United Nations Development Group Iraq Trust Fund Project # 66995: C10-11 Date and Quarter Updated: 01 January– 31 March 2012 1stQuarter 2012

| Participating UN Organisations: |
|--------------------------------------|
| UNDP (Lead), ILO, UNIDO, FAO, UNOPS, |
| UN-HABITAT, UNIFEM (changed to |
| UNWOMEN) |

Sector:Governance & Human Development (C)SOT:Economic Recovery and Development

Government of Iraq – Responsible Line Ministry:

Over-all responsibility: Prime Minister's Office Advisory Commission

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

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

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

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

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|---------------------|--|----------------|-----------------------|------------------|-----------------------|
| Title | Private Sector Development Programme for Iraq | | | | |
| Geographic Location | National upstream-lev | el and three p | priority governorates | : Basrah, Al'Anl | oar and Erbil. |
| Project Cost | USD 32,870.000 ⁵ | | | | |
| | Cost sharing and co-fu | unding under | discussion with GoI | and other partne | ers. |
| Duration | 48 months | | | ^ | |
| Approval Date | 4 December 2008 | Starting | 01 January 2009 | Completion | A no-cost extension |
| (\overline{SC}) | | Date | | Date | granted till 31 |
| | | | | | December 2012 |
| Project | This Programme is c | onceived and | d designed with Irac | qi stakeholders | (public and private), |
| Description | various UN organizat | | 0 | · | |
| - | enable an effective, co | oherent, and o | comprehensive frame | ework for privat | e sector development |
| | enable an effective, coherent, and comprehensive framework for private sector development in Iraq at both the national and governorate levels in three priority Governorates. It is a | | | | |
| | means of achieving: i) sustainable and increased employment opportunities; ii) poverty | | | | |
| | reduction; iii) the enhancement of the legal and regulatory framework which will allow an | | | | |
| | increase in sustained domestic and international investment; iv) the development of a legal | | | | |
| | and regulatory framework designed to perpetuate an overall rational, coherent, and economic | | | | |
| | environment; and v) the diversification the basis of future economic growth in Iraq in a | | | | |
| | gender inclusive and environmentally sustainable manner. | | | | |
| | gender menusive and environmentally sustainable manner. | | | | |
| | The programme addresses these challenges through two pillars of activities. The first pillar is | | | | |
| | | | | | |
| | a national level policy support intervention aimed at shaping a more conducive private sector | | | | |

¹ Including Ministry of Planning and Development Cooperation, Ministry of Agriculture, Ministry of Water Resources, State

Ministry of Women Affairs, Ministry of Labour and Social Affairs, Ministry of Industry and Minerals, Ministry of Finance. ² Federation of Chambers of Commerce and Industries, Iraqi Federation of Industries (IFI), Iraqi Businessmen Union, Association of

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

³ Including NGO partners, e.g. Women Leadership Institute, Women Empowerment Organisation, Iraqi Al-Amal Association ⁴Includes representation provincial councils, Women Higher Commission in Kurdistan, etc.

⁵ The total budget is divided into components for each participating UN agency. Transfer of funds is subject to a three-instalment transfer schedule. During the reporting period, the first two tranches of the original budget were transferred to Participating Agencies (USD 22,889,894). In addition, UNIFEM received a PSDP-I budget increase of USD 20,000 to be used for activities unrelated to this Programme.

| environment. The second pillar addresses the governorate-level challenges of private sector growth through planning and implementation activities within three selected governorates. |
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Development Goal and Immediate Objectives

Development Goal:

• Contributes to following Sector Outcomes:

Sector Outcome 1: Improved policies, strategies and related institutional developments that are sensitive to MDGs, social inclusiveness, gender equality and inclusive of those in poverty in terms of positive economic growth;

Sector Outcome 2: Enhance key-sectors of local economies in the most deprived areas.

- 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 activit | ies and Procurement | | | |
|-------------------------|--|--|--|--|
| IP Outputs ⁶ | 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 business loans. | | | |
| | IP Output 1.3. Strengthened operational, regulatory and legislative environment for SMEs development. | | | |
| | IP Output 2.1: Local economic strategies and development plans are in line with national and provincial frameworks in three governorates. | | | |
| | IP Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates. | | | |
| IP Activities | selected governorates. 1.1.1 Assist technically a Task Force within the Prime Minister Office to support the formulation, implementation and monitoring of public PSD initiatives of the GoI, and conduct a final programme evaluation; 1.1.2 Conduct a comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD; 1.1.3 Support the drafting, parliamentary review, and implementation of legislation including State Owned Enterprises (SOEs) corporatisation (amendment of Law 22), privatisation, investment law rules and regulations, land title reform, competition, arbitration, PPPs, mitigation package, agricultural and trade policies; 1.1.4 Build the capacity of officials regarding key policy issues for enterprise development, including PPPs, corporatisation and privatisation of SOEs, access to private finance, industrial policy, labour standards, land titling, agriculture, trade and allocation to support the design of relevant legislative and institutional frameworks; 1.1.5 Implement investment potential mappings (including sector-specific); 1.1.6 Promote social dialogue, institutionalise and technically support the organisation of a tripartite consultation mechanism of the Government, Employers and Workers | | | |

