

**COST-SHARING AGREEMENT BETWEEN  
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)  
AND SHELL (THE DONOR)**

WHEREAS the Donor has informed UNDP of its willingness to contribute funds (hereinafter referred to as "the contribution") to UNDP on a cost-sharing basis towards execution/implementation of the programme/project,<sup>1</sup>

WHEREAS UNDP is prepared to receive and administer the contribution for the execution/implementation of the programme/project,

WHEREAS the Government of Iraq has been duly informed of the contribution of the Donor to the programme/project,

WHEREAS UNDP shall designate an Executing Entity/ Implementing Partner<sup>2</sup> for the execution/implementation of the programme/project (hereinafter referred to as "the Executing Agency/Implementing Partner"),

NOW THEREFORE, UNDP and the Donor hereby agree as follows:

**Article I. The Contribution**

(a) The Donor shall, in accordance with the schedule of payments set out below, contribute to UNDP the amount of (amount in US dollars). The contribution shall be deposited in the Bank of America

DC1-701-07-08  
730 15th Street, N.W. 7th Floor  
Washington DC, USA

UNDP Representative in Iraq (USD) Account  
Account No. 3752218189

SWIFT: BOFAUS3N  
ACH routing number: 111000012

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<sup>1</sup> The programme/project is described in the project document [Vocational Training and MSME Capacity Development in Basra]. The project document is formally annexed to this agreement. For UNDP programme activities carried out under the harmonized operational modalities, the project document is comprised of the CPAP and AWP.

<sup>2</sup> "Implementing Partner" for UNDP programme activities carried out under the harmonized operational modalities and "Executing Entity" for UNDP programme activities not carried out under the harmonized operational modalities

<u>Schedule of payments</u> <sup>3</sup>	<u>Amount</u>
Payment in one tranche upon signature of this Cost Sharing Agreement	USD 1,394,586

Payment will be made effective in two settlements. 50 % upon signature of this Cost Sharing Agreement the second tranche (50%) subject to a final cost review by the UNDP-Shell Board and Shell internal fund approvals.

(b) The Donor will inform UNDP when the contribution is paid via an e-mail message with remittance information to [contributions@undp.org](mailto:contributions@undp.org)

3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the execution/implementation of planned activities. It may be amended to be consistent with the progress of programme/project delivery.
4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.

## Article II. Utilization of the Contribution

1. The execution/implementation of the responsibilities of UNDP and of the Executing Entity/Implementing Partner pursuant to this Agreement and the programme/project document shall be dependent on receipt by UNDP of the contribution in accordance with the schedule of payment as set out in Article I, paragraph 1, above.
2. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the Donor on a timely basis a supplementary estimate showing the further financing that will be necessary. The Donor shall use its best endeavours to obtain the additional funds required.
3. If the payments referred to in Article I, paragraph 1, above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 2 above is not forthcoming from the Donor or other sources, the assistance to be provided to the programme/project under this Agreement may be reduced, suspended or terminated by UNDP.
2. Any interest income attributable to the contribution shall be credited to UNDP Account.

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<sup>3</sup> It is recommended that country offices negotiate the number of installments to ensure at least six months' anticipated disbursements are funded with each installment. This will make processing of contributions and reporting more efficient for the country offices.

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### **Article III. Administration and reporting**

1. Programme/project management and expenditures shall be governed by the regulations, rules and directives of UNDP and, where applicable, the regulations, rules and directives of the Executing Entity/Implementing Partner.

2. UNDP headquarters and country office shall provide to the Donor all or parts of the following reports prepared in accordance with UNDP accounting and reporting procedures.

2.1 For Agreements of one year or less:

- (a) From the country office (or relevant unit at headquarters in the case of regional and global projects) within six months after the date of completion or termination of the Agreement, a final report summarizing programme/project activities and impact of activities as well as provisional financial data;
- (b) From UNDP Bureau of Management/ Office of Finance and Administration, an annual certified financial statement as of 31 December to be submitted no later than 30 June of the following year;
- (c) From UNDP Bureau of Management/Office of Finance and Administration on completion of the programme/project, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the project.

2.2 For Agreements of more than one year:

- (a) From the country office (or relevant unit at headquarters in the case of regional and global projects) an annual status report of programme/project progress for the duration of the Agreement, as well as the latest available approved budget.
- (b) From UNDP Bureau of Management/Office of Finance and Administration, an annual certified financial statement as of 31 December every year to be submitted no later than 30 June of the following year.
- (c) From the country office (or relevant unit at headquarters in the case of regional and global projects) within six months after the date of completion or termination of the Agreement, a final report summarizing programme/project activities and impact of activities as well as provisional financial data.
- (d) From UNDP Bureau of Management/Office of Finance and Administration, on completion of the programme/project, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the project.

3. If special circumstances so warrant, UNDP may provide more frequent reporting at the expense of the Donor. The specific nature and frequency of this reporting shall be specified in an annex of the Agreement.

#### **Article IV. Administrative and support services**

1. In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services. To cover these GMS costs, the contribution shall be charged a fee equal to 7%. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of executing entity or implementing partner, will be identified in the project budget against a relevant budget line and borne by the project accordingly..

2. The aggregate of the amounts budgeted for the programme/project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the programme/project under this Agreement as well as funds which may be available to the programme/project for programme/project costs and for support costs under other sources of financing.

#### **Article V. Evaluation**

All UNDP programmes and projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and the Government of [programme country] in consultation with other stakeholders will jointly agree on the purpose, use, timing, financing mechanisms and terms of reference for evaluating a project including an evaluation of its contribution to an outcome which is listed in the Evaluation Plan. UNDP shall commission the evaluation, and the evaluation exercise shall be carried out by external independent evaluators.

#### **Article VI. Equipment**

Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

#### **Article VII. Auditing**

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP. Should a biennial Audit Report of the Board of Auditors of UNDP to its governing body contain observations relevant to the contributions, such information shall be made available to the Donor.

### **Article VIII. Advertisement of the contribution**

1. The Donor shall not use the UNDP name or emblem, or any abbreviation thereof, in connection with its business or otherwise without the express prior written approval of UNDP in each case. In no event will authorization be granted for commercial purposes, or for use in any manner that suggests an endorsement by UNDP of the Donor, its products or services.
2. The Donor acknowledges that it is familiar with UNDP's ideals and objectives and recognizes that its name and emblem may not be associated with any political or sectarian cause or otherwise used in a manner inconsistent with the status, reputation and neutrality of UNDP.
3. The Donor may make representations to its shareholders and internal budget officials as required about the fact of the contribution to UNDP. Any other use of the UNDP name or emblem, and any other form of recognition or acknowledgement of the contribution of the Donor are subject to consultations between the Parties, and the prior written agreement of UNDP.
4. UNDP will report on the contribution to its Executive Board in accordance with its regular procedures regarding contributions from private donors. Other forms of recognition and acknowledgement of the contribution are subject to consultations between the Parties, but the manner of such recognition and acknowledgement shall be determined at the sole discretion of UNDP.

### **Article IX. Completion of the Agreement**

1. UNDP shall notify the Donor when all activities relating to the programme/project have been completed.
2. Notwithstanding the completion of the programme/project, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in the execution/implementation of the programme/project have been satisfied and programme/project activities brought to an orderly conclusion.
3. If the unutilized payments prove insufficient to meet such commitments and liabilities, UNDP shall notify the Donor and consult with the Donor on the manner in which such commitments and liabilities may be satisfied.
3. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Donor.

### **Article X. Termination of the Agreement**

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1. After consultations have taken place between the Donor, UNDP and the programme country Government, and provided that the payments already received are, together with other funds available to the programme/project, sufficient to meet all commitments and liabilities incurred in the execution/implementation of the programme/project, this Agreement may be terminated by UNDP or by the Donor. The Agreement shall cease to be in force 30 (thirty) days after either of the Parties have given notice in writing to the other Party of its decision to terminate the Agreement.

2. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in execution/implementation of all or part of the programme/project for which this Agreement has been terminated have been satisfied and programme/project activities brought to an orderly conclusion.

3. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Donor.

#### **Article XI. Amendment of the Agreement**

The Agreement may be amended through an exchange of letters between the Donor and UNDP. The letters exchanged to this effect shall become an integral part of the Agreement.

#### **Article XI. Settlement of Disputes**

1. The parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this agreement or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with UNCITRAL Conciliation Rules then obtaining, or according to such procedure as may be agreed between the parties.

2. Any dispute, controversy or claim between the Parties arising out of or relating to this agreement or the breach, termination or invalidity thereof, unless settled amicably under the preceding paragraph within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, shall be referred by either party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The arbitral tribunal shall have no authority to award punitive damages. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

#### **Article XIII- Privileges and Immunities**

Nothing in this agreement shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including UNDP.

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Article XXV Entry Into Force


**Article XIV. Entry Into Force**

This Agreement shall enter into force upon signature and deposit by the Donor of the first contribution-payment to be made in accordance with the schedule of payments set out in Article I, paragraph 1 of this Agreement and the signature of the project document by the concerned parties.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two copies.

For Shell Iraq Petroleum Development BV:  
(Name) Diego Perez-Claramunt  
(Title) Communications Director  
(Date) 13 March 2012

For the United Nations Development Programme:  
(Name) Peter Batchelor  
(Title) Country Director  
(Date) 13 March 2012









## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into on 20 December 2011 by:

1. the United Nations Development Programme ("UNDP"), a subsidiary organ of the United Nations, an intergovernmental organization established by its Member States with its headquarters in New York, NY (USA); and
2. Shell Iraq Petroleum Development B.V. ("Shell"), headquartered in the Hague and incorporated under the law of the Netherlands,

UNDP and Shell are hereinafter jointly referred to as the "Parties",

WHEREAS:

- A. UNDP, represented by its resident representative in Iraq, is interested in enhancing its development activities in Iraq through; *inter alia*, partnering with the private sector;
- B. Shell has expressed its interest in cooperating with UNDP in areas of mutual interest in Iraq; and
- C. The Parties wish to enter into this MOU, on a non-exclusive basis, to provide a framework of cooperation to promote and support national goals for poverty reduction, environmental protection, economic diversification, small and medium enterprises expansion and responsible business promotion are reflected into the agenda of the local authorities and stakeholders.

NOW THEREFORE, it is agreed as follows:

### **Article 1 – Areas of Co-operation**

This MOU focuses on the following areas of co-operation:

- (i) Increasing the number of local area development activities in the Majnoon area, with a focus on communities located within the wider Basrah province; and

- (ii) Promotion of local business development activities aiming to build local small and medium enterprises capacity, including supporting Training Centre in Basrah City jointly with the local authorities in order to strengthen the private sector in diverse local industries.

#### **Article 2 – Consultation**

- 2.1 The Parties shall designate representatives who shall meet regularly, to keep each Party informed of and consult on matters of common interest, review the progress of activities being carried out under the present MOU and to plan future activities. Furthermore, each activity will have project boards comprising project stakeholders which are responsible for management and implementation of the projects.
- 2.2 The Parties are bound by their internal regulations, rules, policies, procedures and principles.

