



ANNUAL PROGRAMME¹ NARRATIVE PROGRESS REPORT

REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2011

Programme Title & Number

- **Programme Title:**
Private Sector Development Programme for Iraq
- **Programme Number:** C10-11
- **MDTF Office Atlas Number:** 00066995

Country, Locality(s), Thematic Area(s)²

- Iraq
- Nationwide (Baghdad) and in three pilot governorates Erbil, Anbar, Basrah
- Economic Recovery, Private Sector

Participating Organization(s)

UNDP, ILO, UNIDO, UNOPS, FAO, UN-HABITAT, UN Women

Counterparts and Partners

- **National counterparts (government, private, NGOs & others):** Prime Minister's Office Advisory Commission and Task Force for Economic Reform with seven Working Groups – all established by COMSEC Order and with representatives of relevant Iraqi government entities³, Central Bank, National Investment Commission, private sector and unions⁴, and other relevant stakeholders⁵, Iraq Institute for Economic Reforms (IIER)
- **Implementing Partners:** IOM
- **Other international partners:** World Bank, OECD, IFC, USAID, IFAD, SIDA, STC, Unioncamere and embassies of US, Poland, Romania, EU Delegation, Sweden and Italy, as well as international private sector entities

Programme/Project Cost (US\$)

Programme Duration (months)

¹ The term "programme" is used for programmes, joint programmes and projects.

² Priority Area for the Peacebuilding Fund; Sector for the UNDG ITF.

³ Including Ministry of Planning and Development Cooperation, Ministry of Industry and Minerals, Ministry of Labour and Social Affairs, Ministry of Agriculture, Ministry of Water Resources, Ministry of Housing and Construction, Ministry of Communication, Ministry of Culture, Ministry of Electricity, Ministry of Oil, Ministry of Foreign Affairs, Ministry of Finance, Ministry of Transportation, Ministry of Trade, Ministry of State for COR Affairs, State Ministry of Women Affairs.

⁴ Including 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.

⁵ Including NGO partners, e.g. Women Leadership Institute, Women Empowerment Organisation, Iraqi Al-Amal Association.

MDTF Fund Contribution:

UNDP (C11-10a)	USD 9,750,000
ILO (C11-10b)	USD 3,358,930
UNOPS (C11-10c)	USD 5,541,070
UNIDO (C11-10d)	USD 7,700,000
FAO (C11-10e)	USD 3,300,000
UN-HABITAT (C11-10f)	USD 2,000,000
UN Women (C11-10g)	USD 1,220,000 ⁶

MDTF disbursement in three tranches and with a total of USD 32,870,000 transferred to Participating Agencies as of 31 December 2011.

Agency Contribution: USD 100,000
(UNDP)

Government Contribution: Not applicable

Other Contribution (donor): Not applicable

TOTAL: USD 32,970,000

Overall Duration: 48 months

Start Date⁷: 01 January 2009⁸

End Date or Revised End Date: 31 December 2012

Operational Closure Date⁹: 31 December 2012

Expected Financial Closure Date: 31 December 2013

Programme Assessments/Mid-Term Evaluation

Assessment Completed - if applicable *please attach*

Yes No Date: _____

Mid-Evaluation Report - if applicable *please attach*

Yes No Date: __December 2011

Submitted By

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⁶ Increased by USD 20,000 in July 2010 to accommodate expenditures for evaluation of unrelated UNIFEM/UN Women project funded by the ITF.

⁷ The start date is the date of the first transfer of the funds from the MDTF Office as Administrative Agent. Transfer date is available on the [MDTF Office GATEWAY](http://mdtf.undp.org) (<http://mdtf.undp.org>).

⁸ 31 December 2008 as per MDTF Gateway entry for Project 66995.

⁹ All activities for which a Participating Organization is responsible under an approved MDTF programme have been completed. Agencies to advise the MDTF Office.

NARRATIVE REPORT FORMAT

I. Purpose

Provide the main outputs and outcomes/objectives of the programme.

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

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

Development Goal and Immediate Objectives

Development Goal:

- Contributes to the 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.
- Contributes to the UNDAF Priority Area 2 “Inclusive, more equitable and sustainable economic growth” and to foster national capacity and leadership of the development process, within governmental, non-governmental and social institutions, in order to transition the country from the impact of violence and repression characterizing recent decades.
- UNDP implements in line with Country Programme Outcome 4 “GoI has the institutional framework to develop and implement MDG-based pro-poor, equitable and inclusive socio-economic and environmental policies and strategies” and Outcome 5 “Enabling policy and frameworks for rapid economic recovery, inclusive and diversified growth and private sector development” which feed into the UNDAF and NDP.

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 Outputs¹⁰	IP Output 1.1: Strengthened national capacities for private sector development policies.
	IP Output 1.2: Improved efficiency of the Public Micro Lending Programme and access to

¹⁰ As per UNDG/ITF PSDP-I Project Document “5. Results Framework”.

	<p>business loans.</p> <p>IP Output 1.3. Strengthened operational, regulatory and legislative environment for SMEs development.</p> <p>IP Output 2.1: Local economic strategies and development plans are in line with national and provincial frameworks in three governorates.</p> <p>IP Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates.</p>
<p>IP Activities</p>	<p>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;</p> <p>1.1.2 Conduct a comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD;</p> <p>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;</p> <p>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</p> <p>1.1.5 Implement investment potential mappings (including sector-specific);</p> <p>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;</p> <p>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;</p> <p>1.1.8 Provide continuous support to the Program to mainstream gender and ensure women's full participation in policy and strategy design.</p> <p>1.2.1 Improve the design and the management of the Governmental guaranteed Micro-Lending Programme of the GoI (implemented by MoLSA and MoIM);</p> <p>1.2.2 Assist with the design and implementation of other mechanisms to enhance access to credit by SMEs;</p> <p>1.2.3 Review of micro-lending legislation and draft of laws and by-laws.</p> <p>1.3.1 Provide assistance for a survey of SMEs (including formal and informal sector);</p> <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 of Local Economic Recovery (LER) strategies in harmony 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</p>

	plans 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).
Procurement (major items)	Procurement procedures for the partial rehabilitation of three SOEs were initiated by UNIDO (including paper quality testing equipment, environmental protection test equipment, smooth glass rollers, etc.)

Explain how the Programme relates to the Strategic (UN) Planning Framework guiding the operations of the Fund/JP.

The Programme was originally developed within the Strategic (UN) Planning Framework of the UN Assistance Strategy 2008-2010 which in turn was aligned to the objectives of the National Development Strategy of Iraq, the International Compact with Iraq and the MDGs (specifically, addressing MDG 1 on poverty and MDG 3 on gender).

During 2011, the Iraqi Government continued the implementation of its National Development Plan (NDP) 2010-2014 and the UN Country Team (UNCT) made a transition in its Strategic Planning Framework leading to programmes and operations now being guided by the United Nations Development Assistance Framework (UNDAF) for Iraq 2011-2014.

Agency-specific interventions are guided by their respective country programmes agreed upon with the Government of Iraq. These programme documents are built on the UNDAF and align agency operations with their respective Mandates, expertise and Iraq-specific capacity and requirements.

For UNDP, as lead agency of the PSDP-I, all Iraq operations are guided by the Country Programme Document (CPD) and are following the Country Programme Action Plan (CPAP) 2011-2014.

MILLENNIUM DEVELOPMENT GOALS

The PSDP-I specifically addresses Millennium Development Goal (MDG) 1 on poverty, MDG 3 on gender and MDG 8 on the development of a global partnership for development. The downstream aspects of the programme contribute to job creation and private sector development. Gender is mainstreamed throughout the programme, beginning with policy and institutional building and being realized at the Governorate level in business development services, access to services and social safety nets.

UNITED NATIONS DEVELOPMENT ASSISTANCE FRAMEWORK FOR IRAQ 2011-2014

The UNDAF was prepared by the UNCT in Iraq in consultation with the Government of Iraq and other partners, with the aim of improving the lives of the people of Iraq, and particularly the most vulnerable, in alignment with the national priorities and MDGs. The UNDAF 2011-2014 is the first for Iraq, marking a significant milestone in the nation's recovery and transition towards longer term development. Based upon and prepared in parallel with the Iraq Five Year NDP 2010-2014, the UNDAF provides a coherent and coordinated strategy for the delivery of UN assistance that embodies the Paris Principles, and supports the newly elected Iraqi administration in meeting its various obligations. The focus of the UNDAF implementation is to foster national capacity and leadership of the development process, within governmental, non-governmental and social institutions, in order to transition the country from the effects of violence and repression characterizing recent decades. Five UNDAF priorities have been identified, providing the scope and strategic direction of the UN system's support to Iraq in the next four years. The

PSDP-I responds specifically to UNDAF Priority Area 2 “Inclusive, more equitable and sustainable economic growth”. The UNDAF was signed by the Minister of Planning and Development Cooperation and the UN Resident Coordinator on 11 May 2010.

UNDP COUNTRY PROGRAMME DOCUMENT

The first CPD for Iraq was endorsed by the Government of Iraq (GoI) and approved by the Executive Board of UNDP on 3 September 2010. The CDP is aligned with the NDP and is nested within the UNDAF. UNDP has identified four priority areas of synergy with the NDP and UNDAF, namely: a) fostering inclusive participation, b) strengthening accountable and responsive governing institutions; c) promoting inclusive growth, gender equality, climate change mitigation and adaptation and MDG achievement; and d) restoring the foundations for development. The CDP takes into account that UNDP operates under the overall mandate of the United Nations Assistance Mission in Iraq (UNAMI) focusing on the role of supporting the GoI in the transition towards national reconciliation, peace and stability through work on governance, poverty alleviation, economic recovery and environment guided by conflict prevention and recovery approaches.

UNDP implements both its roles as coordinator and technical contributor in line with the Country Programme’s Priority 4 “GoI has the institutional framework to develop and implement MDG-based pro-poor, equitable and inclusive socio-economic and environmental policies and strategies” and 5 “Enabling policy and frameworks for rapid economic recovery, inclusive and diversified growth and private sector development”.