| | representatives in the Socio-Economic Council (SEC)of Iraq; 1.1.7 Prepare in consultation with the Socio-Economic Council a Private Sector Development Strategy for Iraq, including a strategy for investment, private farming, trade and an economic regional reintegration program proposal; 1.1.8 Provide continuous support to the Program to mainstream gender and ensure women's full participation in policy and strategy design. 1.2.1 Improve the design and the management of the Governmental guaranteed Micro-Lending Programme of the GoI (implemented by MoLSA and MoIM); 1.2.2 Assist with the design and implementation of other mechanisms to enhance access to credit by SMEs; 1.2.3 Review of micro-lending legislation and draft of laws and by-laws. 1.3.1 Provide assistance for a survey of SMEs (including formal and informal sector); 1.3.2 Support GoI Prime Minister's Advisory Board and other concerned ministries for an SME-friendly regulatory framework; 1.3.3 Strengthen capacities of business development services and Non-Bank Financial Institutions at the national level. 2.1.1 Identify, in a participatory, evidence-based framework, local economic comparative advantage of the target areas; 2.1.2. Support local institutions in the production of Local Economic Recovery (LER) strategies in harmony with Provincial Development Strategies (PDS); 2.1.3 Strengthen governorate-level institutions to implement and sustain local development planning capacities; 2.1.4 Promote gender mainstreaming and women participation in local strategies and plans. |
|-----------------------------------|---|
| | 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 | None |
| (major items) Major Activities | • Cabinet-endorsed establishment of Task Force for Economic Reforms and seven |
| Undertaken from | • Cabinet-endorsed establishment of Task Force for Economic Reforms and seven Working Groups with membership of relevant Iraqi state entities and private sector |
| initiation till | Legislative Assessment and Revision |
| present reporting | • SOE Restructuring |
| | • SME Development |
| | • Tax and Financial Policy |
| | Investment Policy Land Management Reform |
| | Social Dialogue |
| | • Submission of Preliminary Legislative Assessment Report (covering investment, |
| | commercial, public procurement and privatization core areas as well as assessments in area of agriculture, labour, land regime, SMEs, and gender) and development Draft Law for Economic Reforms, Investment Law, Free Zone Law and general Private Public Partnership Law (and guidelines). |
| | MoU signed between UNDP (on behalf of UN PSDP-I agencies) and World Bank on cooperation in support to development of Roadmap for SOE Restructuring. MoU signed with UNIONCAMERE (Italian Federation of Chambers) on cooperation in support of Iraci Chambers of Commerce and husiness processes. |
| | in support of Iraqi Chambers of Commerce and business processes. |
| | Agreement with GoI and other key Iraqi stakeholders on SME development activities (including on establishment of SME agency) and preparations MSME survey (including coordination with COSIT) as well as submission of paper "Reforming governmental micro-lending in Iraq for employment generation". Completion of "Preliminary Institutional, Legal and Technical Assessment |

⁷For some agencies (ILO and UNOPS), commitment rates have dropped from the previous reporting period. This is due to the year-end closure of larger unliquidated obligations in the financial systems of the respective organizations.

| Funds Committed | USD 9,305,550 | % of received | 95% |
|---------------------|---------------|----------------|-----|
| Funds Disbursed | USD 7,930,438 | % of received | 81% |
| Forecast final date | December 2012 | Delay (months) | 12 |

| Direct Beneficiaries | Number of Beneficiaries ⁸ | % of planned (current status) ⁹ |
|-----------------------------------|--------------------------------------|--|
| Men | n/a | n/a |
| Women | n/a | n/a |
| Children | n/a | n/a |
| IDPs | n/a | n/a |
| Others | n/a | n/a |
| Indirect beneficiaries | All citizens of Iraq. | n/a |
| Employment generation (men/women) | n/a | n/a |

| Quantitative achievements against objectives and results | | | | |
|--|--------------|-----|--|--|
| IP Outcome 1: The policy and regulatory environment is more conducive | | | | |
| to private sector development | | | | |
| Output 1.1: National capacities for private sector development policies are | % of planned | 90% | | |
| strengthened | | | | |
| Output 1.2: Improved efficiency of the Public Micro Lending Programme and | % of planned | 50% | | |
| access to business loans | | | | |
| IP Outcome 2: Strengthened Economic recovery in three governorates in | | | | |
| the South, Central and Northern areas of Iraq | | | | |
| Output 2.1: Local economic strategies and plans developed in line with | % of planned | 80% | | |
| national and provincial frameworks in three governorates | | | | |
| Output 2.2: Economic and social regeneration pilot projects implemented in | % of planned | 55% | | |
| three selected governorates | | | | |

| Qualitative achievements against objectives ¹⁰ and results | | |
|--|---------------|---|
| IP Outcome 1: The policy and regulatory environment is more conducive to private sector development | | |
| 1.1.1 Technical support is provided to | 1.1.1 100% | [Activity led by UNDP: achievement rate at 100%] |
| the taskforce working within the Prime Minister Office to formulate, implement and monitor the | achieved | February 2012: Partnership with Ministry of Oil, PSDP-I team presented to the Ministry of Oil (MOO) Project Management Structure, Roles and Responsibilities with Director General (DG) of the Training and Development Department; |
| public PSD initiatives of the GoI. | | February 2012: PSDP-I team presented the approach for the Socio-Economic Infrastructure Assessment (SEINA) in KRG to the Minister of Planning, Mr. Sindi, and other key officials. Areas of primary focus for the needs assessment and key outputs agreed include; Cross-cutting sectors (land management, financing, labour) and the envisioned analysis approach; Expertise selected and deployed; HR management in Working team membership profile for the KRG; Private sector and civil society representatives; Project implementation business process, methodology and information management, Partnership policy and financing tools for economic infrastructure building, SEINA project activities and milestones. March 2012: UNDP organized the PSDP-I Programme Steering Committee (PSC) on 12 March, co-chaired by UN Acting Resident |

 ⁸ Number of beneficiaries may not be quantified as the current interventions are on a policy, advisory and legislative level benefitting the Government of Iraq and designated governorates.
 ⁹ The project document does not define concrete numbers of beneficiaries to be targeted.
 ¹⁰Terminology in line with this reporting format (page 2): IP Outputs as 'immediate objectives'.