#### **Article 3 – Identification of Activities**

- 3.1 When activities are jointly identified, the Parties shall enter into cost-sharing agreements based on the model in the Annex. All activities will be carried out on the basis of project documents agreed between UNDP and the Government of Iraq. Project documents will be annexed to cost-sharing agreements between Shell and UNDP.

#### **Article 4 – Confidentiality**

Where appropriate, the Parties will enter into arrangements to safeguard the confidential and restricted character of certain information and documents.

#### **Article 5 – Public Announcements**

The Parties hereby agree to coordinate any press announcements and shall not make any press releases about their cooperation without the prior written consent of the other, such consent not to be unreasonably withheld or delayed.

#### **Article 6 – Use of Name and Emblem**

- 6.1 Neither Party shall use the name, emblem or trademarks of the other Party, its subsidiaries, and/or affiliates, or any abbreviation thereof, in connection with its business or otherwise without the express prior written approval of the other Party in each case. In no event will authorization of the UNDP name or emblem, or any abbreviation thereof, be granted for commercial purposes, or for use in any manner that suggests an endorsement by UNDP of Shell products or services.
- 6.2 Shell acknowledges that it is familiar with UNDP's ideals and objectives and recognizes that its name and emblem may not be associated with any political or sectarian cause or otherwise used in a manner inconsistent with the status, reputation and neutrality of UNDP.

#### **Article 7 – No Partnership**

Neither Party shall be an agent, representative or joint partner of the other Party. Neither Party shall enter into any contract or commitment on behalf of the other Party and shall be solely responsible for making all payments to and on behalf of its own account, as provided under this MOU and under cost-sharing agreements concluded hereunder.

#### **Article 8 – Costs**

Each of the Parties shall bear their own costs in relation to this MOU, unless agreed otherwise in a cost sharing agreement.

#### **Article 9 – Term**

This MOU shall have duration of four years, but may be early terminated by either Party upon three (3) months written notice.

#### **Article 10 – No financial commitment**

Nothing herein shall be construed as an obligation of the Parties to participate in and/or finance any particular project.

#### **Article 11 – Dispute Resolution**


Any dispute, controversy or claim between the Parties arising out of this MOU which is not settled amicably shall be referred to arbitration under the UNCITRAL Arbitration Rules then in force. The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

#### **Article 12 – Privileges and Immunities**

Nothing in or relating to this MOU shall be deemed a waiver, express, or implied, of any of the privileges and immunities of the United Nations, including its subsidiary organs.

IN WITNESS WHEREOF this MOU was signed in the manner set forth below.

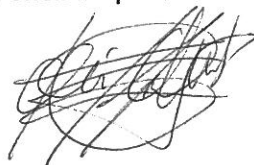
**For UNDP**



Name: Peter Batchelor

Position: Country Director

**for Shell Iraq Petroleum Development B.V.**



Name: Diego Perez-Claramunt

Position: Communications Director

**United Nations Development Programme**

**Country: Iraq**

**Project Document**

**Project Title**

Vocational Training and MSME Capacity Development in Basra

**UNDAF Outcome(s):**

UNDAF Priority 2: Inclusive and more equitable economic growth

UNDAF Priority 5: Investment in human capital and empowerment of women, youth and children

**Expected UNDP Country Programme (CP) Outcomes:**

Enabling policy and frameworks for rapid economic recovery, inclusive and diversified growth and private sector development

**Expected Outputs:**

CP Output:

Increased sub-national Capacity for facilitating private sector role in local economic development and job generation especially targeting vulnerable groups including IDPs

Project Outputs:

Output 1: Enabled Vocational Training environment, including programmes and delivery institution(s), meeting the demand for high quality, relevant, timely, cost effective and skilled labor force in all professional craft areas in the Basra Region

Output 2: Enhanced local MSME capacity in Basra

**Executing Entity: UNDP**

**Implementing Agencies: UNDP**

**Note:**

***“The program/project shall be implemented within, and no commitments shall be made with regard thereto beyond the boundaries of the work program and the budget of the Shell contribution to be agreed between UNDP and Shell on an annual basis.”***

**Brief Description**

As many oil-based economies, Iraq was suffering from underemployment already pre-2003. Post-conflict employment creation was recognized by the government as a major strategic goal and, in the absence of any significant non-State labor demand, the employment gap has been constantly addressed by new jobs created in the Government and State Owned Enterprises. Although these programmes were an effective tool for stabilization, nearly ten years following the conflict, with 450.000 new job seekers entering the Iraqi labor market each year, creating productive, decent jobs in the private sector has become vital for Iraq's recovery and economic growth. Time has come to scale back government employment programmes, and progressively evolve into targeted labor force capacity and private sector development programmes. As the oil and gas sector remains the largest in the Iraqi economy, partnering with the private sector, particularly with the International Oil Companies – largest investors in the country, is key in enhancing skills and promoting employment and in building stronger, more competitive and inclusive markets.

Key Result Area (Strategic Plan) \_\_Poverty Reduction

Atlas Award ID: \_\_\_\_\_

Start date: \_\_\_\_\_

End Date \_\_\_\_\_

PAC Meeting Date \_\_\_\_\_

Management Arrangements

Total resources required:

Total allocated resources: USD 1,394,586

- Regular \_\_\_\_\_
- Other:
  - Donor SHELL

Unfunded budget: \_\_\_\_\_

In-kind Contributions \_\_\_\_\_

Agreed by (Government)

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Agreed by (Executing Entity):

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Agreed by (UNDP):

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## I. SITUATION ANALYSIS

Public sector employment in Iraq has been on the rise since 2003 and as a result, the numbers of public employees have almost tripled, with the Government employing for nearly half of all employed. It is to this effect that the Government of Iraq, no longer able to absorb the 450,000 new job seekers entering the Iraqi labor market each year, has placed creating an enabling environment and strengthening the competitiveness of the private sector as a vector of employment, as one of the main goals in the its 5-year National Development Plan (2010-2014).

Although full time private employment has fallen by 7%, there is a high demand for qualified local manpower which is currently not met. As a result, companies are resorting to importing qualified workers while unemployment rates in Iraq continue to rise.

The anticipated increase in oil production in Iraq, according to Iraq National Energy Strategy (INESTA), will further increase the demand for qualified local manpower<sup>1</sup> in order to not only cope with the market demands but also to raise the industry-wide standards to an international level. Yet, job classification and skills training that meet industry training standards, with certification by a governing body, professional association or industry organization, allowing the worker to demonstrate specialization and competence in their profession, is completely absent in the Iraqi oil and gas sector. Similarly, Iraqi MSME's are unable to meet oil companies' and other investors' demand for goods and services due to inadequate quality and inability to access value chains.

In support of the government's efforts to develop skills and expand training capacities necessary to exploit its hydrocarbon resources, UNDP signed a Memorandum of Understanding (MoU) with Shell in December 2011. The MoU is focused on modernizing and increasing performance of the vocational training system in Basra and on enhancing local business development services for MSME's in Basra, the socioeconomic hub of southern Iraq.

The Governorate of Basra has a potentially wealthy economy with some of the largest oil reserves in the world and the country's only shipping hub. The wealth of Basra's oil reserves, however, has trickled down to its citizens who remain one of the poorest in Iraq. Moreover, investment in human and social capital, which is vital to maximizing the socio-economic potential of the city and the country, has remained insufficient.

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## II. STRATEGY

In response to the complex structural reforms Iraq needs to undergo to build a viable market economy, the Private Sector Development Programme for Iraq (PSDP-I) as approved in Dec 2008 has been designed to include upstream technical assistance for regulatory and institutional transformations and downstream support to strengthen local economic governance capacities. The wide PSDP-I scope called for the participation of 7 UN agencies and a large number of multinational and bilateral international partners such as the World Bank, OECD, USAID, EU, Governments of Poland and Romania as well as of the private sector through the recently launched UN Global Compact Iraq Local Network.

The seven UN organizations (UNDP, UNIDO, ILO, UNOPS, UN-HABITAT, FAO and UNIFEM) act jointly, delivering agency specific technical assistance, detailed roles and responsibilities of all parties based on their individual mandate, expertise and capacity in Iraq being defined in a joint programme document signed by each agency.

The objective of the joint programme is to address Iraq's development needs on the basis of comparative advantages of participating agencies, overall coordination and converging work being secured to avoid duplication, reduce transaction costs and maximize synergies among national partners and the UN. The joint programme interventions of participating UN agencies are aimed at ensuring that consistent technical support is being rendered to the Government of Iraq towards establishing an enabling policy and regulatory environment, conducive to private sector development, as well as

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<sup>1</sup> In January 2011, OPITO estimated that for producing 12 million barrels of oil per day, Iraq will need a skilled workforce of around 600,000 by 2017.

strengthening economic recovery in three selected governorates in the south, central and northern areas of Iraq, namely – Basra, Anbar and Erbil.

Top to bottom, the PSDP-I management structure is aligned with the principles of the Paris Declaration on Aid Effectiveness that include ownership of the Government, results-oriented management and mutual accountability. To secure ownership, the Government has formed the Task Force for Economic Reforms (TFER) that coordinates the PSDP-I upstream and downstream work and the Governorate Steering Committees in Basra, Anbar and Erbil, all bringing together representatives of the Government, employers' organizations and unions.

Within the PSDP-I framework, UNDP Iraq and Shell will implement together the Vocational Training and MSME Capacity Development Project, herein and thereafter called *Project*, scope, outputs and management arrangements being outlined in the this ProDoc.

### **Output 1: Enabled Vocational Training environment, including programmes and delivery institution(s), meeting the demand for high quality, relevant, timely, cost effective and skilled labor force in all professional craft areas in the Basra Region**

The Iraq Integrated National Energy Strategy defines the vision and mission of the whole energy sector, including oil & gas, power, and linked industries, and highlights the cross-industry dependencies as well as environmental and socio economic considerations. However meeting the short term strategies, goals and objectives of the Strategy requires availability of sufficient qualified local labor force.

To date there has been conducted no comprehensive technical assessment of the actual capabilities of the work force in Iraq at the upstream or downstream levels in the oil and gas, power or the linked industries. All training and initiatives conducted to date by various stakeholders in the industry are grounded on mere subjective and circumstantial basis.

The goal of the Vocational Training component of this Project is to produce well-trained, skilful and competent craft workforce with capacity that can meet the demand in the Basra Region by offering training programmes which are of high quality, relevant, timely, cost effective and skill-based in all professional craft areas. In parallel, assistance rendered to relevant federal and local authorities to enhance the regulatory environment for licensing and certification of training standards is also included.