UNDP COUNTRY PROGRAMME ACTION PLAN 2011-2014

The CPAP is a signed legal agreement between the Government and UNDP based upon the CPD. The 2011-2014 CPAP is a four-year living document defining the mutual cooperation and programme of work shared between the Government and UNDP. It is a response to the specific challenges identified in the UN Common Country Assessment 2009 and the UN response as outlined in the UNDAF 2011-2014. These, in turn, take account of the MDGs, the Iraq NDP as well as the lessons learned from past UNDP programming in Iraq. The CPAP, has been prepared in close consultation with key stakeholders, defines the goals, and broad outline of strategies and activities that the Government and UNDP jointly subscribe to, with agreed financial parameters. The CPAP further elaborates on the five CPD outcomes and respective outputs of UNDP within the PSDP-I.

II. Resources

Financial Resources:

Provide information on other funding resources available to the project, if applicable.

In 2011 the UN Global Component of the Programme received financial support from the UNDP TRAC Fund in the amount of \$100,000.00. An additional \$200,000.00 is expected to be provided by the same source in 2012.

Provide details on any budget revisions approved by the appropriate decision-making body, if applicable.

On 3 May and on 17 October 2011, based on the requests of Participating Agencies, the UNDG ITF Steering Committee approved the extension of project duration until 31 December 2012 and the movement of funds between project budget components to re-allocate the initially budgeted amounts among different budget lines for each of the Agencies (without a change in the total budgeted amounts) to reflect the numerous changes in the economic, legislative and institutional context in Iraq and the accordingly revised Programme immediate priorities and overall implementation timeline.

Provide information on good practices and constraints in the mechanics of the financial process, times to get transfers, identification of potential bottlenecks, need for better coordination, etc.

Financial commitment to this project was set up in three tranche payments. Until May 2011, all PSDP-I Participating Agencies were working with funding from the 1st tranche (\$12,000,000) released shortly after programme approval. The disbursement of the 2nd tranche (\$10,889,894) was received in April 2010, based on the rate of received funds committed, progress made against the Annual Work Plan (AWP) and forecasted expenditure. The request for release of the third tranche was endorsed by the PSDP-I Programme Steering Committee and then approved by the UNDG ITF Steering Committee in May 2011; the transfer of \$9,960,106 was completed by the MPTF Office during the same month.

Challenges, Constraints and Remedial Actions:

In 2011, the Programme faced a number of constraints and challenges, both at the substantive and the management/operational side.

The initiated coordination of the programme activities with those of other UN Agencies and international development partners (including World Bank, OECD, USAID, and the Governments of Poland, Romania, Sweden and the USA) and potential interventions by Unioncamere, GTZ and other players are in line with the priorities established by the Task Force for Economic Reforms (TFER). The coordination had been well managed by the recruited PSDP-I Programme Coordinator. At the same time, the UNDP Country Office management found it inappropriate to extend the contract beyond June 2011, until partnerships are fully established and operational. In 2011, PSDP-I was increasingly focused on strengthening the partnership approach, not only for the benefit of the achievement of various programme objectives, but also in view of securing continuity of the socio-economic reforms initiated by the programme and in preparation for the eventual hand-over of programme deliverables to the Government with partnership support packages where applicable. The objectives of the Sub-Group for Private Sector Development (PSD) that was formed under the Iraq Partners' Forum (IPF) are: to provide a platform for regular exchange of relevant technical information; to allow for coordination of activities within the same areas; and to lay the ground for further potential partnerships to be entered into effect. The partnership approach aims to reduce the risk of redundancy, overlaps, and inefficiencies as well as to combine the capacity of the various international actors to offer the best support to the GOI and economy.

Substantive Challenges:

- ILO/UNOPS faced challenges in advocating for competitive pricing for Business Development Services (BDS) delivered by the Business Information Centers (BIC) (including the business management training, Start Your Business), as most of agencies and donors are delivering BDS free of charge and even paying entrepreneurs to attend the trainings. As a result of this distortion in the BDS market, BICs' financial sustainability is undermined.
- The Federations and Unions continued to seek the UN's assistance in resolving the issue of Government's continuous interference with their work, including the appointment of government officials to run the organisations - consequently bringing about the question of freedom of association in Iraq.
- The newly appointed Governor of Basrah replaced some of the members of the established Economic Development Unit (EDU) including the Director. As a result, delays were experienced in the work planning of the EDU, as new members had not attended workshops conducted in 2011 on territorial diagnosis for the Economic Development Compact.
- The three EDUs nominated by the Governors of Anbar, Basra and Erbil, are experiencing a number of challenges partly due to their recent exposure to ILO/UNOPS analysis and planning methodology. In addition to, the following reasons: (1) the majority of members are neither economists nor local-level planners; (2) unexpected demanding workload and process; (3) they are occupied with their own day-to-day assignments and it is very hard for them to allocate adequate

time for the territorial diagnosis and the identification of projects; (4) they are not compensated for this work, which is an additional heavy task on the top of their official duties. It is worth mentioning that Erbil Governor's office has agreed to provide a monetary incentive for their group members to compensate for the extra work load.

- The EDU Resolution has not been approved yet, after having been submitted by PMAC to the CoM in April 2011. The Resolution proposed the establishment of a General Directorate in each Governorate, tasked to lead economic analysis and economic planning. The Ministry of Planning stated its dissent with such proposal and, instead, suggested the establishment of committees at the Governorate level. The KRG Ministry of Interior has also rejected the request submitted by Erbil Governor's office to establish a Department.
- The main constraint that FAO faced during the first quarter of 2011 pertained to the absence of a Minister of Agriculture (MoA) and the creation of the new government which delayed decision making at MoA. To overcome that obstacle all preparatory work, discussions and technical issues were covered pending final endorsement from the eventually appointed MoA. Also, a related constraint faced by FAO during the reporting period pertained to the late response of the Ministry in communications, and in contracting the officials in the ministry to conduct the mentioned studies under the upstream component, which led to a delay in implementing the related activities.
- The TFER's working group on Land Reform postponed the planned workshop on a land policy process twice during the second quarter of the year due to conflicting ministerial commitments, causing delays on the land reform component of the project.
- Coordination with the State Minister on Women's Affairs (SMOWA) and the Prime Minister's office on the implementation of UNWomen activities took longer than expected, due to the extended absence of a focal point on their behalf. The Agency has worked closely with SMOWA's and the Prime Minister's offices to ensure that its activities are accomplished on time, however, SMOWA has limited capacity and that is hindering the implementation of specific activities related to the Business Women initiative.

Management / Logistic Challenges:

The main implementation constraint from an operational point of view is the challenge to work side by side with beneficiaries located in the Red Zone of Baghdad. Security restrictions and the limited number of Red Zone movements made it difficult to travel to field locations, to organize meetings with Iraqi counterparts and to interact with project stakeholders on the ground outside the International Zone (IZ). The closure of Al Rasheed Hotel in the Amber Zone makes meeting with Iraqi counterparts difficult, as invitations to UN office compound required one week for clearance, for Iraqis not holding IZ badge. Additionally, the complicated procedure for getting Iraqi counterparts in the IZ and the limited number of SSI escorts available to handle visitors' requests worsen the situation.

The upstream activities requiring close cooperation, partnership and communication with Iraqi and international counterparts in Baghdad continued to face severe restrictions in terms of Baghdad slot availability and office space. This led to difficulties in communicating and effectively cooperating with the GOI, the Iraqi private sector, other international and national partners and even within the seven agency team of the PSDP-I. Efforts to arrange for regular teleconferences (audio/video), including with downstream colleagues and partners in the three pilot governorates, provided an opportunity to remain in close contact but these instruments are regularly unavailable, unreliable and of sub-standard communication quality.

Other significant management and logistic challenges are:

- Following the demonstrations across Iraq in the beginning of the year, the government was given 100 days to respond to Protests' needs by making a significant change. Casualties were recorded in different parts of Iraq as a result of these demonstrations. The demonstrations resulted in delays with most planned project activities.
- Periodic curfews imposed by some of the local authorities. Basrah witnessed a series of demonstrations and protests against the local government which led to the Governor's resignation. In the north of the country, activities came to a halt due to unrest which resulted in the death of 7 civilians and more than 300 injuries.
- In Anbar, insurgents targeted the Governor's convoy and three of his Private Security Details were killed. Following the incident, the Iraqi Security Forces imposed tight security measures.
- Movements in Southern provinces were restricted on the occasion of the annual ceremony of visiting the holy shrines in the city of Kerbala' (Shiite Islamic occasion).
- Despite numerous interventions at various levels, the equipment procured by UNDP for the Ministry of Electricity as part of the Electricity Distribution Network Master Planning component continues to be held by the Basrah Airport customs office in an attempt to obtain payment of illegitimate customs fees from UNDP.
- The absence of UNWomen representative in Iraq led to the postponement of high level meetings with the Minister of SMOWA and senior officers in the Advisory Council. It is anticipated that the assignment of the new Iraq Programme representative in February 2012 will expedite the implementation of the programme activities.

The planning and implementation of downstream activities were negatively affected by restrictions on travel and movement, especially in Anbar and Basrah. The PSDP-I responded by converting the two Area Coordinator positions in Anbar and Basrah from international FT posts (P-4) to UNDP Service Contract (Anbar). Also, PSDP-I subcontracted to a local company via the LTA mechanism for the Basrah posts thus securing highly qualified local staff, who are less restricted in their presence and movements and more independent in their interaction with local counterparts.