| | | Coordinator and Task Force for Economic Reforms (TFER) Chairman; the PSC acknowledged the PSDP-I implementation progress, endorsed the Working Plan for 2012, endorsed Partnerships with Poland and OECD, endorsed the funding request from both federal budget allocations – the Partnership Fund and the SOE Restructuring Fund. Budget revision (of current resources) approved, UNGC to receive support for a legal status that gives more traction to the responsible business practices in the Iraqi market, KRG to have a presence in the TFER and Working Groups and all Governorate Steering Committees (GSCs) to receive a letter of appreciation for the activity performed to date. |
|--|---------------------------|--|
| | | March 2012: Government Cost sharing mechanism: PSDP-I team presented a mechanism of co-funding in which the UN together with line ministries will identify the programmes and projects to be implemented in 2012 that would require government co-financing to the Prime Minister Advisory Committee (PMAC); |
| | | March 2012: UNDP and Shell held a kickoff meeting in Amman, following the signing of the MoU, to discuss implementation of joint activities in Basra. |
| | | January – March 2012: several activities of the UNGC Iraq Network continued during the quarter; after the launch of the Network and the election of its Steering Committee in last quarter 2011, an action plan defining objectives and activities for the year was finalized at the first meeting of the Steering Committee, on 7 February 2012. The first quarterly newsletter on the UNGC LN activities was successfully issued in the same period as the major communication tool for the Iraq Network to exchange information and updates internally and externally with all counterparts in the Iraqi Government, businesses, civil society and international organizations. In February, UNGC LN participated in two workshops co-organized by the Swedish Embassy in Baghdad on Corporate Social Responsibility, (CSR). The workshops were presented by Swedish companies to students, companies and other organizations |
| 1.1.2 A | | [Activity supported by UNDP] |
| comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place. | | March 2012: The results of the Legislative Revision Activities by UNIDO were shared and discussed in a joint roundtable organized in PMAC on 20 March and attended by all agencies; UNDP provided inputs to the process. |
| 1.1.3 Draft legislation related SoE corporatisation (amendment of Law 22), privatisation, investment law rules and regulations, land title reform, competition, PPPs, mitigation package, agricultural and trade policies are available | 1.1.3 100% achieved | [Activity led by UNDP: achievement rate at 100%] January 2012: UNDP, UNIDO and ILO PSDPI team discussed the way forward for the SoE Restructuring plan, focusing on the Mackenzie report on Assets Valuation and on piloting some SOEs to initiate the reform process, led by of the Head of the SOE Restructuring Working Group, together with the Director Generals of the SOES, World Bank as well as Mackenzie Cooperation. |
| 1.1.4 Increased | | [Activity supported by UNDP] |

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| knowledge of | | |
| officials regarding | | February2012: twenty two top Iraqi officials participated in a study tour |
| key policy issues for | | on Social Mitigation Package to Poland, accompanied by three UNDP |
| enterprise | | staff. The training was provided by the Ministry of Labour and Social |
| development to | | Policy, the State Fund for Rehabilitation of Disabled Persons, and |
| support the design of | | Ministry of Treasury of Poland. |
| relevant legislative | | |
| and institutional | | |
| frameworks | | |
| 1.1.6 A tripartite | | [Activity supported by UNDP] |
| consultation | | |
| mechanism of the | | January-March 2012: Contribution to the tripartite consultation |
| Government, | | mechanism through advancement of the UNGC Iraq Network as a |
| Employers and | | platform to strengthen private-public partnerships and dialogue. |
| Workers | | |
| representatives in the | | |
| Socio- Economic | | |
| Council of Iraq is | | |
| available to promote | | |
| social dialogue | | |
| 1.1.7 A | 1.1.7 | [Activity led by UNDP: achievement rate at 42%] |
| comprehensive | 42% | |
| Private Sector | achieved | Nothing to report this quarter. |
| Development | | |
| Strategy for Iraq is | | |
| available. | | |
| 1.2.1 Improved | 1.2.1 | [All three activities led by UNDP: achievement rate at 60% (1.2.1), 20% |
| management of the | 60% | (1.2.2) and $40%(1.2.3)$ |
| Governmental | achieved | |
| guaranteed Micro- | | Nothing to report this quarter. |
| Lending Programme | | |
| (implemented by | | |
| MoLSA and MoIM) | | |
| 1.2.2 Enhanced | 1.2.2 | |
| mechanisms to | 20% | |
| access to credit by | achieved | |
| SMEs | | |
| 1.2.3 Draft laws and | 1.2.3 | |
| by-laws related to | 40% | |
| GoI micro lending | achieved | |
| programme are | | |
| available | | |
| | nened Econom | ic recovery in three governorates in the South, Central and Northern areas |
| of Iraq | | |
| 2.1.3 Strengthen | 2.1.3 | [Activities 2.1.3 and 2.2.1a (Key Economic Infrastructure) and 2.2.1e |
| governorate-level | 2.1.5 | (Micro-lending) led by UNDP: achievement rates at 80% (2.1.3), 50% |
| construction and | achieved | (2.2.1a) and $60% (2.2.1e)$] |
| development | acmeveu | (2.2.1 <i>a) una 0070</i> (2.2.1 <i>e)</i>] |
| institutions to | | Regular meetings of the Governorate Steering Committees (GSC) in the |
| implement and | | three pilot Governorates continued. |
| sustain local planning | | unce phot dovernorates continued. |
| capacities. | | Specific activities in the quarter included: |
| | 2210 | specific activities in the quarter included. |
| 2.2.1 Technical | 2.2.1a | ANDAD |
| support provided to | 50% | ANBAR |
| identify priorities and | achieved | • January 2012: Following preparations for the Training of |
| program | 2.2.1e | Beneficiaries (ToB) with Anbar Agriculture Department, eight |
| implementation in the | 60% | Agricultural Engineers, who attended ToTs programmes in Amman |
| sectors of Key | achieved | and Cairo, provided 20 training courses in many districts with 120 |