Based on annual Training Needs Assessments, the vocational training component of this Project will aim to match the demand of the labor market in Basra with enhanced capabilities of the supplied local labor force by upgrading standards of programmes in existing vocational training facilities related to selected craft skills and by establishing a new vocational training facility in partnership with local authorities and other stakeholders. In parallel, the introduction of a standard-based licensing and certification system for vocational training will considerably improve quality of skills and employability of vocational training graduates. The Project aims at completing the process for standard-based certification for vocational training in constructions.

Investment in education, training and development is an essential support for achieving business goals and growing a competitive workforce. To make this investment effective, there needs to be a clear link to both short- and long-term business goals vis-a-vis the local labor force. Training and Development enhances competence, improves their performance and generates higher motivation and loyalty. But this happens only if the training and development approaches are properly thought out, up-to-date and relevant. If development activities are not highly valued by the participants and do not deliver tangible cost-effective benefits to the organisation, time and money will be wasted.

The Labor Force Training Activities of the Project will aim at the following objectives:

- Conduct training needs assessment for IOCs and other Foreign Direct Investors in Basra
- Design and secure endorsement of a licensing and certification system for vocational training in Iraq with emphasis on selected craft skills required in the oil and gas industry



- Rehabilitate selected vocational training facilities and upgrade capacities in Basra in partnership with relevant line ministries (Ministry of Labor and Social Affairs, Ministry of Oil) and local authorities (PSDP-I Governorate Steering Committee)
- Design and establish a pilot vocational training facility (so called Vocational Training Center) to deliver training packages at modern standards and in response to Basra labor market needs and secure a multi-year cooperation framework for operational and financial sustainability of the center
- Promote multi-stakeholder consultations for evidence-based adjustment of vocational training packages delivered and for sustainable skills development capacities and programmes in Basra area for the long run

The actions to be undertaken by the pilot Vocational Training Centre will accomplish several benefits, including:

- Promote the model of a multi-partner vocational training scheme that could be replicated by the local and federal authorities to increase efficiency and relevance for training programmes delivered
- Introduce concepts of multi-year training strategies and budgeting for sustainable training delivery and increased employability
- Enhance local vocational training capacities by introducing new training packages in anticipation of new jobs to be created by incoming capital flows in industry, agriculture, tourism etc in Basra area
- Address immediate skills gaps in key economic sectors in Basra
- Deliver expert assistance with a fresh approach for innovation;
- Institutionalize regular upgrading skills programmes for employed labor force
- Ensure high levels of labour standards and labor protection, including health & safety standards.

As per the economic profile of Basra, and aiming at being responsive to the demands of training of the labor force to match the requirements of employers, it is envisioned that by developing joint training initiatives (Local authorities, Private Sector, Ministry of Labor and Social Affairs, Ministry of Education) a variety of programs will be designed, tailored and delivered pertaining to:

- Carpentry, architectural finish;
- Light manufacturing;
- Metal fabrication;
- Refrigeration;
- Food processing and manufacturing plants;
- Retail services;
- Mechanical systems;
- Retail manufacturing;
- Electrical systems;
- Information technology;
- Automotive mechanics;
- Health, Safety and Environment
- English as a second language.

In order to ensure coherence and relevance in the training activities of the center, these have to be demand-driven and focused on building linkages with institutional social actors that work on related activities. Besides, there should be an emphasis in not duplicating efforts by maintaining open communication with all local actors in the vocational training sector in Basra.

Output 1: Anticipated results:

The first component of the Project aims to establish a Vocational Training environment, including programmes and delivery institution(s), meeting the demand for high quality, relevant, timely, cost effective and skilled labor force in selected professional craft areas in the Basra Region. The anticipated specific results are as follows:

- An Operational Project Management Team for the Vocational Training component in Basra able to assess needs and provide / mobilize an institutional response to the complex challenges facing both labor demand and supply

- A Vocational Training Certification and Licensing System meeting the requirements of the Oil and Gas industry
- Enhanced training capacities meeting standards for but not limited to the Basra Oil and Gas industry
- An Active Multistakeholder platform guiding and securing an enhanced Vocational Training environment in Basra
- The identified gaps and priorities in the Labor Market serve as base for new Vocational Training programs

## **Output 2: Enhanced local Micro-Small and Medium Enterprises (MSME) capacity in Basra – Business Support Service Centre: from incubation to inclusive business models**

Micro, Small and medium-sized enterprises (MSMEs) are considered to be one of the principal driving forces in economic development. MSME's in transition countries stimulate private ownership and entrepreneurial skills while rapidly generating employment, helping economic diversification and market-based adjustment, all crucial requirements for sustainable economic restructuring and for limited social impact of reforms.

In addition, MSMEs are the segment of the national economy closer to local communities, which gives them an important role to play in contributing to communities development through their close ties with employees, customers and business partners, and by 'going the last mile' to supply to and/or to source from a low-income community.

Promoting entrepreneurship has a vital role to play in improving competitiveness of small businesses in Iraq. Business support services are effective instruments for assisting entrepreneurs in starting and developing a new business. These include both incubation services for business start-up - where to nurture young enterprise and help them to survive during the initial period when they are most vulnerable - as well as business development and services, where to help small companies already launched to develop their activities in order to build partnerships and be integrated in sustainable supply chains and inclusive markets.

As a further step, Iraqi small and medium companies can then become agents of growth by adopting 'inclusive business models', i.e. business models that include local producers into the value chain, delivering systemic impact on development goals, e.g. on the large number of jobs, income, and increase in productivity, affordable improved quality of services etc.

The project will aim to offer a strategy for enabling the MSMEs in the Basra region to become agents of growth from the incubation / start-up to the business development stage, through a physical centre staffed with trained personnel on the ground and leveraging on existing programmes and experiences of a) Shell, in working with local companies in Basra where business linkages are already established in a number of sectors, and b) UNDP, with established partnerships with Basra authorities and private sector, and at the same time with vast experience on global scale in launching and promoting inclusive business models.

The emphasis will be local development and job creation. With this purpose, the project will ensure:

1. The business support scope and strategy is in place (market assessment and gap analysis to identify supply and demand needs against standards (according to international / sector base standards, with priority to: Oil and Gas; Industry; Agriculture) and identification of key partners)
2. Business support premises are being provided on a sustainable basis to MSMEs (physical infrastructure such as office and/or workshop space on an affordable basis, taking consideration of existing institutions and potential partnerships - e.g. Basra Investment Commission for provision of office space; staffing and training, secretarial services, etc...; design of an operational model and business services content; piloting inclusive business models; partnerships and multi stakeholder platform).

The key content of the Business Support Services offered will include:

- Telecommunications and information technology services
- Business etiquette and presentation skills
- Regulatory compliance Business planning, bookkeeping, assistance, resources, counselling services.
- Advertising and marketing services. Information on potential suppliers, businesses, potential investors, distributors.
- Financial advice services: funding and investments as well as daily financial transactions.
- Training services: market economic principles, professional and technical skills.
- Know-how services: licences and know-how.
- Mentoring on responsible business standards, such as the internationally recognised ones of the UN Global Compact (GC) in the areas of: human rights, labour, environment and anti-corruption, in order to raise the business standards of local private sector
- Network services: links and relationships with other organisations which can promote and sustain the interests of its client businesses (including linkages with the UNGC Iraq Network)
- Industrial infrastructure: a business incubator can also provide the basis for industrial activity by supplying roads, water, electricity, telecommunication, buildings and industrial machines (In these cases it is usually given the name of techno-park).
- Aftercare services: preparing tenants for outside work since the graduation policy requires tenants to move from the incubator after a certain period of time. Successful graduates are financially viable and freestanding when they leave the incubator, usually in two to three years.
- Market linkages and integration in supply chains
- Supporting the design and implementation of inclusive business models (pilot models in selected sectors)

The Business Support Service (BSS) Centre will employ a dynamic system of detection, selection, monitoring, and management of entrepreneurs and projects. Particularly in the incubation phase, it aims to create and nurture businesses that are contributing to local employment generation, economic diversification and import substitution.

With a cost-effective structure and progressive cost recovery from tenants selected on a competitive basis, the centre will contribute to the stimulation of the local economy by ensuring that local economic potential is used effectively. A minimum quota of 30% for women participation will be implemented throughout the project and particular attention will be given to the needs of young women.

The project will also include a micro-loan component, with a funding scheme to provide capital to graduates and business startups, according to methodologies and schemes already approved and used by UNDP and local institutions,

Output 2: Anticipated results:

- Support mechanism established for entrepreneurs to access information regarding local markets, design business plans and start businesses in response to constantly assessed local demand
- BSS Centre serves as a hub to participate in exchanging information and discussing mutual commercial interests, including job opportunities in communication with relevant local authorities (MOLSA Basra Employment Service etc) to ensure effective job mediation and placement
- BSS centre is a dynamic model of a sustainable, efficient, innovative business operation ensuring optimal employment of local resources into the economic output of the governorate
- Changed attitudes towards personal initiative, innovation, risk-taking and entrepreneurship.
- Retention of skilled labour in Basra
- Basra's image as a centre for innovation and sustainable entrepreneurship is enhanced and attracts large investment

- New technologies are adopted in the MSME environment and productivity increases along the value chain
- Clustering of MSMEs, to help overcome weaknesses and raise their competitive potential through linkages between firms providing economies of scale and scope
- Support to the long-term economic development in Basra and diversification of the economy
- Increased MSME capacity to adopt high standards of social and environmental responsibility in business strategic planning and operations, in line with international best practices and mechanisms (such as the UN Global Compact, through engagement in the UNGC Iraq Network)

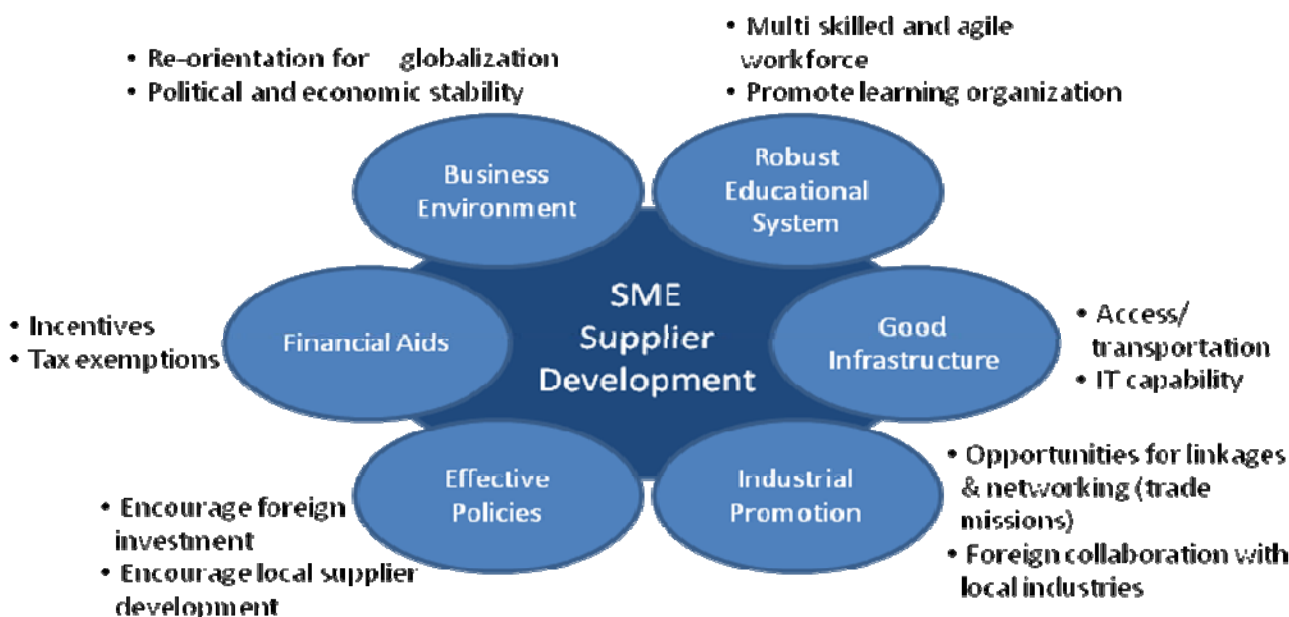
In the advanced phase, the project aims to support the MSMEs to build partnerships for inclusive market development, integrating them in more sustainable value chains and piloting inclusive business models.

