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DEVELOPMENT GROUP



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INDUSTRIAL DEVELOPMENT
ORGANIZATION

FOOD AND AGRICULTURE
ORGANIZATION OF THE
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SIX MONTH PROJECT PROGRESS REPORT (JULY – DECEMBER 2007): PROMOTION OF COTTAGE INDUSTRIES IN RURAL AND URBAN AREAS

Project Summary

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| <p>Participating UN Organisation:</p> <p>United Nations Industrial Development Organization (UNIDO) – Lead Executing Agency Food and Agriculture Organization of the UN (FAO) – Collaborating Agency</p> | <p>Cluster: A</p> <p>Agriculture, food security, environment and natural resources management.</p> |
| <p>Project No. and Project Title:</p> <p>A5 – 06 Promotion of Cottage Industries in Rural and Urban areas</p> | <p>Project Location:</p> <p>Thi-Qar Governorate (Southern Iraq)</p> |
| <p>Reporting Period:</p> <p>1 July to 31 December 2007</p> | <p>Report No:</p> <p>7</p> |
| <p>Counterpart organisations/ implementing partners:</p> <p>MOA – Ministry of Agriculture MOPDC – Ministry of Planning and Development Cooperation MOLSA – Ministry of Labour and Social Affairs</p> | <p>Project cost:</p> <p>UNDG-ITF: US\$ 5,013,000</p> |
| <p>Abbreviations and acronyms:</p> | <p>Project Duration:</p> <p>2 years</p> |

I. Purpose

1.1 Main objectives and outcomes expected as per approved project:

Development Objectives:

- Poverty alleviation in vulnerable households in the district of Nassiriyah and other selected districts of the lower south of Iraq.
- Creation of jobs and increase of income levels of households in the targeted communities through promotion of and support to cottage and micro industries.

Immediate Objectives

- Introduce vulnerable households in the target communities to small-scale income generating activities.
- Upgrade the skills base of households actively engaged in micro-enterprise activities in the project areas.

Outputs

- Establishment of sustainable and profitable micro and cottage industries ranging from food processing through to metal working, wood working, textiles, weaving, etc.
- Establishment of cottage industry associations within targeted communities for related cottage and micro industries.
- Rehabilitation and equipping of cottage industry training centres for training the beneficiaries in entrepreneurship development, micro-industries business management and associated technologies.
- In line with the national development strategy and the UN Assistance Strategy, the project will contribute to sustainable food production and value addition and increasing of income of the rural and urban population by facilitating self-employment of vulnerable groups.
- Strengthening of the capacity of local public institutions through the establishment of training centres and training of trainer programmes.
- Enhancement of employment and income generation efforts of the government in rural and urban areas through self-employment of vulnerable groups.

Activities

- Preparation of an Inception Report.
- Selection of project sites.
- Identification of cottage activities and processes.
- Drawing up of cost/benefit analysis of identified activities.
- Selection of vulnerable group beneficiaries.
- Pursuing the start-up and registration of community associations.
- Preparation of design and local fabrication of suitable tools and equipment.
- International procurement of tools, equipment and materials not possible to be produced or available locally.
- Development of training material for training of trainers and beneficiaries.
- Selection and training of trainers outside Iraq.
- Establishment of cottage industry community centres as focal points for households.
- Conducting of training workshops and issuance of handbooks and manuals.
- Monitoring use of equipment, procedures, quality control and hygiene awareness.
- Providing mentoring support to processors, associations and management committees of community centres.

1.2 Reference to how the programme/project relates to the UN Assistance Strategy to Iraq 2005/5 and how it aims to support international and national development goals (revised National Development Strategy Dead Sea July 2005) including the Millennium Development Goals and other goals as pertinent:

The project addresses both the National Development Strategy (NDS) and the UN assistance strategy with respect to employment creation, sustainable food production and the increase of incomes of vulnerable groups in rural and urban areas.

At the end of the project the capacity of the local public institutes will be strengthened through established training centres and training of trainers. The project will enhance employment and income-generation efforts of the government by supporting self-employment among vulnerable groups. 1500 direct beneficiaries/households will be enabled to initiate their own micro and cottage industries. The total estimated direct and indirect beneficiaries are 9000.