*Human Resources:*¹¹

- National Staff:
 - Governorate Area Coordinator, Anbar (UNDP)
 - Governorate Area Coordinator, Basra (UNDP)
 - Assistant Programme Officer (upstream), Baghdad (from April 2011) (UNDP)
 - Assistant Programme Officer (downstream), Baghdad (from April 2011) (UNDP)
 - Driver, Baghdad (UNDP)
 - Regional National Coordinator (part-time) (UN-HABITAT)
 - Infrastructure Expert (part-time) (UN-HABITAT)
 - Project Assistant (part-time) (UN-HABITAT)
 - Administrative Assistant (part-time) (UN-HABITAT)
 - Project Assistant Officer (UNIDO)
 - Financial and Administrative Assistant (UNIDO)
 - Driver/Clerk (UNIDO)
 - Project Assistant (FAO)
 - Procurement Assistant (part-time) (ILO/UNOPS)
 - Human Resources Assistant (part-time) (ILO/UNOPS)
 - Administrative Assistant (part-time) (ILO/UNOPS)
 - Finance Assistant (part-time) (ILO/UNOPS)
 - Financial Clerk (part-time) (ILO/UNOPS)

¹¹ No information received from UN Women

- Programme Officer (UN Women)
- International Staff:
 - Programme Director (UNDP)
 - Programme Coordinator (6 months until June 2011) (UNDP)
 - Chief Technical Advisor (UNDP)
 - Programme Specialist (Micro-Finance) (UNDP)
 - Capacity Building Specialist (SME) (UNDP)
 - Programme Specialist (CSR) (UNDP)
 - Governorate Area Coordinator, Erbil (from January 2011) (UNDP)
 - Land and Housing Expert/Project Manager (part-time) (UN-HABITAT)
 - Infrastructure Expert (part-time) (UN-HABITAT)
 - Chief Technical Advisor (UNIDO)
 - Senior Economic Development Expert (UNIDO)
 - Project Manager (FAO)
 - Project Coordinator (FAO)
 - Operations Officer (FAO)
 - Operations Specialist/Deputy CTA (ILO/UNOPS)
 - Chief Technical Advisor (ILO/UNOPS)
 - Local Economic Recovery Specialist (ILO/UNOPS)
 - Programme Officer (UN Women)
- Consultants¹²:
 - Land and Planning Legislation Expert (part-time international consultant) (UN-HABITAT)
 - Legal Specialist (part-time national consultant) (UN-HABITAT)
 - Study Visit Coordinator (part-time international consultant) (UN-HABITAT)
 - Land Information Specialist (part-time international consultant) (UN-HABITAT)
 - 4 Field Researchers (part-time national consultants) (UN-HABITAT)
 - Economic and Regional Development Legal Expert (UNIDO)
 - 4 Senior Legal Experts (UNIDO)
 - Junior Legal Expert (UNIDO)
 - 9 Senior Industrial Strategy experts
 - 2 Senior Economic Development Experts for SOEs Restructuring Roadmap
 - Junior Consultant for Monitoring and Implementation of SOEs Downstream Activities (UNIDO)
 - Junior Consultant for Economic Research (UNIDO)
 - 9 Senior Industrial Strategy & Policy Training & Coaching Experts (UNIDO)
 - 3 International and 2 National Investment Mapping experts (sub-contract, UNIDO)
 - 4 International and 2 National experts for the feasibility studies and plan for the rehabilitation of three SOEs in Anbar and Basra (sub-contract, UNIDO)
 - 3 International and 3 National experts for PSDPI Upstream Output Consolidation project (sub-contract, UNIDO)
 - 1 International and 2 National social mitigation experts (UNIDO)
 - 1 International and 4 National IT Platform Development experts (sub-contract, UNIDO)
 - National Legal translator (UNIDO)
 - National Legal adviser (UNIDO)
 - 6 National Senior Industrial Development and SOEs Restructuring Experts (UNIDO)
 - National IT Platform project supervisor (UNIDO)
 - PSD Capacity Building Expert (UNIDO)

¹² Consultants usually contracted for technically specific and short-term assignments.

- International Consultant on Chambers of Commerce and Business Development Services (ILO/UNOPS)
- International SME Consultant (ILO/UNOPS)
- Local consultant, mapping and baseline assessment of Iraqi PSD organizations (ILO/UNOPS)
- Senior Local Economic Recovery Officer, Erbil and Sulaimaniyah (ILO/UNOPS)
- Local Economic Recovery Officer, Anbar (ILO/UNOPS)
- Local Economic Recovery Officer, Basrah (ILO/UNOPS)
- National Coordinator (ILO/UNOPS)
- Programme Administrative Associate (ILO/UNOPS)
- SME Project Officer (ILO/UNOPS)
- LER Project Officer (ILO/UNOPS)
- 2 Legal Experts (UN Women)
- Economic Expert (UN Women)

III. Implementation and Monitoring Arrangements

- *Summarize the implementation mechanisms primarily utilized and how they are adapted to achieve maximum impact given the operating context.*

The PSDP-I is a joint programme involving seven UN organizations (UNDP, UNIDO, ILO, UNOPS, UN-HABITAT, FAO and UNWomen) with detailed roles and responsibilities of all parties based on their individual mandate, expertise and capacity in Iraq and defined in a joint programme document signed by each agency. The joint programme interventions of participating UN agencies are aimed at common results. The objective of the joint programme is built on the needs and requirements of Iraq (as identified by the Government with assistance from the UN and other partners) and the comparative advantages of participating agencies, which are coordinated to avoid duplication, reduce transaction costs and maximize synergies among national partners and the UN. The activities of the PSDP-I are contained in a common work-plan and a related budget. Each participating UN agency manages its own funds, which it has received directly from the ITF in three tranches.

The PSDP-I is implemented through a management mechanism agreed upon with the GoI, that aims to strengthen the country's ownership in the process of reforms for private sector development. PSDP-I's activities are identified, planned for and regularly reviewed in a joint Work Plan with the Programme Management Team (PMT) and the TFER and the seven thematic Working Groups, and was approved by the Programme Steering Committee (PSC).

All activities are planned for and implemented in close consultation with the relevant GoI bodies and other stakeholders. By order of the Council of Minister Secretariat (COMSEC), TFER and seven Working Groups were established on specific focus areas: SOE Restructuring, Legislative Revision, Investment Policy, SME Development, Tax and Financial Policy, Land Management Reform and Social Dialogue.

UNOPS is the executing agency for ILO, submitting a consolidated report for their joint execution. IOM is a partner in this Programme and contributes through ILO/UNOPS.

- *Provide details on the procurement procedures utilized and explain variances in standard procedures.*

As per Article III, section 1 of the MoU between the UNDP MPTF Office as Administrative Agent of the UNDG ITF and SECTION of the Prodoc, all seven Agencies participating in the PSDP-I apply the procurement policies and procedures of their respective organizations.

While the detailed processes are not fully harmonized across the agencies, funds and programmes of the UN, the principles of ‘Best Value for Money’, Fairness, Integrity and Transparency are always applied and result in the identification and selection of suppliers and service providers based on an open, competitive and well-documented process unless the same principles, for well justified reasons, dictate otherwise.

The PSDP-I, agencies have not reported any variance from their respective standard procurement procedures.

- *Provide details on the monitoring system(s) that are being used and how you identify and incorporate lessons learned into the ongoing project. Report on any assessments, evaluations or studies undertaken.*

According to the PSDP-I Project Document as well as the MoU between the UNDG ITF’s Administrative Agent (the UNDP MPTF Office) and all Participating Agencies, all agencies implementing the PSDP-I are subject to the monitoring and evaluation systems of their respective organizations. These systems include mechanisms that cover both organization (e.g. staff reporting lines, performance reviews, etc.) and process (e.g. monitoring of procurement, recruitment, etc.) to ensure adherence to the agency’s policies, rules and regulations whilst meeting the project-specific objectives and arrangements agreed upon with the funding source. Beyond that, they are also meant to allow for the identification of deviations from the original workplan (e.g. delays, changes in the programme context, etc.) and for lessons learned to be drawn. Depending on the extent of such deviations and lessons learned, it might be necessary to revise the workplan, the implementation arrangements or even the scope of the project. In 2011 PSDP-I submitted to the PSC and to the ITF Steering Committee two project revisions (including budget revisions). The Steering Committees have approved, as appropriate, the release of the third tranche, the extension of the Programme until December 31, 2012, and the proposed revised Work Plans and Budgets during their meetings in March/May and October as outlined in more detail below.

Progress against the PSDP-I Work Plan is monitored and assessed both by the UN Resident Coordinator who has chaired quarterly internal review meetings to review and plan programme implementation, and by the PSC. For 2011, two PSC meetings took place on 10 March and 2 October 2011. These meetings were co-chaired by the Chair of the Prime Minister’s Advisory Council and the UN Resident Coordinator and with participation of the UN Heads of Agencies, TFER members and representatives of the donor community and other international partners. The Committee was presented with comprehensive status updates, revised work plans (without changes on the outcome or output level) and, for the meeting on 10 March, with the request for the release of the third tranche of the approved programme funding (USD 9,960,106). The ITF SC at its subsequent meetings on 10 May and 17 October accepted and endorsed all items as presented.

An independent Outcome Evaluation was commissioned by UNDP Iraq in July 2011 to conduct an assessment of the CPAP Outcome 5 “Enabling policy framework for rapid economic recovery, inclusive and diversified growth and private sector development”¹³ and the Country Programme Evaluation Plan. The report addressed three issues: a) to what extent the envisaged development objectives had been met and if not, why not?; b) what was the role and contribution of UNDP in the design, implementation, and progress (or lack thereof) toward the attainment of the intended results; and c) what can be done in the future and how? The Evaluation mission used an elaborate evaluation

¹³ CPAP Outcome 5 reflects a UNDP-Iraq portfolio of 19 projects worth US\$113 million, and roughly consists of four main sectors: PSDP, Mine Action, Energy, and the restoration of Infrastructure (including capacity building for PFM) and addressing cross-cutting theme of gender inclusion.

methodology and employed universally-accepted criteria and standards in line with the UNDP Evaluation Policy and the evaluation findings were based on: a) document reviews, b) field visits, and c) cross-checking or triangulation of the achievements.

For the evaluation of the PSDP-I the mission assessed not only the UNDP PSDP-I team; it also held detailed consultations with the other participating agencies, government counterparts and donors. The Evaluation Team has assessed the Programme to be Moderately Satisfactory overall and for the Achievements, Efficiency of Resource Use and Impact Orientation, while the dimension of Relevance and Strategic Fit received the Highly Satisfactory mark and the Design was considered Satisfactory.

IV. Results

- *Provide a summary of Programme progress in relation to planned outcomes and outputs; explain any variance in achieved versus planned outputs during the reporting period.*

In 2011, the Private Sector Development Programme has made significant progress towards the achievement of objectives in most areas of intervention.