Local MSMEs benefitting from the services offered by the centre will be assisted in creating linkages with large buyers such as State Owned Enterprises and multinational corporations with a more stable, formal and demanding market for MSMEs. Larger sales will allow SMEs to better organize their production as well as to improve their techniques. In order for the local SME's to meet the quality requirements required e.g. by international oil companies, SME's will need to adopt standards and modernize the way they do business from management practices to production methods.

The project will aim also at enhancing the capacity of the Basra Investment Commission, supporting it to become an interface between the small local suppliers and large buyers, the present project will build the capacity of local companies, link them with potential buyers and formulate a scalable a model for building such linkages in other governorates. The benefits of such business partnerships will be harvested not only by the companies, but also by the residents of the governorate and the country as a whole through adoption of supplier development practices in order to improve the performance and affordability of end products, and eventually import substitution.

Local institutions (e.g. the Basra Investment Commission) involved in supporting the linkages between MSME suppliers and large buyers will promote a sustainable development model that will enhance private sector-led growth and create a social environment more conducive to stability and cohesion. The "building markets from below" model in Basra may be a more effective recovery approach by creating space for the private sector to contribute to development and bring into the value chains the untapped human resources and their labor and economic potential.

**Figure 1 - "Building markets from below" model in Basra Governorate**



Benefits of MSME supplier development to large corporations:

- Focus on core activities and outsource of non-competitive activities;
- Reduced transaction and factor costs for through operations with local firms;
- Increased flexibility/speed by off-loading some operations; and
- Productivity gains.

Being involved in supply relationships with large buyers represents a unique opportunity for the development of MSMEs. From the perspective of large corporations, working with local suppliers also represents an excellent opportunity to reduce lead times, inventories, logistics costs and meeting the companies' social targets. Partnerships between SMEs and large corporations have benefits, but also some risks:

Benefits	Risks
<ul style="list-style-type: none"> <li>• Technological and managerial upgrading of MSMEs</li> <li>• Facilitation of other business alliances</li> <li>• Transformation into internationalized MSMEs</li> <li>• Market access, guaranteed outlet for production</li> <li>• Information on market trends for MSME strategic positioning</li> <li>• Facilitated access to credit or other financial support</li> <li>• Dynamic entrepreneurship, and specialization by MSMEs</li> </ul>	<ul style="list-style-type: none"> <li>• Overly dependent on the SOE/MNC customer</li> <li>• Caught in “cost down” market cycles imposed by SOE/MNC global players</li> <li>• Exposure to constantly increasing non—trade barriers (high corporate and international quality standards))</li> </ul>

Benefits of MSME supplier development to Basra Investment Commission:

- Competitive local suppliers able to meet the requirements of investors
- Local MSME's plugged into the new and emerging businesses in the Governorate will promote growth in Basra and generate further investment opportunities
- Corporations recognize the Basra Investment Commission as a valuable partner
- Knowledge transfer accelerated
- Supply chain position of local businesses improved
- Mutually beneficial linkages are recognized by the local government as effective economic incentives
- Local content is increasing economic impact
- Information on international best practices on supply networks shared
- Contribution made towards import substitution and local employment

The integration of the local MSMEs will be also a step further towards adoption of inclusive business models, one of the key activities that the business support centre will facilitate in order to support local community development and pro-poor growth.

UNDP has extensive experience around the world in introducing and supporting the implementation of such models as business solutions to achieve development goals, such as the Millennium Development Goals (MDGs) - See *box below*.

As an implementing partner in this project, UNDP Iraq will facilitate the launch of this approach in Basra by bringing its global lead experience in this area and making use of instruments and best practices developed at corporate level for the benefit of companies and communities in Basra. In particular, the UNDP Istanbul International Center for Private Sector in Development will be used as supporting facility for Basra entrepreneurs and companies part of the project to benefit from regional and global resources and capacity building/training activities. The IICPSD will also expose the Iraqi business environment to business solutions that have contributed to MDG achievement and social development in countries in transition including relevant experiences of the South – South Cooperation.

## **Inclusive Business Models – UNDP approach to private sector development**

The term 'inclusive business model' refers to an approach, adopted by several organisations, seeking to determine business significant contribution to human development through models that include the poor in the value chain as consumers, producers, business owners or employees.

In this perspective, businesses can put in place models that create 'inclusive markets', i.e. markets that include poor people on both the demand side, as clients and customers, and on the supply side, as employees, producers and business owners at various points along value chains. The businesses that create and use these innovative models range widely. Some are large multi-national companies (MNCs), others large domestic companies. Still others are co-operatives or small and medium sized enterprises (SMEs). Finally, some are not-for-profit organizations that use business principles—or social business approaches—to achieve their mission.

These models are interesting for companies because they can offer new opportunities for innovation, growth, and competitiveness at the same time as positive social and development impact. It is interesting for bilateral and multilateral donors, foundations, governments, and civil society organizations because it has the potential to drive development impact in self-sustaining and multiplying ways that do not require continuous provision of funding. And it is interesting for the poor because it brings greater access, choice, and opportunity in their lives and futures.

The basic assumption under this approach is that markets can provide a response because they are central in the human development paradigm, being not simply about private transactions except in the most elemental conditions. The community, including the poor and vulnerable segments, participates in the markets every day as producers, employees and consumers. The inclusive business model approach reflects the so called Bottom of the Pyramid (BOP) concept, which focuses on the largest but poorest socio-economic group, the BOP - made of the 4 billion people in the world whose incomes are less than \$3000 per year; the focus is not on their poverty but rather on their exclusion and the potential to integrate the BOP in the global markets to raise global welfare, productivity and income. Engaging the BOP in the formal economy as a critical part of a wealth-generating and inclusive growth strategy.

UNDP has developed extensive experience in the adoption and development of inclusive business models as part of its corporate private sector development strategy, based on the recognition that private sector can significantly impact development not only as a source of funding but as an equal partner in development. This approach is hence part of an evolutionary conception of CSR and business role in development, going from basic corporate philanthropy to risk management tool towards value creation.

Through its global private sector division at Headquarters and projects in more than 90 country offices around the world, UNDP contributes to the development of such business models through its *Inclusive Market Development (IMD)* approach, an open and participatory process that involves all relevant actors at various levels to promote inclusion of the poor into markets from which they have been excluded. A collection of cases from different parts of the world where UNDP has supported inclusive business models – as policy advisor, broker or capacity developer – is available through the Growing Inclusive Markets Initiative (GIM), which highlights examples of successful simultaneous pursuits of revenues and social impact by private actors, from social entrepreneurs to local small and medium-sized enterprises, large domestic companies and multinational corporations, but also state-owned companies and civil society organizations (see [www.growinginclusivemarkets.org](http://www.growinginclusivemarkets.org)).

### **III. OVERALL ANTICIPATED PROJECT OUTPUTS AND RESULTS**

By successfully implementing the project, partners will ensure that IOCs will have access to an orderly flow of work force suited to their specific needs and standards. This will reduce the need to import labour from abroad and stimulate local employment. By incubating start-ups and linking MSMEs with large buyers, the project will stimulate growth and development, and contribute to the economic diversification of the Basra Governorate. As a result, the competitiveness profile of the Governorate will be enhanced which in turn will contribute to security and social cohesion.

Although the results of the project will be easier to measure in a longer time span than will be granted for this initiative, already during this programme we will see new jobs being created in areas that attract young skilled workers and existing vacancies filled with qualified candidates otherwise tempted to seek employment elsewhere. Other tangible results include:

- The institutional landscape will be improved as there will be better and qualified interactions among local authorities, Governorate Steering Committee (GSC), private sector actors, NGOs, BDS providers, civil society, investors, Ministry of Labor and Social Affairs and other line ministries;
- A Vocational Training environment, including programmes and delivery institution(s), meeting the demand for high quality, relevant, timely, cost effective and skilled labor force in all professional craft areas in the Basra Region will be established
- Effective networking and productive linkages will be built with other training provision by any other external training companies.
- An enhanced local MSME capacity in Basra will be available
- Understanding and implementation of business social and environmental standards will be widespread in the region and integrated in local business practices, enhancing the image of the local private sector and its capacity to contribute to sustainable development
- The inclusive business approach will be introduced and new models developed by local businesses to engage the low-income segment into their business operations in a way that benefits the low-income communities and creates sustainable livelihoods.
- Business capabilities in the Basra Governorate will be enhanced
- Vertical and horizontal linkages and synergies will be built up
- Student internship/apprenticeship placement schemes will be designed and implemented

