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FOOD AND AGRICULTURE
ORGANIZATION OF THE
UNITED NATIONS

**SIX MONTH PROJECT PROGRESS REPORT
(JULY – DECEMBER 2007)**

**COMMUNITY LIVELIHOODS AND MICRO INDUSTRY SUPPORT PROJECT
IN RURAL AND URBAN AREAS IN NORTHERN IRAQ**

Project Summary

<p>Participating UN Organisation: United Nations Industrial Development Organization (UNIDO) – Lead Executing Agency Food and Agriculture Organization of the UN (FAO) – Collaborating Agency</p>	<p>Cluster: A Agriculture, food security, environment and natural resources management.</p>
<p>Project No. and Project Title: A5 – 17 Community Livelihoods and Micro-Industry Support Project in Rural and Urban Areas of North Iraq</p>	<p>Project Location/Region/Province: Selected urban and rural areas within Sulaimaniyah and Erbil Governorates.</p>
<p>Reporting Period: 1 July to 31 December 2007</p>	<p>Report no: 3</p>
<p>Counterpart organisations/implementing partners: MOA – Ministry of Agriculture (KRG) Ministry of Industry (KRG)</p>	<p>Project cost: UNDG ITF: 5,800,116 USD Govt. Input: 500,000 USD (in kind) Total: 6,300,116 USD</p>
<p>Abbreviations and acronyms:</p>	<p>Project Duration: 18 months</p>

I. Purpose

1.1 Main objectives and outcomes expected as per approved project document:

Immediate Objectives

1. Support the local communities in the establishment of a variety of viable auxiliary income-generating activities in the food processing sector and other cottage agro-industries, thereby strengthening their household economy so they can contribute to their well-being on their own.
2. Raise technology and production levels in targeted communities by providing the poor and marginalized communities with means to process their agricultural products.
3. Improve the technical and business management skills of people in the project area, especially of women, youths and IDP's, through appropriate training in the food processing, construction, manufacturing or service sectors.

Outputs

1. A more capable local community addressing not only their priorities but also facilitating their on-going participation in their development process.
2. 15 model business associations in food processing centres and other cottage agro-industries established and linked with markets.
3. Increased small-scale farmers', IDP's and returnees' income through expanded basic agro-industrial production/productivity.
4. A minimum of 2,000 households benefiting directly from improved technologies for post-harvest activities.
5. A minimum of 600 young people provided with marketable skills to enable them to obtain jobs and/or start-up an economic activity to sustain livelihoods for themselves and their families.
6. A number of small-scale food processing enterprises and other cottage industries established and organized in relevant production networks.

Activities

1. Assessing the needs of project beneficiaries (using selected participatory appraisal tools), identifying viable productive income generation activities and appropriate technologies.
2. Selecting project sites with the collaboration of all stakeholders, based on the distribution of vulnerable groups in both urban and rural areas and the availability of raw materials and markets.
3. Finalising selection and identification of beneficiaries based on the criteria agreed upon by all stakeholders: local governments, women's associations, directorates of counterpart ministries, village elders and Project Steering Committee members.
4. Rehabilitation of vocational training centres.
5. Training of trainers in the selected technologies and entrepreneurship.
6. Procurement of pilot plants and workshop equipment for the training centre, project beneficiaries, model cottage and micro-industries; and installation of these equipments.
7. Training of beneficiaries in entrepreneurial skills and technology to start their own business or to increase employment opportunities.
8. Mentoring the beneficiaries through their businesses.

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 increase of incomes of vulnerable groups in rural and urban areas.

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. This collaboration offers the opportunity for both UN agencies to pool their complementary expertise for the attainment of the project objectives. It promotes interagency collaboration between UN agencies in line with the ongoing UN reform. The project is the second of this kind, developed and implemented jointly with FAO and UNIDO upon the request of the counterpart ministries and project beneficiaries and based on the successful project being implemented in southern Iraq.

The project has also helped to improve inter-ministerial collaboration in the planning and implementation of projects.