| Economic | farmers. |
|-------------------------------------|--|
| Infrastructure and Micro-lending | Micro-lending Programme: Al Taqadum, micro-Finance Institution (MFI) contracted by UNDP for micro-loans management, submitted the report and successfully disbursed the first grant of 150,000 US \$ from UNDP to 53 beneficiaries in many districts covering all sectors. Electricity distribution network master planning activity: Anbar Electricity Directorate received training, equipment and specialized software which was delivered by CYME a Canada based software development company. The distribution network date collection and mapping is under finalization. January 2012: Local UNGC initiatives: A workshop was held in Ramadi on 25 January with Anbar local companies, NGOs and official directorates to offer support for joining the UN Global Compact initiative; more than 100 local companies and organizations attended the meeting, resulting in an increased number of UNGC members from Anbar. Work is in progress to support more local companies to join. |
| | BASRA January 2012: Micro-lending Programme: the implementing MFIs submitted their second report to UNDP. Initial discussions with MFIs and focal points to discuss possible partnerships with the Business Information Centers (BIC) related to the Chamber of Commerce for enhancement of the loan process was initiated. Electricity distribution network master planning activity: Follow-up with CYME international to finalize obtainment of two temporary licenses of the software for Basrah Electricity Distribution Directorates and activated the workstations. This has high priority in the Governorate since one of the identified services affecting the private sector was Electricity; January 2012: Shell project and MoU with Ministry of Oil: In January, discussion related to the Shell project and the MoU with Ministry of Oil, starting with the GSC about identification of locations for the training centers, were initiated, as part of the partnership between UNDP and SHELL Oil Company. PSDP1 coordinator visited relevant institutes in Basra to assess uitable options and locations for the establishment of the new Vocational Training Center. Institutes assessed included: Abo Al Khasib; BOTI; Khour Al Zubair Training Institute; Basrah Training Institute; Technical Institute. In March, kick off workshop was held in Amman to discuss on the partnership UNDP-Shell for support to SMEs and training centers in Basra. The workshop resulted in agreement on an implementation strategy and joint working plan. March 2012: A follow-up meeting was held on 15th of March to finalize a detailed action plan for the component of the Vocational Training Centers in terms of selecting the place, the crafts and the curriculum. January 2012: Review Meeting with GSC: The meeting was held in January with the Basrah GSC, Basrah Oil Training Institute manager and director of planning in the institute, SOE Managers (State Owned Enterprises including Petrochemicals and Paper factories). New activities that P |

| | ERBIL January 2012: the Erbil GSC met to discuss the proposal for the UNDP downstream pilot project on the Women Business Incubator. It was agreed that the proposal needed to be edited accommodating all the comments and re-presented to the GSC; March 2012: SEINA: Preparations for the commencement of the Socio-Economic Infrastructure Needs Assessment (SEINA) project in Kurdistan Region were initiated, primarily with Ministry of Planning. The second scouting mission for SEINA started at the end of February and ended on 8 March. The mission met with the various Governmental entities involved, including Ministry of Health (MoH), Ministry of Agriculture and Water Resources (MoA&WR), Ministry of Municipalities (MoM), Ministry of Planning (MoP). The main SEINA mission was tentatively decided to take place in late May/early June 2012. February 2012: UNIONCAMERE established a desk within the Italian Consulate premises in Erbil, following the MOU signed late last year, to facilitate business relations between KRG and Italian companies; March 2012: The second workshop on Economic Development Unit (EDU) was held in Erbil, with participation of the EDU members from all PSDPI and LADP governorates. The workshop discussed the various scenarios to be discussed with related stakeholders. |
|---------------|---|
| Procurement | Second part of the procured equipment for the Electricity Master |
| (major items) | Planning arrived at Basrah Airport, but was retained by the South |
| | Customs Authorities for not obtaining the official paper work required |
| | for excluding it from the taxes. |

Main Implementation Constraints and Challenges

Substantive Challenges

- Long government bureaucratic procedures hamper some UNDP activities, for example the MoU with the Ministry of Oil still lagging behind because of delays in receiving endorsement by COMSEC, needed to implement the project.
- MFIs stopped reporting to UNDP on the status of the loans and pay back claiming that their contracts do not state that they need to continue reporting after the disbursement of the funds.

Management / Logistic Challenges

- Security restrictions make it difficult to travel to field locations and to interact with project stakeholders on the ground.
- Procured items are still retained with South Customs authorities due to missing paper work which does not seem to be on the same line with the process followed in other entry points such as Baghdad International Airport
- The rejection of Canadian visa for one electricity engineer from Anbar led to drop behind the SYME applications in Anbar master plan.
- The delay of providing Al Taqadum MFI with the second payment of 150,000 \$ till now, led to suspicion of not receiving it or not disbursed the loans before the close out of the programme

B. ILO and C. UNOPS

| Funds Committed ¹¹ ILO | USD 1,739,450 | % of received | 58% |
|-----------------------------------|------------------|----------------|-----|
| Funds Disbursed ILO | USD 1,468,842 | % of received | 49% |
| Funds Committed UNOPS | USD 4,734,301.15 | % of received | 80% |
| Funds Disbursed UNOPS | USD 4,622,626.11 | % of received | 78% |
| Forecast final date | On Schedule | Delay (months) | 0 |

| Direct Beneficiaries | Number of Beneficiaries | % of planned (current status) |
|-----------------------------------|--------------------------|-------------------------------|
| Men | 328 | 85% |
| Women | 82 | 85% |
| Children | - | |
| IDPs | - | |
| Others | - | |
| Indirect beneficiaries | 1910 | 80% |
| Employment generation (men/women) | 60 (12 women , 48 men) | 80% |

| Quantitative achievements against objectives and results | | |
|--|--------------|-----|
| IP Outcome 1: The policy and regulatory environment is more conducive | | |
| to private sector development | | |
| Output 1.1: National capacities for private sector development policies are | % of planned | 80% |
| strengthened. | | |
| Output 1.3: Strengthened operational, regulatory and legislative environment | % of planned | 70% |
| for SMEs development | | |
| IP Outcome 2: Strengthened Economic recovery in three governorates in | | |
| the South, Central and Northern areas of Iraq | | |
| Output 2.1: Local economic strategies and plans developed in line with | % of planned | 85% |
| national and provincial frameworks in three governorates. | | |
| Output 2.2: Economic and social regeneration pilot projects implemented in | % of planned | 85% |
| three selected governorates. | _ | |