#### IV. RESULTS AND RESOURCES FRAMEWORK

<b>Intended Outcome as stated in the Country Programme Results and Resource Framework:</b> Enabling policy and frameworks for rapid economic recovery, inclusive and diversified growth and private sector development				
<b>Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:</b> # of governorates piloting policy and Programme initiatives targeting private sector development (2009: zero; 2012: 3; 2014: 6) Proportion of destitute and unemployed women used for selection of target governorates (2009: no; 2014: yes)				
<b>Applicable Key Result Area (from 2008-11 Strategic Plan, extended to 2012):</b>				
<b>Partnership Strategy: DEX</b>				
<b>Project title and ID (ATLAS Award ID): Vocational training and SME Capacity Development</b>				
<b>INTENDED OUTPUTS</b>	<b>OUTPUT TARGETS FOR ( 1 YEARS)</b>	<b>INDICATIVE ACTIVITIES</b>	<b>RESPONSIBLE PARTIES</b>	<b>INPUTS, \$M</b>
<b>Output 1: Enabled Vocational Training environment, including programmes and delivery institution(s), meeting the demand for high quality, relevant, timely, cost effective and skilled labor force in all professional craft areas in the Basra Region</b>  Indicators: <ul style="list-style-type: none"> <li>• Project Management Structure established</li> <li>• Harmonized Certification Standards and Licensing regime established</li> <li>• Vocational Training Institute concept and implementation option decided; 'Quick-Win' training component launched</li> <li>• Training Content and Delivery Programme designed</li> <li>• Multi-Stakeholder Alignment / Consultation Platform established</li> <li>• Labor Market Assessment conducted</li> </ul>	Operational Project Management Team for Vocational Training component	<b>Activity 1.0. Inception Phase</b>  Situation Analysis Stakeholder Mapping Mobilization of the Shell-PSDPI Project Team and Establishment of the Project Steering Committee	Shell PSDPI Shell - PSDPI Shell - PSDPI Shell – PSDPI	
	Vocational Training Certification Standards and Licensing Policy meeting the requirements of the Oil and Gas industry	<b>Activity 1.1. Support to formulating a Certification and Licensing Policy</b>  Situation analysis Definition of Strategy to develop multisector regulatory and institutional framework and partnership Development of informal Oil and Gas Sector standards and certification for specific for craft and construction skills (5 or 6 craft skills)	Shell  PSDPI PSDPI PSDPI-Shell-IOCs  PSDPI-Shell-IOCs	
	Enhanced training capacities meeting standards for Basra Oil and Gas industry	<b>Activity 1.2. Upgrading of the Existing VTI</b>  Select VTI, conduct gap analysis	Shell  PSDPI Shell - PSDPI	



	Design and implement standard upgrading plan Conduct Pilot Training	Shell - PSDPI Shell - PSDPI	
Enhanced training capacities meeting standards for Basra Oil and Gas industry	<b>Activity 1.3. Definition of Training Facility Concept</b>  Define selection criteria for the VTI facility location and assess available options Define Building Concept and Scope, and Tendering and Construction Strategy Identify and formalize VTI partnership and approach Conduct Tendering Process (Refurbishment Option OR Training Park) Conduct Construction Work on selected option (Refurbish OR New)	Shell  PSDPI Shell - PSDPI  Shell - PSDPI  Shell - PSDPI  Shell - IOCs  Shell - IOCs	
Enhanced training capacities meeting standards for Basra Oil and Gas industry	<b>Activity 1.4. Definition of Training Package Content and Delivery</b>  Define scope and secure agreement with potential partnerships Define Scope of the Quick-Win Training Provision Delivery of the Quick-Win component (training for the professions in high demand as identified based on IOC own needs) Design the mainstream Training Package and conduct Tendering Make the Decision on mainstream Training Program Provider	Shell  PSDPI Shell - PSDPI  Shell  Shell  Shell - IOCs  Shell - IOCs	
Active Multistakeholder platform guiding and securing an enhanced Vocational Training environment in Basra	<b>Activity 1.5. Establishment of the Multi-Stakeholder Consultation Platform</b>  Secure Partnership with Local Authorities Produce Concept Paper on the Vocational Training Programme	Shell  PSDPI PSDPI Shell - PSDPI	

		<p>Establish Multistakeholder dialog platform</p> <p>Agreement on the Engagement Terms</p> <p>Design and Secure endorsement of sustainability plan</p> <p>Develop the Outreach Plan / Advocate VTI Campaign or Programme</p> <p>Negotiate Agreement with Government on Art 26</p>	<p>PSDPI - Shell - IOCs</p> <p>Shell - PSDPI - GoI - Local Authorities</p> <p>Shell - PSDPI</p> <p>Shell - PSDPI</p> <p>Shell - IOCs - GoI (MOO, MOF)</p>	
	The identified gaps and priorities in the Labor Market serve as base for new Vocational Training programs	<p><b>Activity 1.6. Labor Market Assessment</b></p> <p>Stakeholder mapping, analysis of existing services and potential development resources</p> <p>Labor market survey</p>	<p>Shell PSDPI</p> <p>Shell - PSDPI</p> <p>PSDPI</p>	
<p><b>Output 2: Enhanced local MSME capacity in Basra.</b></p> <p>Baseline:</p> <p>Indicators:</p> <ul style="list-style-type: none"> <li>• A local entity established by a core team of national staff capable of providing qualified guidance and support to startups, and endeavouring towards operational sustainability</li> <li>• A gender balance of min 30/70 (women/men) ratio at all levels of the project is achieved from staffing to tenants</li> </ul>		<p><b>Activity 2.1. Development of the Business Support Scope and Strategy</b></p> <p>Conduct Market Assessment</p> <p>Conduct gap analysis: supply and demand against standards (Industries; Oil and Gas; Agriculture)</p> <p>Identify key partners and strategic positioning of the business support services</p>	<p>Shell</p> <p>PSDPI</p> <p>Shell - PSDPI</p> <p>Shell - PSDPI</p> <p>Shell - PSDPI</p>	
		<p><b>Activity 2.2. Provision of Business Support premises to MSMEs</b></p> <p>Identification of suitable premises and formalizing agreement on premises</p> <p>Refurbishment of selected premises</p> <p>Recruitment and training of business support staff</p> <p>Designing an operational model at cost recovery</p> <p>Designing business services</p> <p>Developing pilot Inclusive Business Models</p>	<p>Shell</p> <p>PSDPI</p> <p>Shell - PSDPI</p> <p>PSDPI</p> <p>PSDPI</p> <p>PSDPI</p> <p>PSDPI</p> <p>PSDPI</p>	

		Formalizing partnerships and establishing multi stakeholder platform Provision of capital to VT graduates and busines startups	Shell - PSDPI  PSDPI	
			Total Shell:	
			Total PSDPI:	
			<b>Total 2012:</b>	

## V. ANNUAL WORK PLAN AND BUDGET

### A) The 2012 Work Plan and Budget

EXPECTED OUTPUTS	PLANNED ACTIVITIES	2012	TIMEFRAME, 2012-3				RESPONSIBLE PARTY	PLANNED BUDGET		
			Q1	Q2	Q3	Q4		Q1	Funding Source	Budget Description
<i>And baseline, indicators including annual targets</i>	<i>List activity results and associated actions</i>	Q1	Q2	Q3	Q4	Q1	<i>IOCs: only the ones that expressed interest</i>	Funding Source	Budget Description	Amount \$M
<b>Output 1:</b> Enabled Vocational Training environment, including programmes and delivery institution(s), meeting the demand for high quality, relevant, timely, cost effective and skilled labor force in all professional craft areas in the Basra Region <b>Baseline:</b> <b>Indicators:</b> <ul style="list-style-type: none"> <li>• Project Management Structure established</li> <li>• Harmonized Certification Standards and</li> </ul>	<b>Activity 1.0. Inception Phase</b>  Situation Analysis Stakeholder Mapping Mobilization of the Shell-PSDPI Project Team and Establishment of the Project Steering Committee						Shell PSDPI			
	<b>Activity 1.1. Support to formulating a Certification and Licensing Policy</b>  Situation analysis  Definition of Strategy to develop multisector regulatory and institutional framework and partnership Development of informal Oil and Gas Sector standards and certification for specific for craft and construction skills (5 or 6 craft skills)						Shell - PSDPI Shell - PSDPI Shell - PSDPI	Shell PSDPI PSDPI	PSDPI Staff, contracts, travel, security cost and miscell. PSDPI Staff (FTA) in Iraq MOO and Basra Downstream allocation Partners will explore extra funding (IOCs)	
	<b>Activity 1.2. Upgrading of the Existing VTI</b>  Select VTI, conduct gap analysis						PSDPI-Shell-IOCs PSDPI-Shell-IOCs	Shell - PSDPI Shell - PSDPI	PSDPI Staff, contracts, travel, security cost and miscell. PSDPI Staff (FTA) in Iraq Partners will explore extra funding (IOCs)	

Licensing regime established • Vocational Training Institute concept and implementation option decided; 'Quick-Win' training component launched • Training Content and Delivery Programme designed • Multi-Stakeholder Alignment / Consultation Platform established • Labor Market Assessment conducted	Design and implement standard upgrading plan Conduct Pilot Training						Shell - PSDPI Shell - PSDPI	PSDPI Shell - PSDPI Shell - PSDPI	(IOC, Basra Petrodollar)	
	<b>Activity 1.3. Definition of Training Facility Concept</b>							Shell PSDPI	PSDPI Staff, contracts, travel, security cost and miscell. PSDPI Staff (FTA) in Iraq	
	Define selection criteria for the VTI facility location and assess available options							Shell - PSDPI	Shell - PSDPI	Partners will explore extra funding (IOC, Basra Petrodollar)
	Define Building Concept and Scope, and Tendering and Construction Strategy							Shell - PSDPI	Shell - PSDPI	
	Identify and formalize VTI partnership and approach							Shell - PSDPI	Shell - PSDPI	
	Conduct Tendering Process (Refurbishment Option OR Training Park)							Shell - IOCs	Shell - PSDPI	
	Conduct Construction Work on selected option (Refurbish OR New)							Shell - IOCs	Shell - PSDPI	
	<b>Activity 1.4. Definition of Training Package Content and Delivery</b>								Shell PSDPI	PSDPI Staff, contracts, travel, security cost and miscell.
	Define scope and secure agreement with potential partnerships							Shell - PSDPI	Shell - PSDPI	
	Define Scope of the Quick-Win Training Provision							Shell	Shell	
Delivery of the Quick-Win component (training for the professions in high demand as identified based on IOC own needs)							Shell	Shell		
Design the mainstream Training Package and conduct Tendering							Shell - IOCs	Shell		
Make the Decision on mainstream Training Program Provider							Shell - IOCs	Shell		

	<b>Activity 1.5. Establishment of the Multi-Stakeholder Consultation Platform</b>						Shell	PSDPI Staff in Iraq (\$0.22M), Outreach (\$0.15)	
	Secure Partnership with Local Authorities					PSDPI	PSDPI	PSDPI Staff (FTA) in Iraq (\$0.15M) & Area Coord (\$0.1M) Partners will explore extra funding (IOCs, MOO)	
	Produce Concept Paper on the Vocational Training Programme					Shell - PSDPI	Shell - PSDPI		
	Establish Multistakeholder dialog platform					PSDPI - Shell - IOCs	Shell - PSDPI		
	Agreement on the Engagement Terms					Shell - PSDPI - GoI - Local Authorities	Shell - PSDPI		
	Design and Secure endorsement of sustainability plan					Shell - PSDPI	Shell - PSDPI		
	Develop the Outreach Plan / Advocate VTI Campaign or Programme					Shell - PSDPI	Shell - PSDPI		
	Negotiate Agreement with Government on Art 26					Shell - IOCs - GoI (MOO, MOF)	Shell - PSDPI		
	<b>Activity 1.6. Labor Market Assessment</b>						Shell PSDPI	Labor Market Assessment PSDPI Staff (FTA) in Iraq	
	Stakeholder mapping, analysis of existing services and potential development resources					Shell - PSDPI	Shell	Partners will explore extra funding (IOCs)	
	Labor market survey					PSDPI	Shell	Partners will explore extra funding (IOCs)	
<b>Output 2:</b> Enhanced local MSME capacity in Basra. <b>Baseline Indicators:</b> • A local entity	<b>Activity 2.1. Development of the Business Support Scope and Strategy</b>						Shell PSDPI	PSDPI Staff, contracts, travel, security cost and miscell. PSDPI Staff (FTA) in Iraq and Amman	
	Conduct Market Assessment					Shell - PSDPI			
	Conduct gap analysis: supply and demand against standards (Industries; Oil and Gas; Agriculture)					Shell - PSDPI			