Coordination and Partnerships

The PSDP-I is led by and interacts with the Government through the TFER and its seven thematic Working Groups established by Cabinet Orders in 2008-10 with membership composed of representatives from relevant Iraqi Government and Private Sector entities:

1. Legislative Assessment and Revision
2. Restructuring of State-owned Enterprises
3. SME Development
4. Investment Policy
5. Industrial Policy
6. Tax and Financial Policy
7. Land Management Reform
8. Social Dialogue

All Working Groups meet regularly and work towards the timely achievement of results defined in their specific Terms of Reference. Through the TFER and the seven thematic Working Groups as well as through direct and indirect bilateral linkages, the PSDP-I works very closely with numerous representatives of the Government, public entities and the Iraqi private sector, including:

- Prime Minister's Advisory Commission
- Iraqi Cabinet and COMSEC
- Iraqi Council of Representatives
- Shura Council
- Ministries of Finance, Industry and Minerals, Labour & Social Affairs, Planning (including COSIT), Transport, Electricity, Oil, Trade, Water Resources, Housing & Construction, Agriculture, Culture, and the SMOWA
- Central Bank of Iraq
- National Investment Commission
- Federation of Chambers of Commerce and Industries, Iraqi Federation of Chambers of Commerce and Industries in Basrah, in Erbil, and in Ramadi, as well as individual chambers
- Iraqi Federation of Industries (IFI), Iraqi Businessmen Union, Association of Iraqi Businessmen, Association of Iraqi Banks, Iraqi Contractors and individual Enterprises
- NGO partners, e.g. Iraqi Institute for Economic Affairs (IIER), Women Leadership Institute, Women Empowerment Organisation, Iraqi Al-Amal Association

The PSDP-I cooperates with a wide variety of international organizations active in Iraq to support the country's transition into a private sector-led market economy, build the capacity of the private sector and relevant state institutions, and to boost Iraq's trade. Cooperation ranges from regular and ad-hoc exchange of information to active collaboration based on legal agreements and concrete work plans. It covers most of the PSDP-I's programmatic areas as well as coordination vis-à-vis the Government through the TFER. In 2011, the PSDP-I continued to actively involve partners such as the World Bank, USAID, SIDA, Governments of Poland and Romania, the US Department of State and the EU in meetings and events of the TFER and its Working Groups to ensure close and direct coordination as well as to mainstream the project processes and promote the continuation of the initiated triangulation mechanisms between the Government of Iraq, the UNDP (both the Iraq and Poland Offices), and the Government of Poland and other countries beyond the duration of the PSDP-I.

Coordination and support were also extended to other UN entities and programmes outside the PSDP-I (e.g. UNCT on Public Sector Modernization, WFP on reform of the Public Distribution System, UNAMI DHS on aid management and co-funding mechanisms, UNESCO on support to Ministry of Communications and CMC, UNAMI Political on Revenue Sharing and DIBS, UNCT on Corporate Social Responsibility, etc.) as well as cooperation with a number of international private sector companies.

Partnership with the private sector also strengthened through the launch of the UN Global Compact Local Network in Iraq (UNGC), in the effort to advance Corporate Social Responsibility (CSR) and enhance the role of the private sector in the development agenda and multi-stakeholder dialogue. The UNGC Iraq Network is gathering information on different businesses in terms of size, sector and geographical location, as well as international companies operating in Iraq. UNGC is intended to become the key business counterpart for the PSDP-I actors both in Iraqi government and UN.

Activities related to CSR and promotion of the UNGC during in 2011 includes:

- Endorsement by the COMSEC for launching the UNGC in Iraq as the largest global CSR initiative and appointment of government focal points within COMSEC to be part of the UNGC Iraq Secretariat, supported by UNDP-PSDPI
- Capacity building activities and identification of business champions in Iraq and within the Iraq business community in the Arab region, which helped to raise awareness on responsible business and CSR and increased the number of Iraqi UNGC members to 73 by end of the year
- Integration of the Iraqi UNGC team in regional and global activities of the UNGC (participation in the UNGC week and Annual meetings for Local Networks; integration in the Middle East and Africa regional Local Network group) and creation of Iraq Local Network
- Launch of the UNGC Local Network in Iraq on 15 October 2011 in a high-level meeting attended by 300 representatives of Iraqi Government and private sector, which featured the signing of the MOU between the UNGC Iraq Local Network, the UN Secretariat, and the COMSEC Secretary General
- Series of workshops to raise awareness on the UNGC and CSR at provincial level (Babylon, Basrah, Anbar, Nineveh, Erbil) and engage local companies and authorities across the country
- First general meeting of UNGC Iraq members to appoint the Network Representative and Steering Committee, upon a transparent and democratic election process
- Action plan approved and arrangements initiated for establishment of a governance structure leading to the legal and financial autonomy of the UNGC Iraq Network (towards the set up of an Iraqi CSR Centre)

Legislative Assessment and Revision

In 2011 PSDP-I completed the assessments of the Commercial Regime, Competition and anti-monopoly law No. 14 of 2010, Consumer Protection Law No. 1 of 2010, Protection of Iraqi Products law No. 11 of 2010, Arbitration Law with comments provided by UNCITRAL (review of the draft produced by the Working Group on Legislation), update of the assessment of the Investment Regime, Public Procurement Regime, Procurement Regulations, Bankruptcy Law, Banking Sector Regime, Tax and Customs Regime, Land Regime, Agriculture Regime.

The Programme, together with the TFER Work Groups, has produced or has essentially finalised the following documents: draft SME Law, a comprehensive framework Public Public Partnerships (PPP) draft Law, draft legislation on establishment of a High Committee on Land Reform, Order 80 on the expansion of the Land Working Group, Position paper on Public Land Management that would lead to development of related policies and legislation, Roadmap for the land reform process. TORs were prepared for additional studies on rural land management, per-urban land management, land information systems, education in the land sector, the completion of which is being proposed to be funded through Government co-financing.

A harmonization analysis was conducted by UNIDO among the different target core areas, which will be incorporated in the final Legislative Assessment Report. The programme has also proceeded with translation in Arabic of a wide number of documents including the UN-HABITAT final reports on Land Reform and Land Property Rights legislation, FAO final reports on agricultural law, seeds legislation and policy, fisheries legislation, and analysis of legal options for plant variety protection legislation.

The FAO Development Law Service (LEGN) provided legal assistance for Iraq in a range of matters related to the food and agriculture sector during Phase I of the PSDP-I, where this assessment was initiated and drafted during this year with the coordination of the Legal Consultants at FAO-HQ.

Four core areas (Labor Law, Economic Reforms Law, the basic legal framework (Constitution and Civil Code) and the Retirement Law) requiring review from a gender perspective were prioritized , and the legal assessment for the above core areas from a gender perspective and guidelines on how to mainstream gender into the legal review have been finalised. UNWomen has reviewed from a gender perspective a wide number of SME policy papers produced by ILO and UNDP including: the TORs for the SME Agency, SME assessment synthesis report, Policy Framework for the Development of MSMEs in Iraq, briefing notes on Institutional Agreements for SME, Strategies for the Creation of Productive and Decent Employment in SME Sector, Business Environment Reforms for Sustainable Enterprise Promotion, Building Sustainable Markets for MSME Development, and Job Creation. UNWomen has also finalized a report that includes guidelines and recommendations on the following three topics: the 10 Steps for Integrating Gender into the Policy-Making Process, Recommendations for Mainstreaming Gender into Iraq's National Policies, and Recommendations for Mainstreaming Gender into National Survey Tools.

Restructuring of State-owned Enterprises (SOEs)

Following the approval of the SOEs Restructuring Roadmap in August 2010 (Cabinet Decision #314/2010) ministries appointed senior Focal Points to oversee the formation of Restructuring Units (in Ministries with SOEs) and to coordinate development of the restructuring plans with the TFER and other relevant counterparts (UN, World Bank, MOLSA, etc.). PSDP-I assisted with preparation of a series of guidelines on diagnosis and classification of SOEs, asset valuation and Terms of Reference for the establishment of the Restructuring Units (within Ministries with SOEs) and Restructuring

Support Teams (cross-Ministerial). During the meetings with the GoI and the World Bank, frameworks and issues to prepare the methodology for Federal Budget Support for SOE Restructuring were agreed upon; in particular, draft activity and budget breakdowns were prepared by UNIDO as a reference for Cabinet an initial budget appropriation of US\$ 275 million¹⁴

During the meetings with the Programme Director and UNIDO Chief Technical Adviser, the Chairman of the Prime Minister's Advisory Committee, the Prime Minister's Economic Advisor and the Adviser to the Ministry of Industry & Minerals, the following preliminary understandings for the SOE restructuring sector were reached: a possible advisory role of the UN and the World Bank to the SOEs Restructuring Working Group of the TFER and line Ministries for guiding and coordinating the entire restructuring process; In terms of specific procedures, preparation of guidelines and ToRs, overseeing the eligibility of applications and disbursement of funds, continuing the current restructuring efforts under the PSDP-I (terminating in 2012), as well for selection of implementing partners, using the system previously created for the oil bidding rounds.

Support to Small and Medium Enterprise Development

Apart from the draft SME Law, which was endorsed by the TFER in April 2011, a number of SME policy papers were produced by ILO and UNDP including the TORs for the SME Agency, SME assessment synthesis report, Policy Framework for the Development of MSMEs in Iraq, briefing notes on Institutional Agreements for SME, Strategies for the Creation of Productive and Decent Employment in SME Sector, Business Environment Reforms for Sustainable Enterprise Promotion, Building Sustainable Markets for MSME Development, Job Creation, and the harmonization analysis of the proposed SME legislative framework was completed by UNIDO.

In July 2011 thirty one senior Iraqi officials participated in a study tour on SME best practice, technical and managerial issues and challenges, which was organized in Warsaw, Poland, by the UNDP Project Office in Poland and the PSDPI UNDP team. This was in preparations for the launch of an SME Agency in Iraq and to increase understanding of transition economies. In September an SME Working Group was launched within the Governorate Steering Committee in Erbil.

ILO/UNOPS, in conjunction with Iraqi stakeholders and the World Bank began the follow-up process on the first National Economic Conference in Baghdad. The follow-up includes support to Iraqi tri-partite partners in the development of an agenda and data collection to support a second National Economic Conference in Baghdad, on Improving the Environment for Small and Medium Sized Enterprises. This second Conference is scheduled to take place in Baghdad in 2012. The data collection of the first and second surveys on SMEs operating in the informal sector were completed and final reports will be published by ILO in 2012.

Upon request by the Ministry of Trade, UNDP has initiated a project to support and equip the Company Registrar's Office under the Ministry with required equipment, software, training and consulting services. This project is intended to streamline the company registration process in Iraq, to digitize the over half million of existing paper documents; and ultimately to create a standardized database with interfacing and exchange capacities with future systems to be implemented by Statistics, Tax and other Government authorities in Iraq.