| IP Outcome 1: The policy and r | regulatory environment is more conducive to private sector development |
|--|--|
| 1.1.1 Technical support is provided to the taskforce working within the Prime Minister's Office to formulate, implement and monitor the public PSD initiatives of the GoI. | [Activity supported by ILO/UNOPS]Nothing to report this quarter. |
| 1.1.2 A comprehensive | [Activities supported by ILO/UNOPS: achievement rate at 80%] |
| assessment of legislative, | Nothing to report this quarter. |
| institutional and sectoral | rounning to report and quarter. |
| needs to assist GoI to | |
| properly design policies for | |
| PSD is in place | |
| 1.1.3 Draft legislations | |
| related to SOE corporati- | |
| sation (amendment of Law | |
| 22), privatisation, investment | |
| law rules and regulations, | |
| land title reform, competi- | |

¹¹ All expenditure figures are estimates only. For accurate financial reporting please refer to Agency-individual certified financial reports.

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| process within |
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| (PDS) | the established group of experts. The first stage of Erbil, Anbar and Basra compacts has been finalized in harmony with the Provincial Development Plar and the groups of experts were trained on the second guideline to be able to finalize the second stage of the compact. |
|--|--|
| | A strategic meeting with the key KRG stakeholders in Erbil is under preparation under the aegis of the Governor's office of Erbil, to reach consensus over a suitable modality to establish an economic development entity at the Governorate level, in charge of economic planning. The meeting is intended to involve line ministries, provincial council and the Prime ministry/High Council for economic development of KRG |
| 2.2.1 Technical support provided to identify priorities and program implementation | [Activity 2.2.1d (Business Development Services) led by ILO/UNOPS: achievement rate at 85%] |
| in the sector of Business Development Services. Specific area identified in the ProDoc. | During the first quarter of this year Erbil Business Information Center (BIC) prepared economic articles that were published in both the Erbil Chamber of Commerce website and local newspaper called "modern Business". Both Erbil and Anbar BICS were able to provide business development consultancies, organize meetings with financial service providers for future cooperation and plan for the second quarter activities, including trade fair and yellow pages. |
| | The International Organization for Migration (IOM) implemented marketing training workshop for business development in Erbil for BDS providers and for BIC staff. The main objective of the workshop was to train participants or marketing and promoting their services. IOM is also revising the promotional strategy prepared by ILO/UNOPS for the BICs to improve it according to the findings of this workshop. |
| Procurement (major items) | Nothing to report this quarter. |

Substantive challenges:

The new appointed Governor of Basrah replaced some of the EDU members including the director, this action caused delays in EDU Work-plan especially the new members haven't participated in any formal EDU Workshops and another workshop for them was conducted during November 2012 to train them on how to prepare Economic Development Compact.

Management/Logistic challenges:

Limited Slots available for International staff coming to Baghdad and this affects in a way holding events in Baghdad or for the International staff to attend meetings on time.

Limited movement for International staff when meeting with Iraqi counterparts and government in the red zone.

Complicated procedure for getting Iraqi counterparts in the International zone and limited number of SSI escorts available to handle visitors' requests.

D. UNIDO

| Funds Committed | USD 5,470,575.05 | % of received | 71.05% |
|---------------------|---------------------------|----------------|--------|
| Funds Disbursed | USD 4,653,194.26 | % of received | 60.43% |
| Forecast final date | On Schedule ¹² | Delay (months) | 0 |

| Direct Beneficiaries | Number of Beneficiaries ¹³ | % of planned (current status) ¹⁴ |
|-----------------------------------|---------------------------------------|---|
| Men | n/a | n/a |
| Women | n/a | n/a |
| Children | n/a | n/a |
| IDPs | n/a | n/a |
| Others | n/a | n/a |
| Indirect beneficiaries | All citizens of Iraq. | n/a |
| Employment generation (men/women) | n/a | n/a |

| Quantitative achievements against objectives and results | | |
|--|--------------|-------------------|
| IP Outcome 1: The policy and regulatory environment is more conducive | | |
| to private sector development | | |
| Output 1.1: National capacities for private sector development policies are | % of planned | 95% |
| strengthened. | | |
| IP Outcome 2: Strengthened Economic recovery in three governorates in | | |
| the South, Central and Northern areas of Iraq | | |
| Output 2.2: Economic and social regeneration pilot projects implemented in | % of planned | 50% ¹⁵ |
| three selected governorates. | | |

| Qualitative achievements aga | inst objectives and results |
|---|--|
| IP Outcome 1: The policy and | regulatory environment is more conducive to private sector development |
| 1.1.1 Technical support is | [Activity supported by UNIDO] |
| provided to the taskforce | |
| working within the Prime | Regular meetings held in Baghdad with the TFER, the Programme Director |
| Minister's Office to | and UN Agencies. Advisory assistance to the TFER Working Groups in key |
| formulate, implement and monitor the public PSD initiatives of the GoI. | policy areas continued with particular focus on industrial strategy and governance system (weekly meetings with the Adviser to the Minister of Industry & Minerals), legislation and economic reform and implementation of the SOEs Restructuring Roadmap. |
| | Participation to a study tour to Poland organized by UNDP on social mitigation for Iraqi stakeholders (PMAC, Ministries of Labour and Social Affairs, Finance, Transports, Construction & Housing, DGs of UNIDO assisted SOEs) |
| | Participation to the PSDP-I Steering Committee held in Baghdad on 12 March; the Programme Director, besides briefing on the Programme progress, presented preliminary indications provided by UN PSDP-I Agencies on requested funding through 2012 state budget allocations for SOEs restructuring and cost-sharing arrangements (Partnership Fund) to expand ongoing PSDP-I activities. It was preliminarily agreed with PMAC Chairman |