<p>established by a core team of national staff capable of providing qualified guidance and support to startups, and endeavouring towards operational sustainability.</p> <ul style="list-style-type: none"> <li>• A gender balance of min 30/70 (women/men) ratio at all levels of the project is achieved from staffing to tenants.</li> </ul>	Identify key partners and strategic positioning of the business support services					Shell - PSDPI			
	<b>Activity 2.2. Provision of Business Support premises to MSMEs</b>						Shell PSDPI	PSDPI Staff, contracts, travel, security cost and miscell. Micro Capital Grant Agreements	
	Identification of suitable premises and formalizing agreement on premises						Shell - PSDPI		
	Refurbishment of selected premises						PSDPI		
	Recruitment and training of business support staff						PSDPI		
	Designing an operational model at cost recovery						PSDPI		
	Designing business services						PSDPI		
	Developing pilot Inclusive Business Models						PSDPI		
	Formalizing partnerships and establishing multi stakeholder platform						Shell - PSDPI		
	Provision of capital to VT graduates and business startups						PSDPI		
								Total Shell:	
								Total PSDPI:	
								<b>Total 2012:</b>	

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				Q1 2013	RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4			Funding Source	Budget Description	Amount USD
Vocational training and SME Capacity Development	1. Enabled Vocational Training environment, including programmes and delivery institution(s), meeting the demand for high quality, relevant, timely, cost effective and skilled labor force in all professional craft areas in the Basra Region	X	X	X	X	X	Shell - PSDPI	Shell	Inception Phase, Support to formulating a Certification and Licensing Policy and Upgrading of the Existing VTI	\$ 826,015
	2. Enhanced local MSME capacity in Basra.		X	X	X	X	Shell - PSDPI	Shell	Development of the Business Support Scope and Strategy & Provision of Business Support premises to MSMEs	\$ 396,674
	3. Management	X	X	X	X	X	PSDPI	Shell	Management direct costs (Premises ,Communication, Miscellaneous and Security	\$ 171,897
<b>TOTAL</b>										<b>\$1,394,586</b>



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## VI. MANAGEMENT ARRANGEMENTS

In determining the optimal organizational structure for the Vocational Training and Business Support Service centers, a number of scenarios of collaboration between Shell and UNDP may be anticipated:

- *Scenario A*

Shell undertakes the task of setting up the centers in consultation with the GSC, local authorities and relevant stakeholders, ensuring autonomous control and management of the centers so that it becomes clearly identified as Shell's contribution to Basra's local community.

Founder: Shell

Management: Shell

- *Scenario B*

Shells kick-off the planning, setting up and operation activities of the centers for year one; then from year two on, local authorities become engaged so that for the following years the GSC and other relevant public/private stakeholders take over control of the centers.

Founder: Shell

Management: Year one: Shell; Year two: Shell/ local authorities; Year three on: Shell/ Local authorities/ private stakeholders.

- *Scenario C*

Right from the beginning, Shell teams up with the GSC, Local authorities and private stakeholders to undertake all planning, setting up, and organizational activities related to the centers. The outlay of Shell becomes part of a Trust Fund to be set up to sponsor the centers that also collects contributions from other public and private stakeholders.

Founder: Shell/ Local Authorities/ private stakeholders

Management: Shell/ Local Authorities/ private stakeholders

The recommended management arrangements for the Project are as follows:

To coordinate the recently signed 2 year Memorandum of Understanding with the Ministry of Oil (MOO) for the elaboration of the Employment, Vocational Training and HR Management Policy to be included in the Iraq National Energy Strategy, a dedicated working group will be created within the TFER with the participation of the MOO, Regional Oil Companies, Training Institutes and IOCs. This working group will operate also as the upstream arm of the Project for the Certification and Licensing system that is being envisioned for Vocational Training in Iraq. Also, this working group will be the catalyst for the multi-stakeholder platform that the Project aims to establish for evidence-based management of training in Iraq and in Basra Governorate in particular and for clarification of funding schemes for vocational training programmes in the oil and gas sector.

Similarly, SHELL will be represented in the Governorate Steering Committee in Basra in the dedicated technical team for the cooperation with MOO and for the implementation of the UNDP-Shell project. The Training and Business Development Center to be created in partnership with Shell will be the pilot / model skills development scheme for the cooperation UNDP-MOO Iraq. The center will integrate business development services established by the ILO under the PSDP-I.

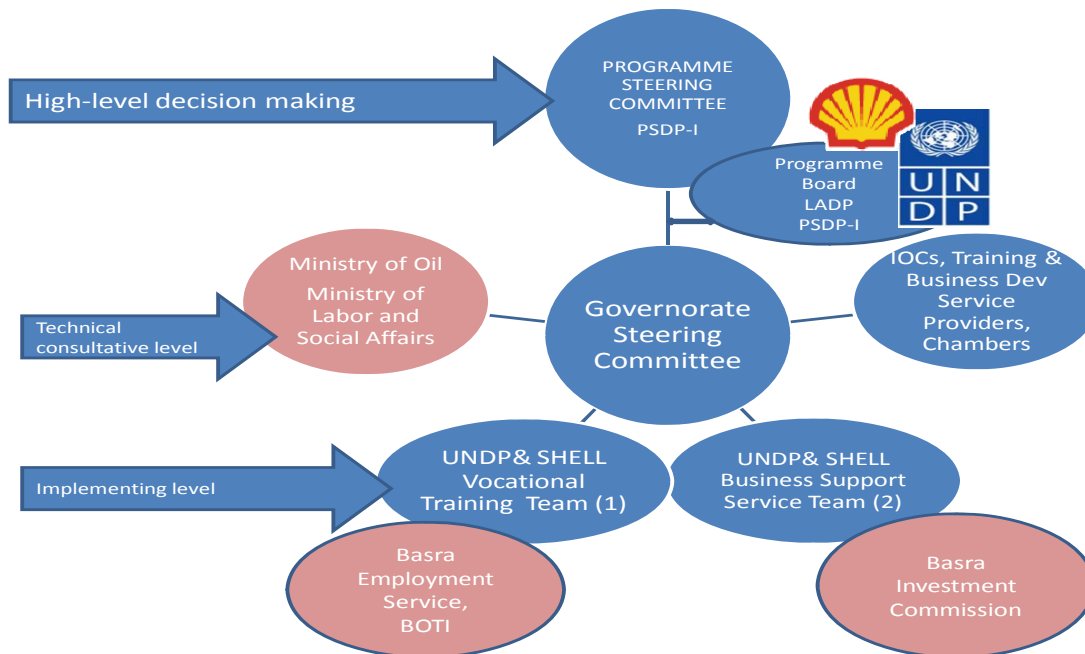
The proposed high-level Management Structure is outlined in Table # 1 and Figure #2 below.

**Table 1: Management structure of PSDP-I & Project**

Structure	Membership	Key functions
<p><b>Programme Steering Committee (meet on bi-annual basis)</b></p>	<ul style="list-style-type: none"> <li>• United Nations Resident Coordinator - co-Chair</li> <li>• Prime Minister's Advisory Board - co-Chair</li> <li>• Heads of participating UN Agencies</li> <li>• Key line ministries: Ministry of Oil, Ministry of Planning, Ministry of Finance, Ministry of Labor and Social Affairs, Ministry of Industry and Minerals, Ministry of Trade, Ministry of Agriculture, Ministry of Housing and Construction etc.</li> <li>• Other national counterparts:</li> <li>• Central Bank, National Investment Commission etc.</li> <li>• Representatives of employers and workers</li> <li>• Donors</li> <li>• Chairmen of the Governorate Steering Committees</li> </ul>	<p>Provision of policy and strategic guidance to the programme. Overall supervision and support:</p> <ul style="list-style-type: none"> <li>• Provide high-level, strategic oversight to the project;</li> <li>• Monitor the progressive achievement of project objectives;</li> <li>• Review and approve progress reports, future outlook and work plans;</li> <li>• Provide high-level quality assurance for project results;</li> <li>• Approve work plans and progress reports submitted by the Programme Director, previously reviewed by the Project Management Team;</li> <li>• Monitor progress and provide guidance on long term sustainability of the project's achievements</li> </ul>
<p><b>Task Force for Economic Reform (TFER)</b></p>	<ol style="list-style-type: none"> <li>1. SOE Restructuring Working Group</li> <li>2. Investment Policy Working Group</li> <li>3. Land Management Reform Working Group</li> <li>4. Social Dialog Working Group</li> <li>5. SME Development Working Group</li> <li>6. Tax and Financial Policy Working Group</li> <li>7. Legislative Assessment/Revision</li> <li>8. Governorate Steering Committee representatives from Anbar, Basra and Erbil</li> <li>9. <b>Vocational Training in the Oil and Gas Industry Working Group (MOO project)</b></li> </ol>	<ul style="list-style-type: none"> <li>• Task Force for Economic Reform and seven Working Groups created through Cabinet decisions for upstream areas of support, each led by one PSDP-I UN agency with expert and implementation support from other PSDP-I UN agencies.</li> <li>• TFER and Working Groups include representation from the Prime Minister's Advisory Board, all line ministries, Central Bank, Iraqi private sector, business associations, unions, Board of Supreme Audit, as well as donors - World Bank, USAID (Tijara, Tatweer), US Embassy, OECD, IFC, Unioncamere, CIPE, etc.</li> <li>• <b>New working group underway to oversee the Vocational Training and Efficient Human Resource Management programme implemented with the Ministry of Oil according to MoU signed off on 8 December. Working Group will include MOO, MOLSA, MOE, MOHE and Shell Senior Officer</b></li> </ul>
<p><b>Governorate Steering Committee</b></p>	<p>Composition and management structure:</p> <ul style="list-style-type: none"> <li>• Members of the Governor's office relevant to economic recovery and project delivery</li> <li>• Members of the Provincial Council</li> <li>• Representatives of relevant line ministries at local level</li> <li>• Provincial Investment Commission</li> <li>• Representatives of the local private sector community as well as workers representatives</li> <li>• Representatives of non-governmental actors, working with the local community on economic recovery</li> </ul>	<p>Established upon recommendation of the GSC has the authority to:</p> <ul style="list-style-type: none"> <li>• Act as the primary counterpart for PSDP-I interventions in the Governorate, including decision making and monitoring over the selection and definition of interventions;</li> <li>• Facilitate partnership between with local authorities and stakeholders;</li> <li>• Identify relevant partners;</li> <li>• Conduct preparatory work and needs assessment for downstream activities;</li> <li>• Act as institutional counterpart for PSDP-I-UN agencies at the local level to design</li> </ul>

	<p>projects</p> <ul style="list-style-type: none"> <li>• The PSDP-I-UNDP Basra Area Coordinator</li> <li>• <b>Ministry of Oil Basra directorate, Regional Oil Companies, Training Institutes – Basra GSC will include Shell Training Officer</b></li> </ul>	<p>local economic recovery strategies covering key or priority areas for local private sector growth;</p> <ul style="list-style-type: none"> <li>• Ensure efficient co-ordination towards goals;</li> <li>• Facilitate the design and implementation of cost-shared or parallel-funded projects;</li> <li>• Supervise and monitor the governorate-level work of the Programme;</li> <li>• Link local and national development plans and ensure coordination with national authorities;</li> <li>• Participate in, report and provide input to the Programme Steering Committee.</li> </ul>
<b>Joint Programme Board established for the two projects: Shell-LADP and Shell-PSDPI</b>	Shell, UNDP	Guidance on strategic aspects and high-level monitoring of project performance
<b>Implementation Teams</b>	Shell, UNDP, BDS, local experts	For the two components of the Project, dedicated teams will be set up to ensure daily operations are in place for successful implementation.