¹⁴ Following a series of meetings by PSDP-I with high-level GoI officials, including the Deputy Minister in charge of Federal Budget preparation and execution, on 17 September 2011 at the request of the TFER, the Ministry of Finance allocated US\$ 275 million of the Federal Budget 2012 for the implementation of the SOE Restructuring Roadmap as approved by Cabinet Decision #314/2010, with further allocations expected in 2013 and 2014. Upon subsequent approval of the FB in 2012 and following the advice of IMF on needed budget cuts to contain the state deficit, the amount was subsequently reduced to a base amount of US\$85M with potential for further increase depending on country's oil revenues. The 2012 FY State Budget Law was eventually approved in March 2012.

Within the framework of the PSDP-I, UNWomen conducted a number of consultative round table meetings with business women in partnership with the SMOWA and other national NGOs and with the participation of businessmen organizations, representatives of the Chamber of Commerce and other government representatives, and women organizations. The meetings explored the existing environment for, and efforts by, businesswomen in Iraq and were aimed at supporting the establishment of a national business women entity. The meetings, in part based on preliminary investigations conducted by UNWomen staff and partner NGOs, have highlighted the cultural and societal challenges faced by businesswomen in Iraq, in addition to other challenges facing the business community in general. The three recently established local businesswomen entities (Businesswomen Association, Businesswomen Without Borders Organization, and Businesswomen Council) are under resourced and have limited membership. The meetings have documented their recommendations that include the need to a) consolidate the efforts towards establishment of a unified entity for business women at the national level to include business women in the governorates in addition to Baghdad, b) build the capacities of the founding members of the unified entity of businesswomen and facilitate sharing of knowledge and experience, and c) draft bylaws and strategy for the unified entity.

Investment Policy

In close coordination with the National Investment Commission (NIC) and the TFER Working Group for Investment Policy, UNIDO finalized the Investment Map and circulated both English and Arabic versions to the NIC and other Iraqi stakeholders providing comprehensive overviews and analysis of selected key economic sectors. In particular, 20 sector profiles accompanied by 28 project profiles and profiles of five provinces (Anbar, Baghdad, Basra, Erbil and Najaf) were prepared (target sectors: beverages, palm dates, dairy, fishery, meat, other food processing, poultry, telecom, cement, electricity services, construction, fertilizers, financial services, oil and gas services, tourism, glass, petrochemical, transport and logistics, housing). The Map was elaborated on the basis of discussions and surveys with the NIC, Ministries, business associations and companies undertaken by UNIDO subcontractor and through a comprehensive review of all main available literature and statistical work was complemented by guidelines for a national investment strategy and for the use and update of the Map.

Industrial Strategy & Policy

One component of the PSPD-I is related to strengthening national capacities for the development of private sector policies and the economy as a whole. In this framework UNIDO agreed with the Ministry of Industry & Minerals (MIM) over a coaching and training assistance for the formulation of Iraq's Industrial Strategy and Policy that is expected also to provide inputs to the formulation of a comprehensive Private Sector Development Strategy. Following initial preparatory events in 2010 and review of previous work (DFID funded draft Green Paper on Industrial Development and SOEs Restructuring), a cycle of four training events was planned to take place in 2011-2012 with the following objectives:

- To jointly prepare a report on the sustainable industrialization strategy and the building of policy platforms
- To support the process of building a system of industrial governance by providing training on key issues and approaches for Strategic Governance for Sustainable Industrialization (SGSI) and coaching the process owners in the course of a series of workshops
 - To help build capabilities and capacities for SGSI in Iraq in the course of the programme.

The expected outputs and outcomes of the project are as follow:

- Providing inputs to the Industrial Strategy
- Building of skills and competencies for SGSI

- Creating institutional building blocks for SGSI (such as policy platforms, cluster initiatives, etc.)

A Strategy Working Group was established in 2010 and further enlarged in 2011 with the inclusion of more than 20 representatives of Ministry's departments, other Iraqi institutions (including KRG) and of the private sector.

The first workshop took place in Bratislava, Slovakia, on 16-20 May 2011 with focus on consolidating the approach to strategy development for the project and on revisiting the current situation, based on the draft strategic diagnosis initiated by the Iraqi participants.

The second workshop took place in Istanbul, Turkey, on 8-12 August, 2011 and was aimed at developing a challenging, but feasible vision 2030 of a sustainable industrialisation process in Iraq; and to develop and start specifying a policy framework for this process. Additionally, the work completed to date, in particular as related to the strategic diagnosis of the industrial system, was thoroughly reviewed.

The third workshop took place in Dublin, Ireland, in December 2011 and allowed reaching final understandings over the skeleton and contents of the vision and of several chapters of the strategy report covering context, scenarios, industrial systems, key dimensions and key drivers and policy framework.

A first strategy report is expected to be produced in the first quarter of 2012 and to be reviewed during the fourth event scheduled to take place in April 2012 in Tunis.

Tax and Financial Policy

PSDP-I, under the leadership of UNDP and together with the TFER Working Group for Tax and Financial Policy, developed a Preliminary Tax Policy Design Framework. Various meetings with the Working Group in Baghdad furthered the development on tax policy recommendations as well as recommendations for strengthening the Iraqi tax administration; including customs/tariffs.

In June 2011 the Romanian Government along with the National Bank of Romania, Ministry of Finance, and Supervisory Commission for Insurance communicated their interest to the Iraqi Ministry of Foreign Affairs in supporting Iraq's financial reforms including: tax and customs, banking, and insurance. The National Bank of Romania extended an invitation to the Central Bank of Iraq, Ministry of Finance and other relevant institutions to meet in Bucharest, Romania, for high-level consultations on potential cooperation. In September a delegation led by Deputy Prime Minister travelled to Romania to meet with counterparts and exchanged views and lessons learned. The visit resulted in the Government of Romania offering technical support. Cooperation priorities identified included: Public Finance Management and Asset Administration, Tax and Customs Regime and Administration, Banking System Reforms, and Insurance. An agreement was reached to pursue the cooperation within the framework of a Memorandum of Understanding. To secure financial support for each of the projects formulated within the scope of this cooperation, parties will work together on ensuring access to national financial resources as well as to international funding.

Land Management Reform

In 2011, UN-HABITAT continued to work closely TFER Working Group on Land Tenure and Utilisation with the recruited own land experts. The Working Group expanded its membership to include all key sectors involved in land issues. Following consensus reached in 2010 that a comprehensive land policy process should be initiated in Iraq, UN-HABITAT organized a study tour to Germany in order to learn about its well developed land management systems, its experience of transition following the Unification of Germany and the role of state land administration in a free market economy. Specific German institutions involved in the management, acquisition and disposal of public land in urban and rural areas for economic, social and environmental purposes were visited,

as well as urban planning institutions and education establishments. Following the study tour the Work Group prepared the “Berlin Statement” which articulates the vision of the GOI with respect to development of “a policy to manage and administer land and implement all relevant decisions” and sets out the principal components of the land reform process, and also prepared the Roadmap for land reform process.

Based on this, in July UN-HABITAT conducted a workshop for the WG in order to identify actions required to formulate a land policy, including key baseline studies on state land management, rural land tenure, urban land tenure, institutional and legislative issues, land governance, land information and education and capacity building in the land sector. Policy studies and key pilot projects were identified, including initiating a state land inventory and it was agreed that a land policy commission should be established to drive the land policy process. The policy studies and pilot project will require GOI co-financing. UN-HABITAT completed studies on legal and institutional arrangements, urban land tenure, state land management and fragmented land ownership which were reviewed and endorsed by the WG in workshops in Baghdad in October and November. UN-HABITAT also liaised with the World Bank in order to implement its Land Governance Assessment Framework in Iraq. A Council of Ministers Decision (Order) was drafted in order to formulate a Land Policy Commission. No action was taken this year by the Working Group to get the Vision statement and Land Policy Commission Order endorsed by the CoM.

Social Dialogue

PSDP-I, under the leadership of ILO and UNOPS, continued working closely with the TFER Working Group for Social Dialogue, providing comprehensive stakeholder mapping as a basis for further developments and preparation for the establishment of a tri-partite board for a Economic Reform Council, envisioned to be created through the eventual enactment of the Economic Reform Law. In May 2011 ILO and UNOPS organized a National Economic Conference in Baghdad, under the auspices of the Speaker of the Parliament and in collaboration with the World Bank at the Council of Representatives. Key socio-economic issues facing Iraq were discussed, including the business and regulatory environment, status of the proposed Labor Law, introduction of the Economic Reform Law, corporatization of SOEs, implementation status of investment, reform of the public distribution system and freedom of association. The participants included the Speaker and members of Parliament, international organizations, representatives of private sector and labor unions, local Government, UN Agencies and the Prime Minister’s Advisory Board. The Conference created a national-level tripartite body (Business, Labour, and Government) designed to establish itself as a body capable of consulting, developing and generating solutions for policy-makers regarding social and economic legislation/regulations.