The project will directly contribute to the attainment of the MDG's in Iraq, namely:

Goal 1: *"Eradicate extreme poverty and hunger"* through its activities promoting income-generating activities and employment; and

Goal 3: *"Promote gender equality and empower women"* through the association of women in all project activities and decision-making.

The project will also indirectly contribute to other Goals (2, 4, 5 and 7) through its capacity building/training interventions and improvement of the food security situation.

1.3 Main international and national implementing partners involved, their specific roles and responsibilities in project implementation and their interaction with the agency:

This project is jointly implemented by UNIDO and FAO, in order to provide their complementary expertise to the attainment of the project objectives. The inter-Agency joint implementation arrangement established for this project is the first of its kind in the UNDG-Iraq programme.

The project is being implemented through the Project Management Unit FAO/Iraq project office, relocated to Amman, where the Project Chief Technical Adviser (CTA) is based, and from Nassiriyah through a National Project Coordinator (NPC). At the Headquarters of the two Agencies, project managers and focal points are assigned to coordinate the overall planning and implementation of the project.

Partners from the Government of Iraq are the MOA, MOLSA, MOPDC and the Thi-Qar Governorate. Each Ministry has appointed focal points for this project and is involved as follows:

- MOLSA is currently involved in employment-generation activities in cities and has training facilities for the unemployed. It will facilitate the implementation of the non-food processing activities of the project.
- MOA has a rural development programme through its extension and outreach services and is engaged in the off-farm rural employment generation activities. It will facilitate the implementation of the food processing component of the project.
- MOPDC is collaborating in targeting the vulnerable groups in rural and urban areas and in coordinating the facilitation activities of the line Ministries for this project.

A Project Steering Committee (PSC) was established, composed of representatives from MOA, MOPDC, MOLSA, UNIDO, FAO, donor's representative and the Thi-Qar Governorate. The PSC approved its Terms of Reference (TOR) and also the TOR for the NPC. It was decided that the MOPDC will coordinate the activities of the focal points in the counterpart Ministries in Iraq, each of which will facilitate project implementation according to its own specific role. The PSC has an advisory and coordination role in the strategic and planning issues and implementation modalities. This will ensure transparency and promote ownership of the project among all the stakeholders.

In addition to the CTA, the NPC and the focal points of the different ministries, the project recruits national and international short-term consultants for specific technical activities. The project also cooperates with Baghdad University and other vocational training institutes for specialized training of trainers' course and development of training manuals.

To overcome the problem of security which impedes the presence of international staff in the field and travel of government experts and national consultants to Amman and in the region, the project is installing a telephone and video conference facility in the MOPDC to facilitate communication between the field, Amman and HQ of the two agencies. The video conferencing facility is presently being used.

II. Resources

Total approved budget and summary of resources available to the programme/project from the UNDG Iraq Trust Fund and non-Trust Fund resources where applicable:

Total approved budget :

US\$ 5,013,000 from UNDG ITF (Italian earmarked contribution to UNIDO).

Total project expenditure as at 31 December 2007, US\$ 4,946,680.23 (= 98.68%)

III. RESULTS

3.1 Output Status Table

The output status table reports the extent to which the project is progressing towards the achievement of the expected project outputs.

| Outputs | Description | Status | Reflections/Comments |
|---|---|------------------|--|
| Preparation of an Inception Report/Work Plan | Report prepared at the beginning of the project to: <ul style="list-style-type: none">▪ Provide an overview of project activities▪ Outline a plan of action▪ Obtain agreement from stakeholders | Completed | The preparation of the Inception Report and work plan have been an essential factor in supporting project start-up. |
| Selection of project sites | Selection of targeted communities for the implementation of project activities based on the assessment of a consultant company working in collaboration with UNIDO and the Government of Iraq. | Completed | This activity was conducted as a result of findings and recommendations found in the Needs Assessment conducted by a consulting company. |
| Identification of cottage industries, activities and processes | Selection of cottage industries for support and upgrading were based upon the assessment of the availability of raw materials and the accessibility of markets. | Completed | This activity was conducted based on the key findings and recommendations established in the Needs Assessment survey conducted by a consulting company. |
| Drawing up of a cost/benefit analysis of identified activities | This activity involved the identification of sustainable cottage and micro-industries for support and promotion in the project area. | Completed | This activity was conducted based on the key findings and recommendations of the Needs Assessment survey conducted by a consulting company. |
| Selection of vulnerable group beneficiaries | Identification of vulnerable groups based on criteria established by the Project Steering Committee. | Completed | The Project Steering Committee, Government of Iraq, and Civil Society Organizations have been involved and consulted extensively in the identification and selection of project beneficiaries. |