Figure 2 - Project Management Structure within PSDP-I



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## VII. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

### Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

### Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

*In case a project evaluation is required, please indicate the justification and proposed timing for the evaluation. A project evaluation is required only when mandated by partnership protocols such as GEF. However, a project evaluation may be required due to the complexity or innovative aspects of the project.*

## Quality Management for Project Activity Results

<b>OUTPUT 1:</b>		
<b>Activity Result 1 (Atlas Activity ID)</b>	<i>Short title to be used for Atlas Activity ID</i>	Start Date: End Date:
<b>Purpose</b>	<i>What is the purpose of the activity?</i>	
<b>Description</b>	<i>Planned actions to produce the activity result.</i>	
<b>Quality Criteria</b> <i>how/with what indicators the quality of the activity result will be measured?</i>	<b>Quality Method</b> <i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	<b>Date of Assessment</b> <i>When will the assessment of quality be performed?</i>

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## VIII. LEGAL CONTEXT

***If the country has signed the [Standard Basic Assistance Agreement \(SBAA\)](#), the following standard text must be quoted:***

This project document shall be the instrument referred to as such in Article 1 of the SBAA between the Government of (country) and UNDP, signed on (date).

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency.

The executing agency shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

***If the country has not signed the SBAA, the following standard text is quoted:***

The project document shall be the instrument envisaged in the [Supplemental Provisions](#) to the Project Document, attached hereto.

Consistent with the above Supplemental Provisions, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency.

The executing agency shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

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## IX. ANNEXES

**Risk Analysis.** Use the standard [Risk Log template](#). Please refer to the [Deliverable Description of the Risk Log](#) for instructions

**Agreements.** Any additional agreements, such as cost sharing agreements, project cooperation agreements signed with NGOs<sup>2</sup> (where the NGO is designated as the “executing entity”) should be attached.

**Terms of Reference:** TOR for key project personnel should be developed and attached

**Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)

**Special Clauses.** In case of government cost-sharing through the project which is not within the CPAP, the following clauses should be included:

1. The schedule of payments and UNDP bank account details.
2. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.
3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.
4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.
6. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavors to obtain the additional funds required.
7. If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph [ ]above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.
8. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

In accordance with the decisions and directives of UNDP's Executive Board:

The contribution shall be charged:

- (a) [...%]cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices

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<sup>2</sup> For GEF projects, the agreement with any NGO pre-selected to be the main contractor should include the rationale for having pre-selected that NGO.

(b) Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.

9. Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

10. The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.”



## Annex: OFFLINE RISK LOG

(see [Deliverable Description](#) for the Risk Log regarding its purpose and use)

<b>Project Title:</b> Vocational Training and SME Capacity Development in Basra	<b>Award ID:</b> XXXXXXXXX	<b>Date:</b> 03/03/2012
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#	Description	Date Identif.	Type	Impact & Probability	Counter measures / Mgt response	Owner	Submitted, updated by	Last Update	Status
1	<i>Ownership of the training and enterprise development solution: the complex social interactions in Iraqi governorates entail a risk of political jockeying for the control of the center. Besides, there are similar public organizations that at some stage can claim control which in the end may derail the developmental objectives aimed with this project</i>		Political	P = 2 I = 5	To follow an open and inclusive process in which it is clear to all stakeholders that this project is implemented by an independent organization such as UNDP with funding of a non political aligned private sector entity such as Shell.	PSDP- I			
2	<i>Keeping Momentum: there is an imminent risk that those that feel alienated from the control of the center may divert political attention to other matters so that erode potential public funding for the center in the future.</i>		Political	P = 3 I = 5	It is key to ensure the involvement of additional actors from the private sector, namely other International Oil Companies that help legitimize the initiative and protect it from political discussions	PSDP- I			
3	<i>Quality and relevance of the training and coaching: the contents to be delivered at the center must be suited to the urgent needs of the Governorate labor market. Sustaining this objective demands effective M&amp;E procedures</i>		Strategic	P = 4 I = 2	. All programs and interventions are to be evidence-based so that are responsive to identified objective needs. Clear indicators are to be placed to constantly assess the quality and relevance of contents.	PSDP- I			
4	<i>Financial sustainability: Although the first five years of operation of the centre are funded, it becomes apparent the need to ensure more funding that allow for due technological updates and continuous and incremental outreach</i>		Financial	P = 4 I = 2	More IOCs are to be engaged in the process; besides, training funds from the Ministry of Oil are to be allocated to the centre.	PSDP- I			
	<i>The functioning of the centre may be affected by potential weaknesses of the GSC. GSCs are a new institutional set up subject to volatilities.</i>		Strategic	P = 4 I = 2	Emphasize the involvement of the Area coordinator with the GSC to ensure alignment. Besides, it is needed to ensured higher involvement from senior officials in the governorate and line ministries	PSDP- I			

## RESULTS AND RESOURCES FRAMEWORK

<b>Intended Outcome as stated in the Country Programme Results and Resource Framework:</b> Enabling policy and frameworks for rapid economic recovery, inclusive and diversified growth and private sector development				
<b>Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:</b> # of governorates piloting policy and Programme initiatives targeting private sector development (2009: zero; 2012: 3; 2014: 6) Proportion of destitute and unemployed women used for selection of target governorates (2009: no; 2014: yes)				
<b>Applicable Key Result Area (from 2008-11 Strategic Plan, extended to 2012):</b>				
<b>Partnership Strategy: DEX</b>				
<b>Project title and ID (ATLAS Award ID): Vocational training and SME Capacity Development</b>				
<b>INTENDED OUTPUTS</b>	<b>OUTPUT TARGETS FOR ( 1 YEARS)</b>	<b>INDICATIVE ACTIVITIES</b>	<b>RESPONSIBLE PARTIES</b>	<b>INPUTS</b>
Output 1: Enabled Vocational Training environment, including programmes and delivery institution(s), meeting the demand for high quality, relevant, timely, cost effective and skilled labor force in all professional craft areas in the Basra Region  Indicators: • Project Management Structure established • Harmonized Certification Standards and	Operational Project Management Team for Vocational Training component	<b>Activity 1.1. Inception Phase</b>  Situation Analysis Stakeholder Mapping Mobilization of the Shell-PSDPI Project Team and Establishment of the Project Steering Committee	Shell - PSDPI Shell - PSDPI Shell - PSDPI	
	Vocational Training Certification Standards and Licensing Policy meeting the requirements of the Oil and Gas industry	<b>Activity 1.2. Support to formulating a Certification and Licensing Policy</b>  Situation analysis Definition of Strategy to develop multisector regulatory and institutional framework and partnership Development of informal Oil and Gas Sector standards and certification for specific for craft and construction skills (5 or 6 craft skills)	PSDPI PSDPI-Shell-IOCs PSDPI-Shell-IOCs	
	Enhanced training capacities meeting standards for Basra Oil	<b>Activity 1.3. Upgrading of the Existing VTI</b>		

<p>Licensing regime established</p> <ul style="list-style-type: none"> <li>• Vocational Training Institute concept and implementation option decided;</li> </ul> <p>'Quick-Win' training component launched</p> <ul style="list-style-type: none"> <li>• Training Content and Delivery Programme designed</li> <li>• Multi-Stakeholder Alignment / Consultation Platform established</li> <li>• Labor Market Assessment conducted</li> </ul>	and Gas industry	<p>Select VTI, conduct gap analysis</p> <p>Design and implement standard upgrading plan</p> <p>Conduct Pilot Training</p>	<p>Shell - PSDPI</p> <p>Shell - PSDPI</p> <p>Shell - PSDPI</p>	
	Enhanced training capacities meeting standards for Basra Oil and Gas industry	<p><b>Activity 1.4. Definition of Training Facility Concept</b></p> <p>Define selection criteria for the VTI facility location and assess available options</p> <p>Define Building Concept and Scope, and Tendering and Construction Strategy</p> <p>Identify and formalize VTI partnership and approach</p> <p>Conduct Tendering Process (Refurbishment Option OR Training Park)</p> <p>Conduct Construction Work on selected option (Refurbish OR New)</p>	<p>Shell - PSDPI</p> <p>Shell - PSDPI</p> <p>Shell - PSDPI</p> <p>Shell - IOCs</p> <p>Shell - IOCs</p>	
	Enhanced training capacities meeting standards for Basra Oil and Gas industry	<p><b>Activity 1.5. Definition of Training Package Content and Delivery</b></p> <p>Define scope and secure agreement with potential partnerships</p> <p>Define Scope of the Quick-Win Training Provision</p> <p>Delivery of the Quick-Win component (training for the professions in high demand as identified based on IOC own needs)</p> <p>Design the mainstream Training Package and conduct Tendering</p> <p>Make the Decision on mainstream Training Program Provider</p>	<p>Shell - PSDPI</p> <p>Shell</p> <p>Shell</p> <p>Shell - IOCs</p> <p>Shell - IOCs</p>	
	Active Multi stakeholder platform guiding and securing an enhanced Vocational Training environment in	<p><b>Activity 1.6. Establishment of the Multi-Stakeholder Consultation Platform</b></p>		