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 : 5,800,116 USD from the UNDG-ITF
Total commitments as on 31 Dec 2007 US\$ 1,841,846 (= 31.76%)
Total expenditure as on 31 Dec 2007 US\$ 2,681,677.58 (= 46.23%)

The Government contributes USD 500,000 in kind, including a building with the size of 90 m x 40 m to serve as a vocational training centre for the project.

III. RESULTS

3.1 Output Status Table

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

Outputs	Description	Status	Reflections/Comments
Inception Report/Work Plan	<p>Workplan report prepared at the beginning of the project to:</p> <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 have been an essential factor in supporting project start-up.
Base line study (Needs Assessment)	<p>The base line study (Needs Assessment) included findings, analysis and recommendations on: natural resources offering potential for value added through transfer of new technologies and skills; technologies needing upgrading for job creation and improved quality of production; marketing strategies; training curricula for beneficiaries; prevalence of capacity building infrastructure and absorptive capacity of communities; identification of vulnerable groups as identified by the project; collection and analysis of baseline information that will enable the project to measure achievements in terms of making a difference in the lives of identified vulnerable groups and the project's contribution to the revitalisation of the economy of the KRG.</p>	Completed	This study formed the basis for implementation of the project approach.
Selection of vulnerable group beneficiaries	<p>Identification of vulnerable groups is conducted on the basis of the criteria established in the project document and adopted by the Project Steering Committee.</p>	Completed	<p>1485 individuals have been identified across Erbil and Suleimaniyah governorates. 637 in 12 districts and 848 in 11 districts in Suleiymaniyah and Erbil governorates, respectively.</p> <p>These individual beneficiaries will be provided with training in food processing and non-food technologies identified by the study (Needs Assessment).</p>

Identification of cottage industries, activities and processes	<p>Selection of cottage industries for support and upgrading were based upon the assessment of the availability of raw materials and accessibility to markets.</p>	<p style="text-align: center;">Completed</p> <ul style="list-style-type: none"> ▪ Food: Burghul, beekeeping, dairy, fruit and vegetable processing, olive oil extraction; ▪ Non-Food: Agro/auto-mechanics, welding, woodwork, machine-shop, carpet, tailoring. 	<p>This activity was conducted based on the key findings and recommendations established in the Needs Assessment (base line study).</p>
Cottage Industry Vocational Training Centres	<p>Construction and equipping of vocational training centres for food and non-food training and entrepreneurial skills development. Major project activities, including training of beneficiaries and mentoring activities, are developed and implemented from this important project component. It also ensures the sustainability of project processes, outputs and outcomes.</p>	<p style="text-align: center;">On-going</p> <p>While the tender documents for the construction of the Erbil Vocational Training Centre were prepared, a sudden decision was made by KRG/MOI in early August 2007 to hand the premises over to a private investor.</p> <p>The project's technical working group met 1-2 October 2007 and selected 7 food and 8 non-food alternative vocational training providers. Negotiations for the provision of training have been successfully completed with these providers.</p> <p>The project has decided to provide machinery and equipment in order to improve the capacities of the selected alternative training providers. The machinery and equipment required by each training provider have been identified and will be provided from those ordered for the Erbil VTC.</p>	<p>The project may also consider to provide the required equipment for the Erbil VTC if the private developer rehabilitates the building according to the original design and in time.</p> <p>The delay in this activity had led to postponing some of the training activities of the beneficiaries.</p>
Training of trainers	<p>The project envisages training a total of about 50 trainers in food and non-food technologies and entrepreneurial skills. These trainers form the major strategy for ensuring institutional sustainability.</p> <p>Activities involved in this include identification of training providers, formulation of TORs for training providers, development of criteria for selection of trainees, and evaluation of trainees and training providers.</p>	<p style="text-align: center;">On-going</p> <p>In the reporting period 4 trainers received business management training (Jordan, July/August 2007) and 5 in Syria in olive oil processing in December 2007. This means, the project has so far trained a total of 53 trainers, of which 20 in non-food and 33 in food technology. 12 out of the 53 trainers are female.</p> <p>The training to-date took place in Jordan (dairy, fruit and vegetable, beekeeping, agro- and auto-mechanic, lath, welding and weaving sectors, and business management) and Egypt (textiles).</p>	<p>In February 2008 the project plans to train:</p> <ul style="list-style-type: none"> ▪ 5 trainers in Burghul processing in Syria; ▪ 5 trainers in Weaving and Spinning in Spain; ▪ and 2 trainers in leather processing in Tunisia.