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|--|--|--|--|-----------|---|---------------|---|-------------|---|-------------|---|------------------|---|----------|---|--------------------------|---|-------------|---|
| <p>Start-up and registration of production associations</p> | <p>Formation of production groups (ranging in members from 10 to 20) to start their own micro-industries/business associations by pooling their resources, including experience, raw materials, tools and finance. The project provides in kind contribution in terms of machinery and tools; six-month rent for premises, office supplies and furniture and salary for guards. Most importantly, the project staff provide mentoring services aimed at solving problems that associations may face in production, management and marketing.</p> | <p style="text-align: center;">Completed</p> <p>In the reporting period seven new business associations have been formed in six districts, with a total membership of 50. They engage in the carpet (1), fruit and vegetables (1), dairy processing (2), dates processing (1), Agro-mechanics (1), and Sewing (1) sectors, respectively.</p> | <p>The total number of business associations established by end of December 2007 are 15 with a total membership of 136. These associations are spread over 10 districts and are engaged in eight different activities:</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 20px;">i. Sewing</td> <td style="text-align: right;">3</td> </tr> <tr> <td style="padding-left: 20px;">ii. Wood Work</td> <td style="text-align: right;">1</td> </tr> <tr> <td style="padding-left: 20px;">iii. Carpet</td> <td style="text-align: right;">3</td> </tr> <tr> <td style="padding-left: 20px;">iv. Welding</td> <td style="text-align: right;">1</td> </tr> <tr> <td style="padding-left: 20px;">v. Agro-mechanic</td> <td style="text-align: right;">1</td> </tr> <tr> <td style="padding-left: 20px;">vi. Date</td> <td style="text-align: right;">2</td> </tr> <tr> <td style="padding-left: 20px;">vii. Fruit and Vegetable</td> <td style="text-align: right;">2</td> </tr> <tr> <td style="padding-left: 20px;">viii. Dairy</td> <td style="text-align: right;">2</td> </tr> </table> <p>It is significant to note that 12 associations are solely formed by women, while only 3 are formed by men.</p> <p>Improvements in association coverage and in equipment maintenance and repair training may be considered as follow-up activities.</p> | i. Sewing | 3 | ii. Wood Work | 1 | iii. Carpet | 3 | iv. Welding | 1 | v. Agro-mechanic | 1 | vi. Date | 2 | vii. Fruit and Vegetable | 2 | viii. Dairy | 2 |
| i. Sewing | 3 | | | | | | | | | | | | | | | | | | |
| ii. Wood Work | 1 | | | | | | | | | | | | | | | | | | |
| iii. Carpet | 3 | | | | | | | | | | | | | | | | | | |
| iv. Welding | 1 | | | | | | | | | | | | | | | | | | |
| v. Agro-mechanic | 1 | | | | | | | | | | | | | | | | | | |
| vi. Date | 2 | | | | | | | | | | | | | | | | | | |
| vii. Fruit and Vegetable | 2 | | | | | | | | | | | | | | | | | | |
| viii. Dairy | 2 | | | | | | | | | | | | | | | | | | |
| <p>Design and local fabrication of suitable tools and equipment</p> | <p>Design and manufacturing of project inputs which cannot be easily purchased in the project area for production associations and project beneficiaries.</p> | <p style="text-align: center;">Completed</p> <p>This is an on-going activity. Linking indigenous with modern technology is considered in all training of trainers and training of beneficiaries' programmes as appropriate, e.g. technology from Spain was delivered to upgrade traditional carpet weaving practices and stainless steel equipment from the UK was provided to improve and raise hygiene of dairy processing.</p> <p>Furthermore, local fabrication of reed and pottery products has been upgraded.</p> | <p>This approach, as envisaged in the project document, encourages project staff, trainers and beneficiaries to consider innovative approaches of developing capacity by building on traditional practices. It is recognised that such an approach can increase productivity and the use of domestic materials, which in turn contributes to economic growth in poorer communities.</p> | | | | | | | | | | | | | | | | |