Downstream

Downstream activities took place in all three of the pilot governorates Anbar, Basrah and Erbil. Main achievements in 2011, per areas of intervention, include:

Integrated Business Packages

PSDP-I has launched implementation of the Integrated Business Packages project in Basrah, Anbar and Erbil Governorates which includes:

- Training of unemployed youth and contractors in Construction Sector (UN-HABITAT)
- Establishment of Agriculture Information Centers in each governorate, linking them to Ministry of Agriculture at the national level (FAO) to provide support to successful agricultural training graduates

- Business development support to graduates by the Business Information Centers (ILO/UNOPS) and access to finance through micro loans (UNDP, except Erbil), as well as support on related gender aspects (UNWomen) to allow the graduates to acquire necessary tools, enhance the quality of their work and market competitiveness

Key Economic Infrastructure (Electricity Distribution Network Master Plans for Anbar and Basra):

- Training of System Planning and Data Collection engineers from the Electricity Distribution Directorates of Anbar and Basra and from the Ministry of Electricity in Baghdad completed (Istanbul, Baghdad, Montreal)
- Electricity Distribution Network data collection in Anbar and Basra has surpassed the 90% completion rate
- Network Modeling software and equipment procured
- Mapping of data into the Global Information System (GIS) and into CYME Network Modeling system for development of the Electricity Master Plans initiated by the Distribution Directorates

Agriculture:

- Training of Trainers for Agriculture Information Centers (AIC) has been conducted in Cairo for 15 Participants from the three governorates on software designed to meet their local requirements
- Three AICs buildings have been allocated and are being prepared to be launched into operation upon installation of the hardware and software currently under procurement
- Eight training courses were conducted in Erbil, Basra and Anbar on Food Safety and Protection, Extension Services, Agricultural Marketing, and Water Policy
- Three main Field studies have been established in the agriculture sector by the MoA and Water Resources with focus on: sustainable agricultural development, improving land tenure systems and land productivity, and optimum utilization of irrigation water in Iraq

Industries (partial rehabilitation of three SOEs in Anbar and Basra governorates):

- Feasibility studies for the Glass and Ceramic SOE (Anbar), the Petrochemical SOE (Basra) and the Paper SOE (Basra) completed and under final review
- Procedures for implementation of partial rehabilitation of the SOEs defined and initiated, focusing on a mix of equipment supply and tailored capacity building measures for each of the three SOEs especially in financial management, marketing, partnership strategy and corporate governance, and prepared for full implementation in 2012
- Preparatory phase of social mitigation measures for excess employees for the three SOEs initiated in December

Business Development Services

- Sites of Anbar and Erbil Business Information centers (BICs) were completed and handed over to the Chambers of Commerce
- The BICs received the first tranche of the financial support. They are currently delivering business management trainings and preparing marketing and information materials
- BIC counseling services to SMEs were enhanced through trainings, guidance and counseling handbooks
- 29 trainers were certified to deliver Start Your Business trainings in collaboration with the network of BICs

- Mapping studies containing baseline information on Business Development Services (BDS) providers in the pilot Governorates were finalized
- Workshops on BDS development were held in the three Governorates to identify priority needs in the BDS sector, and support development of action plans from BDS organizations for seeking financial support

Local Economic Development Plans

- Guidelines and training materials developed for territorial diagnosis and project identification and planning at the Governorate level
- The Governorate Economic Development Units (GEDUs) trained and assisted in carrying out territorial diagnosis - draft territorial diagnosis are ready

Micro-lending

Four MFI implementation partners for implementation of the UNDP PSDP-I Micro-lending component have been selected via international open tender. First Grant Agreement signed in June 2011; first release of funds started in August 2011. The four selected partners are: Al Thiqa, CHF, Relief International, and Al Takadum; the fifth partner, Al-Thiqa, withdrew from the project.

Construction Companies

As part of the Integrated Business Packages project UN-HABITAT completed training for 525 unemployed youth (30% women) in each governorate who are seeking jobs in construction industry as well as for construction contractors willing to develop business and expand market share (two modules completed per governorate in Erbil, Anbar and Basra).

All downstream activities are overseen and coordinated with local counterparts through the Governorate Steering Committees, chaired by the representatives of Governor's Offices (in Anbar and Erbil) and of the Provincial Council (in Basra) with representatives from the above two local authorities and the local representation of MOLSA, MOF, MOT, MOA, as well as Chambers of Commerce, Workers Union, academia, the local Investment Board and the private sector.

- *Report on the key outputs achieved in the reporting period including # and nature of the activities (inputs), % of completion and beneficiaries.*

Outcome/JP Output/Agency-specific Output	Achieved % of Planned
1. The policy and regulatory environment is more conducive to private sector development (PSD)	
1.1 National capacities for private sector development policies are strengthened.	90%
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.	99%
1.1.2 A comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place.	95%
1.1.3 Draft legislation related SoE corporatisation (amendment of	

Outcome/JP Output/Agency-specific Output	Achieved % of Planned
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 regarding key policy issues for enterprise development to support the design of relevant legislative and institutional frameworks.	90%
1.1.5 A national investment map is available (including sector and geographic-specific).	100%
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.	80%
1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available.	42%
1.1.8 Gender is mainstreamed in the program ensuring women's full participation in policy and strategy design.	52%
1.2 Improved efficiency of the Public Micro Lending Programme and access to business loans.	40%
1.2.1 Improved management of the Governmental guaranteed Micro-Lending Programme (implemented by MoLSA and MoIM).	55%
1.2.2 Enhanced mechanisms to access to credit by SMEs.	20%
1.2.3 Draft laws and by-laws related to GoI micro lending programme are available.	40%
1.3 Strengthened operational, regulatory and legislative environment for SMEs development.	70%
1.3.1 A survey of SMEs (including formal and informal sector) is available.	70%
1.3.2 GoI High Economic Committee and concerned ministries are supported to formulate legislative strategies for SMEs-friendly regulatory framework.	80%
1.3.3 Strengthened national capacities of business development services and Non-Bank Financial Institutions.	60%
2. Strengthened Economic recovery in three governorates in the South, Central and Northern areas of Iraq	
2.1 Local economic strategies and plans developed in line with national and provincial frameworks in three governorates.	70%
2.1.1 Identify, in a participatory evidence-based framework, local economic comparative advantage of the target areas.	80%
2.1.2 Local institutions supported in the production of Local Economic Recovery (LER) strategies in harmony with Provincial Development Strategies (PDS).	80%
2.1.3 Strengthen governorate-level construction and development institutions to implement and sustain local planning capacities.	70%
2.1.4 Promote gender mainstreaming and women participation in local strategies and plans.	25%

Outcome/JP Output/Agency-specific Output	Achieved % of Planned
2.2 Economic and social regeneration pilot projects implemented in three selected governorates.	65%
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).	45%-UNDP (Key Infr) 50%-FAO 40%-UNIDO 80%-ILO/UNOPS 60%-UNDP MF 100% UN-HABITAT

The table in Section VIII provides more detail on achievements of key outputs, as well as against indicator targets. The beneficiaries of the upstream component of the PSDP-I are all Iraqi citizens. Direct beneficiaries (including women, IDPs, etc.) have been targeted by trainings conducted during the year at the downstream level in the three pilot governorates Erbil, Basrah and Anbar.

V. Future Work Plan

- Summarize the projected activities and expenditures for the following reporting period (1 January-31 December 2012), using the lessons learned during the previous reporting period.

In analogy to the section on 2011 achievements, below summary is structured along the main programme pillars:

Coordination and Partnerships

While it was originally anticipated that 2011 would be the final year of implementation of the programme, an extension was proposed and eventually approved, by the ITF Steering Committee in October 2011. The extension was granted to ensure the full achievement of sustainable outputs, milestones and outcomes envisaged and for the successful transition of the Iraqi economy, through an enhanced partnership with relevant Government entities and private sector representatives properly supported by international partner institutions. The PSDP-I will therefore continue to work with donors and international development partners (including UN agencies, World Bank, IFAD, USAID, SIDA, etc.) as well as other governments and private sector companies to facilitate this process. It will gradually handover the various programme components where the PSDP-I is currently in the lead and will provide strategic direction to guide through the remaining transition process. In particular, PSDP-I will focus specifically on advancing the triangular cooperation model together with the UNDP Project Office in Warsaw to actively assist and promote the cooperation between the governments of Poland and Iraq.

Other areas of activity include support for the transition of the TFER into the Council for Economic Reforms; and support to the establishment of a functional Iraq UNGC Local Network, as an effective multi-stakeholder platform to address Iraq's social and economic development goals. This will include establishment of a governance structure and capacity building activities for Iraqi companies to implement CSR and inclusive business model and for the Iraq UNGC Network to coordinate the process.

Legislative Assessment and Revision

Coordinated by UNIDO, the PSDP-I will broaden, update and streamline the assessment and drafting work in the 13 legislative target core areas, ensuring needed harmonization and consistency. Furthermore, UNIDO, while completing the preparation of PPP law regulations (for public procurement), a review of the bankruptcy and company laws, will organize a final wrap up workshop aimed at defining a prioritized roadmap for streamlining further work in the legislation area, with particular focus on the Economic Reform regulators, PPP, Company, SME, Bankruptcy and other important laws, also in the framework of possible GOI 2012 state budget allocation (Partnership Fund). The recently developed IT interactive platform, for sustaining activities in the legislative area, is aimed at establishing a central database system of laws and legislative processes. It will therefore introduce a new working system in Iraq and will become operational following installation and final testing. In this regard, FAO will finalize the draft assessment and will be translating it into Arabic, to be endorsed by the Ministry of Agriculture.

As agreed with the working Group on Legislation, the PSDP-I will monitor closely the approval process of the Economic Reform Law by the Shura Council and its submission by the Cabinet to the Parliament. A plan will be prepared for other planned activities in the area of legislative revision, and in the context of the respective programmatic pillar (e.g. land reform, SME development), these are described below. In support of assistance to the TFER along the legislative approval process, the PSDP-I will also work with relevant COR committees (once formed).

Restructuring of State-Owned Enterprises (SOEs)

Following up on the approval of the Roadmap for SOE Restructuring in August 2010, the PSDP-I will assist the TFER and its SOE Restructuring Working Group in their efforts to coordinate and support the implementation within the eleven SOE-owning ministries and in close coordination with other relevant GoI entities (e.g. MOLSA, MoP).

In particular, based on all work developed in 2011, special focus in 2012 will be on GOI 2012 state budget allocation for SOEs restructuring, taking into account possible budget reduction and procedures for allocation of resources to SOEs. The purpose will be to secure a clear role for UN agencies (especially UNDP, UNIDO and ILO) and the World Bank as advisors to the TFER SOEs restructuring WGL and for further streamlining the restructuring assistance provided under the PSDP-I, as preliminarily agreed in November with the Chairman of PMAC.

Activities preliminarily considered were both horizontal and vertical, including, but not limited to, further specific institutional building in line Ministries, sector studies and plans (including social mitigation), preparation of guidelines for a coordinated implementation, specific measures including business planning, asset valuation, marketing strategies, technology upgrade, quality management, training/re-training of excess employees and other social mitigation measures (new business start ups, incubators etc).

Support to SME Development

UNIDO conducted an SME legal framework harmonization analysis and will disseminate the conclusions, along with all its other assessment and drafting work, by late spring 2012.

ILO will conduct a baseline survey within the informal SME sector and thus complement the plans of the World Bank to carry out a similar survey for formally established SMEs.