<p>Procurement and distribution of appropriate technology</p>	<p>The project provides plant and machinery for the training providers and in-kind business start-up support for a significant number of trained beneficiaries and identified small-scale cottage enterprises that serve as community training centres. The latter provide apprenticeship services for community members in identified technologies in order to revitalize essential services and create employment within communities.</p>	<p style="text-align: center;">On-going</p> <p>Equipment for the VTC Erbil had already been procured. But the procurement order had been reviewed in light of the decision to carry out training through alternative training providers.</p> <p>All food and non-food equipment and machinery for beneficiaries and associations have been ordered and shipment is being awaited in early 2008.</p> <p>Olive oil extraction and processing and miscellaneous (food), wood work, machine tools and equipment (non-food) ordered for the Erbil VTC have been received and will be distributed to the training providers in January 2008.</p> <p>Equipment for Agro/Auto Mechanics and welding have been received and distributed to 72 beneficiaries.</p>	
<p>Training of Beneficiaries</p>	<p>Individual beneficiaries selected in accordance with the criteria established in the project document and the baseline study are provided with food and non-food technology training. Training will largely be provided in the premises of the training providers, but the project will also support small-scale enterprises to contribute to training individuals from within communities.</p>	<p style="text-align: center;">On-going</p> <p>So far a total of 72 beneficiaries have been trained (as reported in Progress Report No. 2), all of which have been male.</p>	<p>In this reporting period no further beneficiaries have been trained due to the delay in establishing the Erbil Vocational Training Centre.</p> <p>The project has now identified appropriate alternative training providers and will resume training in January 2008.</p>
<p>Development of Training Material for Training of Trainers (ToT) and Training of Beneficiaries (TOBs)</p>	<p>The project will adapt the tested training material for food and non-food vocational training used by the Thi-Qar project.</p>	<p style="text-align: center;">On-going</p> <p>The existing training material of the Thi-Qar project is duplicated and further material added as training in new sectors progresses. E.g. for beekeeping a new training CD was added.</p>	<p>Further training material will be added once the training in leather, olive oil and burghul processing has been conducted.</p>

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

- Security which hampers the free movement of international and national staff and consultants poses some difficulties to effectively implement project activities.
- The project experienced a delay due to the problems in establishing the vocational training centre in Erbil. As stated above, a sudden decision was made by KRG/MOI to hand the premises over to a private investor. The project therefore had to select alternative training providers. It chose 7 food and 8 non-food vocational training providers in Erbil and Sulymaniyah. Negotiations for the provision of training are ongoing.
- The members of the Project Steering Committee and counterpart Ministries are following up the project implementation through their involvement in endorsing equipment specifications, vetting nominations of trainers, endorsing tender evaluation reports and providing input in the development of work plans. Their continuous involvement ensures the relevance of project responses to the needs of beneficiaries.
- The project will benefit from the lessons learned and good practices established in the implementation of the project "Promotion of Cottage Industry in Rural and Urban Areas" in Thi Qar Governorate.
- Past experience of FAO in northern Iraq contributes further to improved project implementation.

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

- The strategic partnership and collaboration between FAO and UNIDO has helped the project to pool the expertise of both agencies in the inception, development and implementation of this multi-pronged approach.
- The joint implementation arrangements with clear roles and responsibilities of FAO and UNIDO have enhanced efficiency in the delivery of project objectives. At the operational level, sharing costs using common facilities at field offices improves effective utilisation of project funds.

3.4 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 rural and urban poor. Women constitute a substantial proportion of the poor. It is estimated that approximately 50% of the beneficiaries will be women (women-headed households, widows, IDPs). Women will be encouraged to participate in project activities and in the leadership positions in production groups and associations established by the project. As stated above, the beneficiaries trained so far have been exclusively male due to the field of training (agro-mechanics and welding), but this situation will change as the project's training continues to cover other sectors.