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| International procurement of tools, equipment and materials | Purchase of project inputs that cannot be obtained in the project area. The project inputs (equipment, machinery and tools) purchased will be installed in the food and non-food vocational training centres. | <p style="text-align: center;">Completed</p> | All equipment, machinery and tools for food and non-food technologies is procured, installed and used for the training activities. |
| Establishment of cottage industry vocational training centres (VTCs) | Construction and equipping of vocational training centres for food and non-food training and entrepreneurship skills development | <p style="text-align: center;">Completed</p> The VTCs were supplied with further teaching equipment. All plant and equipment (including dairy in Al-Qurna VTC) is now installed and operating. The training of trainers and beneficiaries proceeds successfully. | The project experienced delays in the construction and installation of some of the equipments. These problems are now resolved. The VTCs are operating well and train beneficiaries. |
| Distribution of equipment to beneficiaries | Purchase of equipment that cannot be obtained in the project area and that will be distributed to the beneficiaries after training to enable them to engage in cottage activities. | <p style="text-align: center;">Completed</p> | Beneficiaries in 15 districts have received non-food equipment, and in 10 districts food equipment. Altogether 722 beneficiaries have been provided with equipment as a start-up of their enterprises. |
| Development of training material for Training of Trainers (ToT) programmes | Adapted and developed curriculum training materials for both food and non-food vocational training. | <p style="text-align: center;">Completed</p> During the reporting period a further practical guide for small and medium food processing enterprises (“Food Processing Toolkits”) has been added to the training materials. | The project has developed 54 training manuals for non-food stored in 37 DVDs and 44 hardcopies. For food processing 5 manuals have been developed and published in hard copies and on DVD for training (e.g. on cereal, dairy product, date, fruit and vegetables processing). Except for one, all manuals have been translated into Arabic. |

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| <p>Selection and training of trainers outside Iraq</p> | <p>Selection of individual trainers who will be trained to lead and support the various food and non-food training programmes.</p> | <p style="text-align: center;">Completed</p> <p>The latest training provided was in Business Management in Jordan in July/August 2007.</p> <p>61 trainers have been trained in total, of which 48 in the non-food and 13 in the food sectors. This includes 3 trainers from the private sector. 33% of trainers were female, trained in date processing (2 persons), textiles (6), food and dairy (4), carpet weaving (1), general non-food training (5) and business management (2).</p> | <p>61 trainers have been trained as at December 31st 2007. The training was conducted in Jordan, Morocco, Egypt, Spain and Tunisia.</p> |
| <p>Conducting of training workshops and issuances of handbooks and manuals</p> | <p>Training of project beneficiaries in a variety of technologies and entrepreneurship development</p> | <p style="text-align: center;">Completed</p> <p>During the reporting period 540 beneficiaries were trained, of which 458 in food and 82 in non-food technologies.</p> <p>This brings the total number of beneficiaries trained to 1516 (748 in food and 768 in non-food) Altogether, 842 women have been trained. This constitutes 55.5% of trained beneficiaries.</p> | <p>By the completion of the project, as at 31st of December, the overall target of beneficiary training of 1,500 persons will have been achieved (in fact surpassed by 16).</p> <p>In the course of the project duration, a total of 111 training courses have been organised (61 in non-food and 50 in food technologies).</p> |