¹²In the framework of the PSDP-I extension
¹³Number of beneficiaries may not be quantified as the current interventions are on a policy, advisory and legislative level benefitting the Government of Iraq and designated governorates.
¹⁴ The project document does not define concrete numbers of beneficiaries to be targeted.
¹⁵ Achievement rate for the planning component of the rehabilitation programme 100%; the procurement procedures for the implementation phase started in December 2011.

| | that a formal request to PMAC would be submitted for accessing these allocations ¹⁶ . |
|---|---|
| 1.1.2 A comprehensive assessment of legislative, institutional and sectoral | [Activity 1.1.2 led by UNIDO: achievement rate at 98%; activity 1.1.3 supported by UNIDO] |
| needs to assist GoI to properly design policies for PSD is in place | <u>Completed assessments in the reporting period:</u> All UNIDO legislative assessment reports have been completed and sent for publication. |
| 1.1.3 Draft legislations related to SoE corporatisation (amendment of Law 22), | The final legislative assessment reports to the WGL will be submitted to the WGL in May. |
| privatisation, investment law rules and regulations, land title reform, competition, PPPs, mitigation package, | Other UN Agencies' legislative assessment reports have been completed and will be submitted accordingly. |
| agricultural and trade policies are available. | <u>Other:</u> A harmonization analysis report was completed, which indicates the differences and discrepancies between applicable legislations in an attempt to overcome such differences. |
| | A final review of the draft Bankruptcy law, drafted under the US funded Tijara program in cooperation with the Ministry of Trade, was completed and comments to the draft law were prepared in English. The comments have been translated into Arabic and both will be submitted in May. |
| | The final roundtable on legislative assessment and drafting has been organized and took place on 19 March 2012, with the participation of UNIDO CTA (co- chair), Head of the WGL (co-chair), other members of the WGL, USAID Tijara project and various other Iraqi stakeholders (including Ministry of Oil). All UNIDO legislative deliverables along with the IT-Platform on legislations were presented and discussed. The roundtable concluded a 3-years work of UNIDO; priority legislation (Companies', Bankruptcy, PPP, Economic Reform draft Law and other) will continue to be addressed by the WGL. Tijara project will build on UNIDO for work for further streamlining the recommendations provided for the Company Law. |
| 1.1.4 Increased knowledge of officials on key policy issues for anterprise development to | [Activity led by UNIDO: achievement rate at 95%] Coaching assistance to the Ministry of Industry & Minerals (MIM) on the |
| for enterprise development to support the design and implementation of relevant legislative and institutional frameworks. | <u>formulation of Iraq's Industrial Strategy & Policy (ISP)</u> : Coaching assistance to MIM and the Strategy Working Group continued throughout the reporting period on all strategy report chapters drafted by the Iraqi team with methodological inputs by UNIDO experts. |
| | A draft version zero of the strategy report was eventually finalized by the Iraqi team review of the final Training & Coaching event held in Tunis later in April. |
| | Preparation of the agenda and of the programme of the final event in Tunis. |
| | Follow up of GoI 212 budget allocations for Partnership Fund and SOEs Restructuring |
| | Preparation of notes and summary tables for possible scope of continuation of UNIDO PSDP-I upstream activities (legislation and IT platform, industrial strategy and investment map), in coordination with UNIDO Iraq OIC |
| | |

¹⁶ As UNIDO, 3 mill USD were indicated for continuation/completion of PSDP-I activities on legislation, industrial strategy and investment mapping.

| | (coordinating with the RC) |
|---|--|
| | (coordinating with the RC) |
| | Preparation of a note and Fiche on actual scope of UN and World Bank assistance to the use of the allocation of SOEs Restructuring, also for use at the Steering Committee meeting of 12 March. |
| | IT based platform to sustain activities in the legislative area: A second ToT training (on a real web environment made available by the sub- contractor) was delivered in Baghdad on 4-13 March by the Iraqi partner of the sub-contractor, complementing that of December and aimed at consolidating trainers skills and overcoming logistic constraints faced in December. |
| | Hosting requirements were prepared and delivered to the Beneficiary. |
| | A first draft of the "System Organization" was prepared and delivered. |
| | Final system testing was successfully conducted in March and a test report prepared. |
| | Arrangements for a demo application in Baghdad in April with the participation of selected Iraqi end users- including members of the WGL – and, online, of the sub-contractor and UNIDO project supervisor and legal expert, were initiated. |
| | The project will be terminated in April. |
| 1.1.5 A national investment | [Activity led by UNIDO] |
| map is available (including | |
| sector and geographic- | A meeting with NIC Chairman took place on 11 February to review UNIDO |
| specifics). | work and discuss potential future cooperation for further developing the Map. |
| 1.1.7 A comprehensive | [Activity supported by UNIDO: achievement rate for UNIDO inputs: 70%] |
| Private Sector Development | |
| Strategy for Iraq is available. | Inputs into the PSD Strategy will be provided through UNIDO PSDP |
| 1.3.2 GoI Prime Minister's | Upstream Outputs Consolidation project under finalization (by April). [Activity supported by UNIDO] |
| Advisory Board and other | [Activity supported by UNIDO] |
| concerned ministries supported for an SME- | The harmonization analysis of the proposed (by UNDP) SME legislative framework was completed (<i>see also</i> $1.1.2/1.1.3$ <i>above</i>) |
| friendly regulatory | |
| framework. 1.3.3 Strengthened national | [Activity supported by UNIDO] |
| capacities of business | |
| development services and | • <i>N.A.</i> |
| Non-Bank Financial | |
| Institutions. | |
| e | conomic recovery in three governorates in the South, Central and Northern areas |
| of Iraq | |
| 2.2.1. Technical support | [Activity 2.2.1c (Industries) led by UNIDO: achievement rate at 40% ¹⁷] |
| provided to identify priorities and program implementation | Rehabilitation of three agro-industrial SOEs in Anbar and Basra governorates: |
| in the sector "Industries" | Following a workshop with representatives of the three SOEs in Glass and |
| | Ceramics, Paper and Pulp and Petrochemical Industries, held in Amman in |
| | December 2011, the technical specifications for the purchase of equipment |
| | were further reviewed and finalized jointly with the SOEs. International calls |
| | for the procurement of the equipment were launched, offers technically and |
| | financially evaluated, and purchase orders initiated. Final supplies include |
| L | paper quality testing equipment, environmental protection test equipment, |