Environment: Technologies and work processes are designed to have minimal impact on the environment. The project will promote technologies that do not adversely affect the environment of the targeted project areas. Technologies employed are relevant, appropriate, and environmentally sustainable.

Social/Trust Building in Conflict Areas: The village elders, community leaders, district and sub-district officials, mayors of cities and the beneficiaries through their associations have been participating in the selection of beneficiaries and identifying the location and kind of income generating activities they want to embark on. Ensuring stakeholders to actively participate in such key decisions enhances the trust and partnership between project partners, which is essential in the implementation of the project.

IV. Future Work Plan

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

- **Organising Project Steering Committee:** the fourth Project Steering Committee (PSC) meeting will be organised in early 2008 to assess what has been achieved and adopt a work-plan for the next reporting period, which will include the implementation of mitigating measures the project has taken to offset negative effects of KRG's earlier decision to give the Erbil VTC to a private developer.
- **Vocational training providers:** The priority activity for the next planning period (January to June 2008) will be to equip the various vocational training providers, so that the training of individual beneficiaries in food and non-food technologies can resume. Negotiations with the training providers have been completed and lists of required teaching materials are being prepared. Meanwhile, the project may also consider to provide the required equipment for the Erbil VTC if the private developer rehabilitates the building according to the original design and in time. Establishing these vocational training sites, i.e. building, equipping and staffing with trainers, is one of the key project components, both in terms of providing training and mentoring programmes for beneficiaries and micro-enterprises during the project life, but also – more importantly – to ensure the sustainability of the project achievements. Beyond the duration of this project, the training providers will be crucial for implementing training programmes for beneficiaries and assisting them with the management and marketing of their products.
- **Training of Trainers:** To-date 53 trainers have been trained. Given the changes in training providers, the project may have to adjust the training of trainers accordingly. The project has already successfully developed business management and entrepreneurial training with the Amman based training provider IMI-WAEDAT. All three on-going UNIDO-FAO projects (Thi-Qar, North Iraq and Diwanayah) addressing job creation through technology transfer and institutional and individual capacity building have benefited from this training programme. For the coming year the project plans to extend its training of trainer programme and has therefore already linked with ICARDA to include Burghul processing in Syria, leather processing in Tunisia and Weaving and Spinning in Spain.
- **Training of Beneficiaries:** Following the delay due to the cancellation of the Erbil VTC, the training of beneficiaries will resume by the beginning of the next project reporting period with the alternative training providers. The project will also benefit from the experience gained in Thi-Qar project.
- **Micro-Enterprise Associations:** The project will encourage and support existing small businesses associations and extension centres who serve communities with the provision of critical services that support cottage industries, relevant to the project objectives. Moreover, it will promote the formation of new business associations among trained beneficiaries and provide training in business management and entrepreneurship workshops in cooperation with established entities, including regional Chambers of Commerce and specialised trade and/or professional associations. The project will further explore these possibilities.
- **Completion of Procurement:** The project plans to finalise procurement of equipment and machinery in the next few months to begin training in the alternative training premises. Furthermore, equipment to beneficiaries, as well as micro-enterprises and business associations will be distributed.

- **Mentoring Beneficiaries and Associations:** A mentoring programme to provide technical and managerial support for beneficiaries and associations (community centres) will be developed and implemented. Mentoring will give important feedback on the effectiveness of training, quality and use of equipment and tools provided and also explore additional support the project could provide if any.
- **Monitoring and Evaluation:** The project puts in place a monitoring and evaluation system that assesses the effectiveness of training, employment taken up by trainees and the general impact of the project on the livelihoods of the beneficiaries. A systematic programme will be put in place.

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

Prior to this reporting period, the project had developed and implemented a Contingency Training of Beneficiaries Programme for the duration of the construction and equipping of the Erbil Vocational Training Centre.

However, given this delay in establishing the agreed-upon training centre with the national counterparts, an extension of the project duration maybe required.

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

No additional budget required at this stage.