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| <p>Monitoring the use of equipment, procedures, quality control and hygiene awareness</p> | <p>Monitoring is a management tool that assists project management to continuously follow-up whether project outputs and activities are being implemented in accordance with the work-plan.</p> <p>Further, monitoring also provides information on the effectiveness and impact of training, functionality of selected and distributed equipment, effectiveness of training, the type and level of technical and managerial support offered, and the impact on productivity and quality of services.</p> | <p style="text-align: center;">Completed</p> <p>Monitoring was taken up approx. one year ago and was on-going during the reporting period.</p> <p>Monitoring of project activities has been carried out at the level of PSC. The PMU also submitted monthly progress reports and ad-hoc reports as required.</p> | <p>The feedback provided from monitoring activities is an important aspect for improving the effectiveness of training and selection of equipment in similar on-going and future projects.</p> |
| <p>Provision of mentoring support to processors, associations, and management committees of community centres</p> | <p>The provision of technical and managerial support services to individual beneficiaries and cottage and micro-industries – in collaboration with the Vocational Training Centres, outreach and extension services of the Government of Iraq – will help raise the impact and sustainability of the project outcome by ensuring appropriate use of technology and supporting entrepreneurship. It also aims at consolidating project achievements to discern lessons for the benefit of similar on-going and future projects.</p> | <p style="text-align: center;">Completed</p> <p>The project mentored 134 beneficiaries (8.8%), 67 engaged in employment related to food and an equal number in non-food technologies. Mentors made 744 visits over the reporting period across 11 districts and sub-districts. Each mentoree was visited an average of twice a month.</p> <p>Mentoring was carried out by 6 experienced trainers.</p> | <p>The provision of mentoring support is an activity which was taken up during this reporting period..</p> <p>The main challenges for beneficiaries were found out to be: lack of finance to expand their business; weak marketing strategy; lack of knowledge of cost of raw materials.</p> <p>Mentors gave respective advice and information to the above challenges.</p> <p>The feedback as to the effectiveness of equipment and training was largely positive. They, however, expressed the need for refresher courses.</p> |
| <p>Conducted and independent evaluation of the Project</p> | <p>An independent evaluation was conducted by two international evaluators and a national team. This evaluation took place during the period 22 June – 30 November 2007</p> | <p style="text-align: center;">Completed</p> | <p>Final independent evaluation report made available in February 2008 for distribution to interested parties</p> |

3.2 An assessment of the extent to which the project has progressed in relation to the outcomes expected from the project:

A. Establishment of sustainable and profitable micro and cottage industries in non-food and food processing sectors

- There are a number of areas where the project has contributed to the establishment of sustainable and profitable micro-industries through its multi-pronged approach to capacity building: capacitating institutes of excellence, individual beneficiaries and micro-enterprise associations. The project seeks to improve national capacities at three levels concurrently bridging gaps in technology and know-how; skill; and the provision of machinery, tools and material resources. In this context, the following has been achieved:
 - The project has constructed one training centre at Al-Qorna and rehabilitated two training centres at Nassiriyah. These training centres have been equipped with appropriate machinery to train trainers and offer technical and managerial support to individual beneficiaries and micro-enterprise associations. The expected life of the equipment is approximately 20 years and over this period the equipment will assist in the training of a large number of trainees (the current training target is 1000 trainees/year).
 - The project has developed and provided relevant training packages to individual beneficiaries and associations. By the end of the project a total of 1,516 beneficiaries were trained in food and non-food technologies helping individuals to start income generating activities. The project has also provided 722 beneficiaries with tools, equipment and raw materials to help start their own income generating activities.
 - The project encourages beneficiaries to form associations and micro enterprises in order to take advantage of economies of scale and the pooling of member experience and expertise to improve their collective well-being. Micro enterprises are also provided with machinery, equipment and tools, as well as managerial and technical support. By the end of the project 15 associations have been established.
- Sustainability of project outputs and outcomes is assured by:
 - **Training of trainers:** These trainers will provide continued technical, management and entrepreneurial support services to project beneficiaries and target communities. The trainers are pillars of the project's sustainability enabling strategy. By the end of the project 61 trainers have been trained in various fields, including welding, wood work, agro-mechanics, carpet weaving, sewing and garment making, pottery, dairy, fruit and vegetable processing technologies. Business management training has been also included as a separate training to help the beneficiaries develop their entrepreneurship skills.
 - **Improving institutional capacity:** In this respect, UNIDO/FAO, through their on-going consultations, provide critical joint technical assistance and capacity building support to partner line ministries, aimed to help them create an enabling policy environment for the growth and the sustainability of emerging micro-industries in the project area. Continued dialogue to influence government policy and strategy to the development of micro-enterprises and access to training ensures sustainability of project outputs and results.
 - **The construction and rehabilitation of vocational training centres and the equipping of these centres with relevant and appropriate technologies:** This is central to the project's strategy for the promotion of micro-industries. These centres are already playing a major role in the provision of skilled manpower to revitalise the post-conflict economy of Iraq. Improving their capacity and capability to provide appropriate services ensures sustainability of project outputs and results. The project has successfully accomplished this task.