¹⁷ Achievement rate for the planning component of the rehabilitation programme 95%;

| | smooth glass rollers, etc. |
|------------------------------|---|
| | After request from the local counterpart, the organization of tailored capacity building sessions for selected employees of the SOEs has been agreed upon. The methodology for the capacity building activities has been defined and the training sessions are being planned to be carried out as of April 2012. The topics of the currently being planned capacity building sessions include: Advanced Management Capacity Building (2 weeks, Turkey), Success in Management and Effective Organization (1 week, Jordan), Human Resources Management (1 week, Lebanon) as well as a one week excursion to partner companies in the Glass/Ceramics, Paper/Pulp and Petrochemical industrial sectors in Turkey. |
| | Social Mitigation programme with ILO complementing the assistance to the three SOEs ¹⁸ (preparatory phase): Surveys and preliminary reports were prepared by UNIDO team providing on overview of experiences in different countries and outlining various options; possible specific measures for establishment of new businesses for excess employees were discussed during the study tour in Poland. |
| | A final report will be submitted in April. |
| | Discussions initiated on possible funding (through a separate budget) on additional surveys, analysis and planning in a wider SOEs restructuring context. |
| Procurement (major items) | Procurement for supply of equipment to the three SOEs initiated during 2011 Q4 progressed in the reporting period according to schedule. |
| | |

Main Implementation Contraints and Challenges

What already reported in the previous quarterly reports, in terms of general logistic and security constraints, is substantially re-confirmed.

The main implementation constraint form an operational point of view is constituted by the difficulty and impossibility to work side by side with beneficiaries located in the red zone of Baghdad.

¹⁸This programme is not funded by PSDP-I resources.

E. FAO

| Funds Committed | \$1,922,004 | % of approved | 58.2% |
|---------------------|-------------|----------------|-------|
| Funds Disbursed | \$1,782,119 | % of approved | 54 % |
| Forecast final date | 31 Dec 2012 | Delay (months) | - |

| Direct Beneficiaries | Number of Beneficiaries | % of planned (current status) |
|-----------------------------------|-------------------------|-------------------------------|
| Men | 324 | 100% |
| Women | 102 | 100% |
| Children | n/a | n/a |
| IDPs | n/a | n/a |
| Others | n/a | n/a |
| Indirect beneficiaries | All citizens of Iraq. | n/a |
| Employment generation (men/women) | n/a | n/a |

| Quantitative achievements against objectives and results | | |
|--|-----------------|-----|
| Outcome 1: Improved policies, strategies and related institutional developments that re sensitive to MDGs, social inclusiveness, gender equality and inclusive of those in poverty in terms of positive economic growth. | % of planned | 95% |
| Output 1.1: Strengthened national capacities for and policies for private sector development. | % of planned | 95% |
| Outcome 2: Enhance key-sectors of local economies in the most deprived areas. | % of planned | 65% |
| Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates | % of planned | 70% |

| Qualitative achievements ag | ainst objectives and results |
|--|--|
| Information Management The eight training courses submitted from each gover a) Food Safety and Prote b) Extension Services; c) Agricultural Marketin d) Water Policy. Outcome 1:Improved policies | |
| | |
| Output 1.1: Strengthened national capacities for and policies for private sector development. | OUTPUT 1.1.2 Conduct a comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD Legal Officer has been contacted for the final legal revision of the translated Legislations. (80% OF PLANNED) |
| | OUTPUT 1.1.3 Support the drafting, parliamentary review, and implementation of legislation including Sue corporatization (amendment of Law 22), privatization, investment law rules and regulations, land title reform, competition, arbitration, PPPs, mitigation package, agricultural and trade policies Agricultural Land Study tour to be conducted in Germany for Iraqi delegation, participants are from MoA, MoF, MoP, MoC and PMAC preparations for the study tour is under progress. |

| | OUTPUT 1.1.4 |
|--|---|
| | Build the capacity of officials regarding key policy issues for enterprise development, including PPPs, corporatization and privatization 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 |
| | - Eight training courses (ToB) were conducted and reported in Erbil, for the four named fields: |
| | a) Food Safety and Protection; b) Extension Services; c) Agricultural Marketing; and d) Water Policy. |
| | Eight training courses (ToB) were conducted and reported in Basra, for the four named fields: |
| | a) Food Safety and Protection; b) Extension Services; c) Agricultural Marketing; and d) Water Policy. |
| | - Twenty training courses (ToB) were conducted and reported in Anbar, for the four named fields: |
| | a) Food Safety and Protection; b) Extension Services; c) Agricultural Marketing; and d) Water Policy.(100% OF PLANNED) |
| | OUTPUT 1.1.7 Private Sector Development Strategy including investment, private farming, trade for the agriculture sector is created. |
| | A meeting was held with representatives from MoA and MoWR to receive their inquiries and main outputs, where the three studies are expected to be finalized within the next reporting period. (35% OF PLANNED) |
| Outcome 2: Enhance key-sector | rs of local economies in the most deprived areas. |
| Output 2.2: Economic and social regeneration pilot projects implemented in three selected governorates. | OUTPUT 2.2.1 Technical support provided to identify priorities and program implementation in the agricultural sector. |
| | Procurement of the specified Software and Hardware is now under process. Specifications have been revised by local IT consultant, and approval has been obtained from the HQ. (65% OF PLANNED) |

Main Implementation Constraints and Challenges

The main constraints during the reporting period pertained to the late response of the Legal Department in receiving the final revised draft of the translated legislative assessment, as well, procurement for the Agriculture Information Centers delayed due to the delay in getting field authorization to procure the software and hardware.