UNDP will continue upstream work on microfinance policy, including regulations/by-laws for the new Law on Non-Banking Financial Institutions which will be closely coordinated with the Central Bank and in partnership with USAID Tijara. The partnership with USAID will also include joint work on business process review and redesign to respond to the findings of the annual Ease of Doing Business reports of the World Bank. The project on streamlining the company registration process, initiated

upon the request of the Ministry of Trade, will be completed in 2012. Once the equipment, software and training has been received, the Company Registrar's Office can independently replicate the effort to digitize all available registration files and proceed as of 2012 with the streamlined process for all new company registrations.

Investment Policy

Discussions will continue with the National Investment Commission on the management, update and dissemination of the Investment Map, based on the work completed by UNIDO and on the framework of possible GOI 2012 state budget support (Partnership Fund).

Industrial Strategy & Policy

UNIDO Training and Coaching Programme will be completed by late spring/early summer 2012, following a last training and coaching event scheduled to take place in April in Tunis, with the participation of PMAC representatives. The participation of the Minister of Industry and Minerals is currently under consideration.

Based on the conclusions reached in this event, on the final structure and actual contents of a strategy report, final materials will be provided to the Industrial and Planning Restructuring Unit and to the Strategy Working Group of the Ministry, for the production of a final first draft of an Industrial Strategy report; and for endorsement by the Minister and subsequent dissemination to other concerned stakeholders.

Tax and Financial Policy

In the area of tax and financial policy, the PSDP-I will continue to support the respective TFER Working Group and its members to move forward on the formulation of a tax policy, as well as in the development of capacity of the Iraqi tax administration, including customs, through the initiated cooperation with, and assistance offered by, the Government of Romania.

Land Management Reform

Planned activities for 2012 include:

- Finalising a State Land Management Policy (acquisition, management and disposal of state land, including for private sector interests)
- Establishing a Land Policy Commission
- Undertaking a land governance assessment in collaboration with World Bank
- Initiating a land inventory pilot project with MoMPW and MoA
- Undertaking a baseline study on land education

With GOI Co-finance:

- Completing a land inventory pilot project
- Developing a Comprehensive Land Policy Green Paper
- Capacity Building for the Land Policy Commission

Social Dialogue

The Programme will continue the initiated triangular cooperation activities between Iraq and Poland established together with the UNDP Project Office in Warsaw; a distinct area of cooperation is Social Dialogue and Inclusion. A study tour will be conducted by UNDP early in 2012 for the Iraqi

counterparts to learn from the highly successful experience of Poland in addressing the Social Mitigation aspects (Unemployment Insurance, Severance payment system, etc.); the National strategies for enabling disabled populations and promoting their integration into the productive force; and the Lessons learned in launching Social Dialogue in transition economies. Deployment of Polish experts (MOLSP/PARP) to Iraq – initially to Erbil and Kurdistan Region, to be followed by other areas of the country depending on security situation – is planned later during the year, subject to availability of anticipated additional funding from the Iraqi Partnership Fund.

Downstream

Within the programme areas defined in the three pilot Governorates Erbil, Basrah and Anbar and in close coordination with the Governorate Steering Committees, the PSDP-I will continue all activities agreed in the respective business packages combining training, business development services, microfinance and promotion of gender equality in various sectors identified by the respective GSCs as priority sectors.

The Socio-Economic Needs Assessment project in the Kurdistan Region will be launched and completed by the end of 2012. Procurement of additional software licenses and advanced technical training for the System Planning Engineers of the Electricity Distribution Directorates in Anbar and Basrah, is planned during the first half of 2012 in order for the Departments to proceed with the development of the Electricity Distribution Network Master Plans in the two governorates.

- *Indicate any major adjustments in strategies, targets or key outcomes and outputs planned.*

As of late 2011, there were no plans to request any major adjustments in the programme strategies, targets and outputs. A Budget Revision currently is under preparation and expected to be submitted for review and approval during 1st ITF SC meeting in 2012. The revision will request adjustment of some of the operational arrangements and reallocation of the funds for the microfinance component implemented by the UNDP towards other components of the Programme.

VIII. INDICATOR BASED PERFORMANCE ASSESSMENT

Outputs	Agency Specific Output ¹⁵	Indicator	Planned indicator targets	Achieved Indicator targets	Reasons for Variance (if any)	Comments on Output overall achievement
JP 1.1 Strengthened national capacities and policies for private sector development	1.1.1 Technical support is provided to the Task Force working within the Prime Minister's Office to formulate, implement and monitor the public PSD initiatives of the GoI.	ToR of Task Force completed and adopted Participation of key national stakeholder in the Task Force Task Force is administratively operational and substantively functional	Task Force formed and meeting regularly	<u>ACHIEVED</u> Task Force formed and meeting regularly Key national stakeholders participated in the Task Force Task Force functional administratively operational and substantively.	Additional main achievements: - Task Force complemented by seven Working Groups (established by COMSEC decision) - Inclusion of other international development partners into TFER and WGs to ensure coordination and sustainability	On track
	1.1.2 Comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place.	Number of assessments of legislative, institutional and sectoral needs completed	3 assessments available	<u>ACHIEVED</u> 20 legislative assessments and with recommendations completed (laws and regulations); sectoral needs and private sector institutional assessments completed.	A total of 13 core areas have been identified and are being legislatively assessed or updated: Basic Legal Framework, Commercial Regime, Investment Regime, Public Procurement, Economic Reform and Privatization, Private and Public Partnership, Litigation, Jurisdiction and International Treaties on Investment Protection, Labor Code, Agriculture Regime, Intellectual Property Rights, Property Rights related to Land Regime, Tax and Customs Regime, Banking Regime, Legislative Assessment from Gender	

¹⁵ Please note that the PSDP-I log frame does not define Agency-specific Outputs. Instead, Key Activities under JP Outputs are assigned to specific agencies to lead and with other agencies to contribute in line with their mandate and capacity.

					Perspective
	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.	Number of Laws and or by-laws drafted	5 Laws and or by-laws	<p><u>ACHIEVED</u></p> <p>Draft laws and recommendations completed, including</p> <ul style="list-style-type: none"> - Economic Reform Law - Regulations for Investment Law - Free Zone Law - Public-Private-Partnership final draft law and regulations for public procurement - Trade law - Arbitration law - Company (model) law - EDU by-laws, - Competition Law - SME law 	Adjustments to evolving legislative situation and activities of other partners
	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>% of governmental officials trained out of total</p> <p>% of trained officials participating in development and implementation of key policy issues</p>	<p>X number of trainees</p> <p>100% participation of trainees in development and implementation of key policy issues</p>	<p><u>ACHIEVED</u></p> <p>SOE restructuring Roadmap formulated and adopted by GoI. Preliminary budget and activity breakdowns prepared for possible GoI 2012 state budget funding.</p> <p>Various workshops, study tours held in Iraq and abroad (Warsaw/Oct 2009, Bahrain/Jun 2010, Cairo/Jun 2010, Istanbul/Aug 2010, Beirut) with total of 80 participants, jointly selected with GoI counterparts and TFER/WGs/partners</p> <p>Submitted key products to Cabinet, Shura Council, COR and ongoing implementation of approved key policy documents (incl. EDU by-laws, SOE roadmap, Investment Law amendment, Preliminary Tax Policy Design Framework, etc.)</p>	Some capacity building and implementation support jointly carried out with partner organizations (incl. World Bank, OECD, USAID, US Embassy)

				<p>Training & Coaching programme on formulation of Iraq's industrial strategy and set up of a governance system for sustainable industrialization under completion (3 out of 4 events held in 2011). More than 25 Iraqi participants from Ministry of Industry & Minerals and private sector.</p> <p>IT Interactive Platform for sustaining legislative activities developed and initial training conducted for PMAC, institutional trainers and end users.</p>	
	1.1.5 A national investment map is available (including sector and geographic-specific).	A National comprehensive investment map is completed	Map completed	<p><u>ACHIEVED</u></p> <p>Investment Map Diagnosis and Final Report for the National Investment Commission completed and available (covering 5 provincial, 20 sector and 28 investment profiles).</p>	-
	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>Consultation mechanism established</p> <p>Quarterly consultation dialogues are held</p>	Tripartite consultation mechanism established	<p><u>PARTIALLY ACHIEVED</u></p> <p>Economic Reform Law drafted (including establishment of tripartite consultation mechanism)</p> <p>Regular tripartite consultations held within the framework of the TFER and Working Groups (e.g. Social Dialogue)</p> <p>A national-level tripartite body (business, labour, Government) established.</p> <p>UN Global Compact (UNGC) and Iraq</p>	With development of Economic Reform Law change of SEC (Socio-Economic Council of Iraq) to Economic Reform Council

				Local Network launched and its action plan approved.		
	1.1.7 Comprehensive Private Sector Development Strategy for Iraq is available.	Availability of a Private Sector Development Strategy incl. investment, private farming, trade.	Strategy Completed	<p><u>PARTIALLY ACHIEVED</u></p> <p>Sector and area-specific contributions prepared and outline PSD Strategy shared with TFER and Iraq Partners' Forum</p> <p>PSD Strategy Paper now planned to consist of recommendations on policy and medium-term interventions</p> <p>UNIDO contribution under preparation (to be made available to UNDP in late spring 2012)</p> <p>MoA and MoWR to conduct and finalize the study papers on Sustainable agricultural development, on Improving land tenure systems and land productivity, and on Optimum utilization of irrigation water in Iraq</p>		
	1.1.8 Gender is mainstreamed in the programme ensuring women`s full participation in policy and strategy design.	<p>Gender sensitive strategy completed</p> <p>Number and percentage of women participating in high level policy discussions</p> <p>Number and percentage of key officials trained in gender issues</p>	<p>Gender sensitive strategy completed</p> <p>X number and percentage of women participating in high level policy discussions</p> <p>Number and percentage of key officials to be trained in gender issues</p>	<p><u>PARTIALLY ACHIEVED</u></p> <p>Gender Focal Points appointed for the 7 Working Groups established under the TFER</p> <p>2 workshops held in Istanbul and Amman with total of 40 participants, jointly selected with GoI counterparts and TFER/WGs/partners</p>		
JP 1.2 Improved efficiency of the Public Micro	1.2.1 Improved management of Government-guaranteed Micro-Lending	Number of workshops on micro-lending held for GoI officials	<p>3 workshops</p> <p>3 study tours</p> <p>50% increase of</p>	<p><u>PARTIALLY ACHIEVED</u></p> <p>Policy Paper "Reforming</p>	Due to discontinuation of	