B. Establishment of cottage industry associations within target communities for related cottage and micro industries

The project's 15 production associations are up and running. During the reporting period, mentoring and monitoring activities were intensified in order to improve the sustainability of the associations. Similarly, training in business management will have had a beneficial impact on the operation of associations. Training provision, together with continuous mentoring and monitoring will help the project consolidate lessons learned and identify best practices for the design and implementation of similar projects in other regions of Iraq.

C. Strengthening of the capacity of local public institutions through the establishment of training centres and training of trainer programmes.

Establishing local institutions fit for purpose is critical in achieving the project's goal of alleviating poverty by enabling communities to engage in income generating activities. To this end, the vocational training centres have been created or rehabilitated, and equipped with appropriate technology. Further capacity building was pursued by the training of trainers. Those trainers have become crucial extension and support service staff for the Ministry of Agriculture, the Ministry of Labour and Social Affairs and the rehabilitated VTCs. They will continue to provide support services (training, technical advice, managerial support and mentoring) to individual beneficiaries and micro enterprises.

The training centres are incorporated within the respective missions, strategies and programmes of the counterpart ministries. Their budget, consistent with local priorities, is assured. Incorporating project aims and activities within government structures ensures that project outputs and results are sustainable. It is therefore expected that access to support services for beneficiaries and associations will continue even after project expiry.

D. Enhancement of employment and income generation efforts of the government in rural and urban areas through self-employment of vulnerable groups.

In line with the national development strategy and the UN Assistance Strategy the project has contributed to sustainable food production and value addition, as well as an increase in income of the rural and urban population by facilitating self-employment of vulnerable groups. The promotion of cottage and micro enterprises is one of the most effective means of creating self-employment and of raising household incomes especially in post-conflict rehabilitation and recovery situations.

The cottage industry approach to development focuses on developing sectors that exhibit high social rates of return, including: micro-processing of basic foods (fruit and vegetables, dates, dairy, and cereal), simple metal working, wood working, agro-mechanics, textiles, sewing, pottery, black smith and reeds. This project aims to improve capability of rural and urban communities, including internally displaced, to engage in viable non-farming economic activities (food and non-food processing and marketing) by providing beneficiaries and micro enterprises with appropriate processing technology, relevant technical training and business management skills. In addition, project inputs and activities are provided to assist trainees and beneficiaries with the marketing of their products.

As a result of training and on-going mentoring, it has been estimated that over two thirds of the individual beneficiaries have either become self-employed in a self-established home-based cottage industry or have been hired in an activity related to their field of training. Regarding the associations, it is estimated that more than half of them are successful in achieving a modest to substantial income. They are supporting large families and serving their respective communities with vital services. Therefore, the project has been successful in directly supporting the government strategy geared to create self-employment among vulnerable groups such as women, women-headed households, IDPs and youth.

3.3 Main activities and achievements during the reporting period:

The main activities and achievements during the reporting period were as follows:

- **Establishment of associations:** In this reporting period 7 Associations were established bringing the total number of Associations up and running to 15.
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- **Installation of the training centres:** All remaining installation at Al-Qurna Training Centre was accomplished. It will not only be crucial to the provision of continued training and related technical and entrepreneurial support to beneficiaries beyond the life of this project, but it will also provide the target communities with access to (dairy) processing facilities.
- **Distribution of equipment to beneficiaries and associations:** In-kind start-up equipment was provided to beneficiaries who were trained in food and non-food technologies. During the reporting period this amounted to 366 units of equipment. Upon project completion 722 beneficiaries received (334 units of food and 388 of non-food set of equipment)..
- **Training of trainers:** Seven trainers, of which two female, received business management training in July/August. It was developed in collaboration with the Amman-based IMI-WAEDAT training providers and FAO experts. A further two (male) trainers will be trained in weaving technology in February 2008.
- **Training of beneficiaries:** 540 beneficiaries were trained in the reporting period, bringing the total trained by completion of the project (December 31st 2007) to 1516. Of those, 748 are trained in food and 768 in non-food technologies.