F. UN-HABITAT

| Funds Committed | USD1,789,902 (90%) | % of received | 90% |
|---------------------|---------------------|----------------|-----|
| Funds Disbursed | USD 1,168,570 (58%) | % of received | 58% |
| Forecast final date | On Schedule | Delay (months) | 0 |

| Direct Beneficiaries | Number of Beneficiaries ¹⁹ | % of planned (current status) ²⁰ |
|-----------------------------------|---------------------------------------|---|
| Men | 480 | n/a |
| Women | 120 | n/a |
| Children | n/a | n/a |
| IDPs | n/a | n/a |
| Others | 150 | n/a |
| Indirect beneficiaries | All citizens of Iraq. | n/a |
| Employment generation (men/women) | n/a | n/a |

| Quantitative achievements against objectives and results | | |
|--|--------------|------|
| IP Outcome 1: The policy and regulatory environment is more conducive | % of planned | 75% |
| to private sector development | | |
| Output 1.1: Strengthened national capacities and policies for private sector | % of planned | 75% |
| development | | |
| IP Outcome 2:Strengthened Economic recovery in three governorates in | % of planned | 95% |
| the South, Central and Northern areas of Iraq | | |
| Output 2.1: Local economic strategies and development plans are in line with | % of planned | 100% |
| national and provincial frameworks in three governorates | | |
| Output 2.2: Economic and social regeneration pilot projects implemented in | % of planned | 95% |
| three selected governorates | _ | |

| Qualitative achievements against objectives and results | | |
|---|---|--|
| IP Outcome 1: The policy and regulatory environment is more conducive to private sector development | | |
| 1.1.2 A comprehensive | [Activity supported by UN-HABITAT] | |
| assessment of legislative, | | |
| institutional and sectoral | Land Governance Assessment Frameworks Study started | |
| needs to assist GoI to properly design policies for | COM decision on the establishment of the Land Policy Commission finalised | |
| PSD is in place. | by WG | |
| | <i>by</i> #3 | |
| 1.1.3 Draft legislations | [Activity supported by UN-HABITAT] | |
| related to SOE | | |
| corporatisation (amendment | Position paper on public land management that would lead to policies and | |
| of Law 22), privatisation, | legislation agreed by working group | |
| investment law rules and | | |
| regulations, land title reform, | Study undertaken on Fragmentation of Land Ownership | |
| competition, PPPs, mitigation | | |
| package, agricultural and | | |
| trade policies are available. | | |

¹⁹ Number of beneficiaries may not be quantified as the current interventions are on a policy, advisory and legislative level benefitting the Government of Iraq and designated governorates. ²⁰ The project document does not define concrete numbers of beneficiaries to be targeted.

G. UN WOMEN

| Funds Committed | USD 635,920.17 | % of received | 52.12% |
|---------------------|----------------|----------------|--------|
| Funds Disbursed | USD 570,253.17 | % of received | 46.74% |
| Forecast final date | On Schedule | Delay (months) | 0 |

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

| Quantitative achievements against objectives and results | | |
|--|--------------|-----|
| IP Outcome 1: The policy and regulatory environment is more conducive | | |
| to private sector development | | |
| Output 1.1: National capacities for private sector development policies are | % of planned | 60% |
| strengthened | | |
| IP Outcome 2:Strengthened Economic recovery in three governorates in | | |
| the South, Central and Northern areas of Iraq | | |
| Output 2.1: Local economic strategies and plans developed in line with | % of planned | 25% |
| national and provincial frameworks in three governorates | | |

| Qualitative achievements against objectives and results | | |
|--|---|--|
| IP Outcome 1: The policy and regulatory environment is more conducive to private sector development | | |
| 1.1.2 A comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD is in place | [Activity supported by UNWOMEN] Nothing to report this quarter. | |
| 1.1.7 A comprehensive Private Sector Development Strategy for Iraq is available | UN Women contracted a translation firm to translated the below documents from English into Arabic language to be disseminated to the line ministries. The 10 Steps for Integrating Gender into the Policy-Making Process Recommendations for Mainstreaming Gender into Iraq's National Policies Recommendations for Mainstreaming Gender into National Survey Tools | |
| 1.1.8 Gender is mainstreamed in the program ensuring women`s full participation in policy and strategy design | [Activity led by UNWOMEN: achievement rate at 45%] UN Women is in the process of establishing a Businesswomen Association. During this reporting period UN Women hired a legal consultant, who is working on drafting bylaws, and facilitating the establishment of a business women association. Many meetings were conducted with the State Minister of Women Affairs as well as with the chairperson of a Businessmen Union to obtain from their views and guidance on how to select most suitable legal structure for the business women association and what are the practical steps to | |

| | follow in establishing it. | |
|---|--|--|
| | | |
| IP Outcome 2: Strengthened Economic recovery in three governorates in the South, Central and Northern areas | | |
| of Iraq | | |
| 2.1.3 Strengthen gover- | [Activity supported by UNWOMEN] | |
| norate-level construction and | Nothing to report this quarter | |
| development institutions to | | |
| implement and sustain local | | |
| planning capacities | | |
| 2.1.4 Promote gender | [Activity led by UNWOMEN: achievement rate at 12%] | |
| mainstreaming and women | Nothing to report this quarter | |
| participation in local | | |
| strategies and plans | | |
| Procurement | | |
| (major items) | Nothing to report this quarter | |
| | | |

Main Implementation Contraints and Challenges The event of the Arab Summit as well as the deteriorated security situation delayed the implementation of some planned activities.