁵ The project document does not define concrete numbers of beneficiaries to be targeted.

Quantitative achievements against objectives and results	% of planned
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
Output 1.1: National capacities for private sector development policies are strengthened.	25%
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
Output 2.1: Local economic strategies and plans developed in line with national and provincial frameworks in three governorates.	8%

Qualitative achievements against objectives and results	
IP Outcome 1: The policy and regulatory environment is more conducive to private sector development	
1.1.2 A comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place	<p><i>[Activity supported by UNIFEM]</i></p> <ul style="list-style-type: none"> UNIFEM contributed to the preliminary legislative assessment report which constitutes the work in progress towards finalizing the legislative assessments of all legal core areas.
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><i>[Activity supported by UNIFEM]</i></p> <ul style="list-style-type: none"> NTR
1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available	<p><i>[Activity supported by UNIFEM]</i></p> <ul style="list-style-type: none"> UNIFEM participated in PSDP-I Project Management Team Meeting 30 May 2010. The purpose of the meeting was to discuss the private sector strategy. A brainstorming session was launched among participants to share inputs and discuss key items related to the preparation of the strategy content, goals, and process.
1.1.8 Gender is mainstreamed in the program ensuring women's full participation in policy and strategy design	<p><i>[Activity led by UNIFEM: achievement rate at 25%]</i></p> <ul style="list-style-type: none"> UNIFEM team participated in the second Programme Steering Committee meeting, 10 May 2010 in Baghdad. In this meeting UNIFEM contributed to the revision of the work plan and recruitment plan of the programme. Implementation challenges and strategies were discussed and recommendations were suggested.
IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
2.1.3 Strengthen governorate-level construction and development institutions to implement and sustain local planning capacities	<p><i>[Activity supported by UNIFEM]</i></p> <ul style="list-style-type: none"> UNIFEM continued coordination with other UN agencies partners and Prime Minister Office to conduct high advocacy round table meetings in the three selected governorates to increase women participation in high level decision making.
2.1.4 Promote gender mainstreaming & women participation in local strategies & plans	<p><i>[Activity led by UNIFEM: achievement rate at 8%]</i></p> <ul style="list-style-type: none"> NTR
Procurement	<ul style="list-style-type: none"> NTR

Main Implementation Constraints and Challenges
<ul style="list-style-type: none"> UNIFEM's allocated funds for technical experts in the project is not sufficient and it was realized that a budget revision is needed to emphasize our technical input and our role in certain activities. It was agreed that UNIFEM will coordinate closely with UNDP in the preparation of the budget revision.