3.4 Implementation constraints, lessons learned from addressing these and knowledge gained from assessments, evaluations and studies that have taken place during the reporting period:

- An external evaluation of the project was carried out. The final results of this are awaited and will contribute to the success of similar – ongoing and future – projects in Iraq.
- The project faced some challenges, which posed constraints on project activities: e.g. the inability of government counterparts to procure two busses. Their delay has continued to hamper the movement of trainees to the training centres, particularly from Thi-Qar to Al Qurna. The project had to provide extra funds to encourage beneficiaries to take part in training programmes.
- Cross-political rivalries around Thi-Qar and Basrah governorates continued to impose difficulties for the distribution of household tools and equipment from Al-Qurna to Nassiriyah.
- The project is complex, involving multiple beneficiaries (IDPs, women, youth), stakeholders (ministries and UN agencies, as well as regional and central government authorities) and objects of intervention (food processing, non-food technologies, training of trainers and beneficiaries, formation of micro enterprises, technical and management mentoring support services). This level of complexity imposes difficulties on co-ordination. However, while the inclusive nature of the Project Steering Committee addresses the policy and strategic issues with consensus, the use of electronic and mobile communication between project management staff in the field, in Amman, Rome and Vienna mitigated communication problems often associated with such complex projects.

- The continued deterioration of the security situation in the field hampers the free movement of international and national staff and consultants. This continues to constrain the implementation of project activities and makes it difficult for project staff on the ground to implement work plans, effectively monitor and control project activities.

3.5 Key partnerships and inter-agency collaboration, and their impact on results:

UNIDO is the lead-executing Agency and is involved in overall project management and in the work concerning non-food cottage industries. FAO is the collaborating Agency and is involved mainly in the food processing cottage industries component of the project.

- UNIDO has extensive experience in the development of micro and small industries and in supporting the development of industrial clusters and business associations at various levels. It has further technical expertise in food processing, textiles, woodworking, metalworking, and leather sectors.
- FAO's expertise lies in promoting post-harvest food processing as well as agriculture-based cottage industries.

The synergy of the two Organizations' expertise enables the project to benefit from a comprehensive coverage of activities in the food and non-foods sectors.

3.6 Highlights and cross cutting issues pertinent to the results being reported on, e.g. gender disaggregation, policy engagement and participation of the public:

Women beneficiaries: The project's main objective is to increase household income for the rural and urban poor. Women constitute a substantial proportion of the poor. Overall the project has trained 1516 person, of which 842 are women constituting 55.5%.

Environment: Technologies and work processes are designed to have minimal impact on the environment. UNIDO and FAO supported activities are expected not to adversely affect the environment of the targeted project areas. Technologies employed are relevant, appropriate, and environmentally sustainable.

Social benefits and trust building in conflict areas: The village elders, community leaders, district and sub-district officials, mayors of cities and beneficiaries through their associations have been participating in the selection of beneficiaries and the identification of location and type of income generating activities they want to embark on. Ensuring stakeholders actively participate in such key decisions enhances the trust and partnership between project partners, and is essential in the implementation of transformative action within communities.

IV. Future Work Plan

4.1 Priority actions planned for the end of the reporting period to overcome constraints, build on achievements and partnerships, and use the lessons learned during the project:

Follow-up activities:

- **External evaluation:** In this reporting period, the project has contracted an external evaluation team to conduct the evaluation of the project as per UNIDO and FAO's rules and procedures. Once the final report is received, UNIDO and FAO will implement relevant recommendations to improve the design of new projects and the effectiveness/efficiency of on-going similar projects in Iraq.
- **End of project report:** An end of project report will consolidate achievements and lessons learned, also for the benefit of the ongoing and planned projects of similar nature.

4.2 Indication of major adjustments in the strategies, targets or key outcomes and outputs:

No major adjustments to strategy and outputs were required.

4.3 Estimated Budget required (including any major funding shortfalls):

No additional budget required.