Lending Programme and access to business loans	Programme. (implemented by MoLSA and MoIM)	Number study tours held for GoI officials % of increase of the number of loans issued under the GOI micro-lending programme	the number of loans issued under the GOI micro-lending programme	governmental micro-lending in Iraq for employment generation” prepared and submitted to GoI/TFER and ongoing dialogue with GoI (in partnership with USAID Tijara)	GoI programme and requirement to achieve targets without CHF and instead through UN in-house and partnerships with USAID and World Bank, workplan revision submitted to PSC and ITF SC	
	1.2.2 Enhanced mechanisms to access to credit by SMEs	Number of new management tools produced by the Programme	3 new management tools	<u>PARTIALLY ACHIEVED</u> CHF as pre-selected contractor unable to implement activities assigned. Partnership established with USAID Tijara’s Micro-Finance programme “Management Tools” to be developed and presented through Micro-Finance Policy recommendations document (in partnership with USAID Tijara and also based on already completed Change Management Plan)	Due to requirement to achieve targets without CHF and instead through UN in-house and partnerships with USAID and World Bank, work plan revision submitted to PSC and ITF SC	
	1.2.3 Draft laws and by-laws related to GOI micro lending programme are available.	Number of policy papers produced on alternative vehicles for enterprise finance (Apex facility, public guarantee schemes, etc) Number of laws and by- laws drafted	3 policy papers on alternative vehicles for enterprise finance (by Q4 2009) Review all the existing laws related to micro-lending in Iraq	<u>PARTIALLY ACHIEVED</u> CHF as pre-selected contractor unable to implement activities assigned. Policy Paper “Reforming governmental micro-lending in Iraq for employment generation” prepared and submitted to GoI/TFER	Due to requirement to achieve targets without CHF and instead through UN in-house and partnerships with USAID and World Bank, work plan revision submitted to PSC and ITF SC	
JP 1.3 Strengthened operational, regulatory and legislative environment for SME	1.3.1 A survey of SMEs (including formal and informal sector) is available	Nation-wide survey of the formal and informal sector implemented	Survey available	<u>PARTIALLY ACHIEVED</u> Preparations of surveys methodology for informal sector completed and tender/contracting of	Postponed due to delays in readiness of COSIT (required to participate to	

development				implementing partners commenced March 2011 (formal sector covered through partnership with by World Bank). Harmonization of SME legal framework with other legislation completed by UNIDO.	ensure subsequent GoI acceptance but with full focus on census)	
	1.3.2 GoI High Economic Committee and concerned ministries are supported to formulate legislative strategies for SMEs-friendly regulatory framework	Number of studies prepared on the key aspect of the policy and regulatory environment (SMEs) SMEs policy and draft legislations prepared (2009)	2 studies prepared on the key aspect of the policy and regulatory environment (SMEs) Policy on SMEs available	<u>ACHIEVED</u> Studies and policy paper prepared and submitted to Cabinet through TFER in early 2011: - SME Policy Framework Assessment Conditions - MSME Growth and Employment Creation - TOR SME Agency - Draft SME Law	Adjustment of Output from “High Economic Committee” to “Prime Minister’s Advisory Committee” approved by PSC in May 2010 and presented to UNDG/ITF SC	
	1.3.3 Strengthened national capacities of business development services and Non-Bank Financial Institutions	Number and % of chambers of commerce technically supported through the business development services programme Number and % of Universities supported through the business development services programme	24 additional Chambers of Commerce 12 Universities	<u>PARTIALLY ACHIEVED</u> 19 Chambers of Commerce 4 Universities	There are only 19 Chambers of Commerce in Iraq (one per Governorate and the national-level Federation) Universities in target provinces included	
JP 2.1 Local economic strategies and development plans are in line with national and provincial frameworks in three governorates	2.1.1 Identified economic comparative advantages at governorate level	Number of local Economic environment surveys conducted Participation of private sector, civil society and deprived groups in the analysis of comparative advantages	3 surveys Participation of private sector, civil society and deprived groups in the analysis of comparative advantages	<u>PARTIALLY ACHIEVED</u> Governorate Economic Development Units in Erbil, Anbar, Basra established. By-laws for EDUs endorsed and adopted by the GSCs	The three EDUs nominated by the Governors of Anbar, Basra and Erbil, are experiencing a number of challenges as detailed in “Substantive Challenges” section on page 8	On track

					The EDU Resolution has not been approved yet, after having been submitted by PMAC to the CoM in April 2011
	2.1.2 Local Economic Recovery (LER) strategies are in harmony with Provincial Development Strategies (PDS).	<p>Number of technical training workshops organised</p> <p>Participation of Public and private sectors, Civil Society and deprived groups</p> <p>Number of new Economic Development Plans drafted</p>	3 new Economic Development Plans drafted.	<p><u>PARTIALLY ACHIEVED</u></p> <p>Technical training workshops held with participation of public and private sectors, Civil Society and representatives of deprived groups in Iraq continued in 2011 with a total of 48 participants</p> <p>The 3 Governorate EDUs for the drafting of Governorate-level Economic Development Plans established</p>	The three EDUs nominated by the Governors of Anbar, Basra and Erbil, are experiencing a number of challenges as detailed in “Substantive Challenges” section on page 8
	2.1.3 Strengthen Governorate-level construction and development institutions to implement and sustain local planning capacities	Number of governorate-level institutions supported	3 governorate level institution supported	<p><u>ACHIEVED</u></p> <p>Governorate Steering Committees set up and regularly met in Erbil, Anbar and Basrah.</p> <p>Coordination of local activities and liaison with Governorate Institutions by Area Coordinator in Erbil, Basrah, Anbar.</p> <p>Support provided to three Business Information Centres</p>	
	2.1.4 Gender is mainstreamed, ensuring women participation in local strategies and plans	<p>Gender sensitive strategy completed</p> <p>Number of women participating in high level policy discussions</p> <p>Number of key officials trained in gender issues</p>	<p>Strategy produced</p> <p>X number and percentage of women participating in high level policy discussions</p> <p>Number and percentage of key officials to be trained in</p>	<p><u>PARTIALLY ACHIEVED</u></p> <p>Preparations ongoing to incorporate gender aspects into downstream training packages</p>	

			gender issues			
JP 2.2 Economic and social regeneration pilot projects implemented in three selected governorates	2.2.1 Technical support provided to identify priorities and programme implementation in the following sectors - Key Economic infrastructure - Agriculture - Industries - Business Development Services - Micro-Lending and Construction and Development Companies	Number of pilot project implemented per governorate Number of local enterprises supported financially and technically Number of unemployed and other marginalised groups supported for entrepreneurship	3 priority economic infrastructure projects identified and completed 3 SOEs supported technically for restructuring 1000 persons trained and/or supported technically for enterprise creation and development 1000 micro and SMEs supported financially	<u>PARTIALLY ACHIEVED</u> Electricity sector (Anbar and Basra): Distribution Network data collection over 90% completed; Data Mapping into CYME software initiated) Agreement with KRG on Economic Infrastructure Needs Assessment concluded, execution to start in early 2012 The economic package (construction and agriculture sectors) combining skills training for employment, business development, access to finance, as well as gender aspects operational on all three Governorates. Distribution of Microloans by 3 contracted MFIs started in the second part of 2011 Draft feasibility studies for the rehabilitation of three SOEs in Anbar and Basrah completed and under final review. Procurement procedures for equipment supply and capacity building assistance initiated. Social mitigation plan (preparatory phase) initiated at the end of 2011.	Linking and combining of agency activities into economic packages Ability to distribute Microloan Grants to the MFIs limited by UNDP internal restriction stipulating that a recipient organization may receive multiple grants provided the grants do not exceed on a cumulative basis \$300,000.	

Annex “List of Acronyms”

CCA	Common Country Assessment
CoR	Council of Representatives
COS	Central Office of Statistics
CP	Country Programme
CPAP	Country Programme Action Plan
CPAP MTR	Country Programme Action Plan-Mid-Term Review
CPD	Country Programme Document
CPR	Conflict Prevention and Reconciliation
CSR	Corporate Social Responsibility
CSOs	Civil society organizations
DFID	UK Department for International Development
FAO	Food and Agriculture Organization
GMS	General Management Support
Gol	Government of Iraq
ICSC	International Civil Service Commission
ILO	International Labour Organization
INGO	International Non-Governmental Organisation
IMF	International Monetary Fund
IOM	International Organization for Migration
IRFFI	International Reconstruction Fund Facility for Iraq
ITF	Iraq Trust Fund
KRG	Kurdistan Region
KRSO	Kurdistan Regional Statistics Office
LADP	Local Area Development Programme
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MMPW	Ministry of Municipalities and Public Works
MNFI	Multi-National Forces in Iraq
MoA	Ministry of Agriculture
MoD	Ministry of Defence
MoE	Ministry of Electricity
MoEnv	Ministry of Environment
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
Mol	Ministry of the Interior
MIM	Ministry of Industry and Minerals
MOLSA	Ministry of Labour and Social Affairs
MoP	Ministry of Planning
MoP-KRG	Ministry of Planning-Kurdistan Region
MoT	Ministry of Trade
MoWA	Ministry of Women's Affairs
MoWR	Ministry of Water Resources
MoYS	Ministry of Youth and Sports
MTR	Mid-Term Review

NDP	National Development Plan
NDS	National Development Strategy
NIM	National Implementation Modality
NGOs	Non-governmental organization
OECD	Organization for Economic Cooperation and Development
PMAC	Prime Minister's Advisory Committee
PMO	Prime Minister's Office
PSM	Public Sector Modernisation
RRF	Results and Resources Framework
SBAA	Standard Basic Assistance Agreement
SIDA	Swedish International Development Cooperation Agency
SME	Small and Medium-sized Enterprises
SOTs	Sector Outcome Teams
UN	United Nations
UNAMI	United Nations Assistance Mission for Iraq
UNCT	United Nations Country Team
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nation Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNESCWA	Economic and Social Commission for Western Asia
UNFPA	United Nations Population Fund
UN-HABITAT	United Nations Agency for Human Settlements
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Fund for Women
UNOPS	United Nations Office for Project Services
UNSCR	United Nations Security Council Resolution
US	United States
USAID	United States Agency for International Development
WFP	World Food Programme
WHO	World Health Organization