	Basra	Secure Partnership with Local Authorities Produce Concept Paper on the Vocational Training Programme Establish Multi stakeholder dialog platform Agreement on the Engagement Terms  Design and Secure endorsement of sustainability plan Develop the Outreach Plan / Advocate VTI Campaign or Programme Negotiate Agreement with Government on Art 26	PSDPI Shell - PSDPI  PSDPI - Shell - IOCs Shell - PSDPI - GoI - Local Authorities  Shell - PSDPI Shell - PSDPI  Shell - IOCs - GoI (MOO, MOF)	
	The identified gaps and priorities in the Labor Market serve as base for new Vocational Training programs	<b>Activity 1.7. Labor Market Assessment</b>  Stakeholder mapping, analysis of existing services and potential development resources  Labor market survey	Shell - PSDPI  PSDPI	
Output 2: Enhanced local MSME capacity in Basra.  Baseline: Indicators: • A local entity established by a core team of national staff capable of providing qualified guidance and support to startups, and endeavouring towards operational sustainability. • A gender balance		<b>Activity 2.1. Development of the Business Support Scope and Strategy</b>  Conduct Market Assessment Conduct gap analysis: supply and demand against standards (Industries; Oil and Gas; Agriculture) Identify key partners and strategic positioning of the business support services	Shell - PSDPI Shell - PSDPI  Shell - PSDPI	
		<b>Activity 2.2. Provision of Business Support premises to MSMEs</b>  Identification of suitable premises and formalizing agreement on premises	Shell - PSDPI	

<p>of min 30/70 (women/men) ratio at all levels of the project is achieved from staffing to tenants.</p>		<p>Refurbishment of selected premises  Recruitment and training of business support staff  Designing an operational model at cost recovery  Designing business services  Developing pilot Inclusive Business Models  Formalizing partnerships and establishing multi stakeholder platform  Provision of capital to VT graduates and business startups</p>	<p>PSDPI  PSDPI  PSDPI  PSDPI  PSDPI  Shell - PSDPI  PSDPI</p>	
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## X. ANNUAL WORK PLAN AND BUDGET

EXPECTED OUTPUTS	PLANNED ACTIVITIES	2012	TIMEFRAME, 2012-3					RESPONSIBLE PARTY	PLANNED BUDGET		
			Q1	Q2	Q3	Q4	Q1		Funding Source	Budget Description	Amount \$M
<i>And baseline, indicators including annual targets</i>	<i>List activity results and associated actions</i>	Q1	Q2	Q3	Q4	Q1	<i>IOCs: only the ones that expressed interest</i>	Funding Source	Budget Description	Amount \$M	
<b>Output 1:</b> Enabled Vocational Training environment, including programmes and delivery institution(s), meeting the demand for high quality, relevant, timely, cost effective and skilled labor force in all professional craft areas in the Basra Region <b>Baseline Indicators:</b> • Project Management Structure established • Harmonized Certification Standards and Licensing regime established	<b>Activity 1.1. Inception Phase</b>  Situation Analysis Stakeholder Mapping Mobilization of the Shell-PSDPI Project Team and Establishment of the Project Steering Committee						Shell - PSDPI Shell - PSDPI Shell - PSDPI	Shell PSDPI	PSDPI Staff, contracts, travel, security cost and miscell. PSDPI Staff (FTA) in Iraq		
	<b>Activity 1.2. Support to formulating a Certification and Licensing Policy</b>  Situation analysis  Definition of Strategy to develop multisector regulatory and institutional framework and partnership Development of informal Oil and Gas Sector standards and certification for specific for craft and construction skills (5 or 6 craft skills)						PSDPI PSDPI-Shell-IOCs PSDPI-Shell-IOCs	Shell PSDPI Shell - PSDPI Shell - PSDPI	MOO and Basra Downstream allocation Partners will explore extra funding (IOCs) Partners will explore extra funding (IOCs)		
	<b>Activity 1.3. Upgrading of the Existing VTI</b>  Select VTI, conduct gap analysis						Shell - PSDPI	Shell PSDPI Shell - PSDPI	Partners will explore extra funding (IOCs, Basra Petrodollar)		

<ul style="list-style-type: none"> <li>• Vocational Training Institute concept and implementation option decided; 'Quick-Win' training component launched</li> <li>• Training Content and Delivery Programme designed</li> <li>• Multi-Stakeholder Alignment / Consultation Platform established</li> <li>• Labor Market Assessment conducted</li> </ul>	Design and implement standard upgrading plan Conduct Pilot Training					Shell - PSDPI Shell - PSDPI	Shell - PSDPI Shell - PSDPI	
	<b>Activity 1.4. Definition of Training Facility Concept</b>						Shell PSDPI	
	Define selection criteria for the VTI facility location and assess available options					Shell - PSDPI	Shell - PSDPI	Partners will explore extra funding (IOCs, Basra Petrodollar)
	Define Building Concept and Scope, and Tendering and Construction Strategy					Shell - PSDPI	Shell - PSDPI	
	Identify and formalize VTI partnership and approach					Shell - PSDPI	Shell - PSDPI	
	Conduct Tendering Process (Refurbishment Option OR Training Park)					Shell - IOCs	Shell - PSDPI	
	Conduct Construction Work on selected option (Refurbish OR New)					Shell - IOCs	Shell - PSDPI	
	<b>Activity 1.5. Definition of Training Package Content and Delivery</b>						Shell PSDPI	
	Define scope and secure agreement with potential partnerships					Shell - PSDPI	Shell - PSDPI	
	Define Scope of the Quick-Win Training Provision					Shell	Shell	
Delivery of the Quick-Win component (training for the professions in high demand as identified based on IOC own needs)					Shell	Shell		
Design the mainstream Training Package and conduct Tendering					Shell - IOCs	Shell		
Make the Decision on mainstream Training Program Provider					Shell - IOCs	Shell		

	<b>Activity 1.6. Establishment of the Multi-Stakeholder Consultation Platform</b>						Shell	PSDPI Staff in Iraq (\$0.25M), Outreach (\$0.12)	
	Secure Partnership with Local Authorities					PSDPI	PSDPI	PSDPI Staff (FTA) in Iraq (\$0.15M) & Area Coord (\$0.1M) Partners will explore extra funding (IOCs, MOO)	
	Produce Concept Paper on the Vocational Training Programme					Shell - PSDPI	Shell - PSDPI		
	Establish Multistakeholder dialog platform					PSDPI - Shell - IOCs	Shell - PSDPI		
	Agreement on the Engagement Terms					Shell - PSDPI - Gol - Local Authorities	Shell - PSDPI		
	Design and Secure endorsement of sustainability plan					Shell - PSDPI	Shell - PSDPI		
	Develop the Outreach Plan / Advocate VTI Campaign or Programme					Shell - PSDPI	Shell - PSDPI		
	Negotiate Agreement with Government on Art 26					Shell - IOCs - Gol (MOO, MOF)	Shell - PSDPI		
	<b>Activity 1.7. Labor Market Assessment</b>						Shell PSDPI		
	Stakeholder mapping, analysis of existing services and potential development resources					Shell - PSDPI	Shell	Partners will explore extra funding (IOCs)	
	Labor market survey					PSDPI	Shell	Partners will explore extra funding (IOCs)	
<b>Output 2:</b> Enhanced local MSME capacity in Basra. <b>Baseline Indicators:</b> • A local entity established by a core team of	<b>Activity 2.1. Development of the Business Support Scope and Strategy</b>						Shell PSDPI	ITF	
	Conduct Market Assessment					Shell - PSDPI			
	Conduct gap analysis: supply and demand against standards (Industries; Oil and Gas; Agriculture)					Shell - PSDPI			
	Identify key partners and strategic positioning of the business support services					Shell - PSDPI			



<p>national staff capable of providing qualified guidance and support to startups, and endeavouring towards operational sustainability.</p> <ul style="list-style-type: none"> <li>• A gender balance of min 30/70 (women/men) ratio at all levels of the project is achieved from staffing to tenants.</li> </ul>	<p><b>Activity 2.2. Provision of Business Support premises to MSMEs</b></p>							Shell	
	<p>Identification of suitable premises and formalizing agreement on premises</p>							PSDPI	ITF
	<p>Refurbishment of selected premises</p>							Shell - PSDPI	
	<p>Recruitment and training of business support staff</p>							PSDPI	
	<p>Designing an operational model at cost recovery</p>							PSDPI	
	<p>Designing business services</p>							PSDPI	
	<p>Developing pilot Inclusive Business Models</p>							PSDPI	
	<p>Formalizing partnerships and establishing multi stakeholder platform</p>							Shell - PSDPI	
	<p>Provision of capital to VT graduates and business startups</p>							PSDPI	Micro Capital Grant Agreements

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## **XI. VOCATIONAL TRAINING AND BUSINESS SUPPORT SERVICE FACILITIES- MANAGEMENT ARRANGEMENTS**

In determining the optimal organizational structure for the center, a number of scenarios of collaboration between Shell and UNDP may be anticipated:

- *Scenario A*

Shell undertakes the task of setting up the center in consultation with the GSC, local authorities and relevant stakeholders, ensuring autonomous control and management of the center so that it becomes clearly identified as Shell's contribution to Basra's local community.

Founder: Shell

Management: Shell

- *Scenario B*

Shells kick-off the planning, setting up and operation activities of the center for year one; then from year two on, local authorities become engaged so that for the following years the GSC and other relevant public/private stakeholders take over control of the center.

Founder: Shell

Management: Year one: Shell; Year two: Shell/ local authorities; Year three on: Shell/ Local authorities/ private stakeholders.

- *Scenario C*

Right from the beginning, Shell teams up with the GSC, Local authorities and private stakeholders to undertake all planning, setting up, and organizational activities related to the center. The outlay of Shell becomes part of a Trust Fund to be set up to sponsor the center that also collects contributions from other public and private stakeholders.

Founder: Shell/ Local Authorities/ private stakeholders

Management: Shell/ Local Authorities/ private stakeholders

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## **XII. MONITORING FRAMEWORK AND EVALUATION**

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

### Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

### Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

*In case a project evaluation is required, please indicate the justification and proposed timing for the evaluation. A project evaluation is required only when mandated by partnership protocols such as GEF. However, a project evaluation may be required due to the complexity or innovative aspects of the project.*

## Quality Management for Project Activity Results

<b>OUTPUT 1:</b>		
<b>Activity Result 1 (Atlas Activity ID)</b>	<i>Short title to be used for Atlas Activity ID</i>	Start Date: End Date:
<b>Purpose</b>	<i>What is the purpose of the activity?</i>	
<b>Description</b>	<i>Planned actions to produce the activity result.</i>	
<b>Quality Criteria</b> <i>how/with what indicators the quality of the activity result will be measured?</i>	<b>Quality Method</b> <i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	<b>Date of Assessment</b> <i>When will the assessment of quality be performed?</i>

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### **XIII. LEGAL CONTEXT**

***If the country has signed the [Standard Basic Assistance Agreement \(SBAA\)](#), the following standard text must be quoted:***

This project document shall be the instrument referred to as such in Article 1 of the SBAA between the Government of (country) and UNDP, signed on (date).

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency.

The executing agency shall:

- c) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- d) assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

***If the country has not signed the SBAA, the following standard text is quoted:***

The project document shall be the instrument envisaged in the [Supplemental Provisions](#) to the Project Document, attached hereto.

Consistent with the above Supplemental Provisions, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency.

The executing agency shall:

- c) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- d) assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

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## XIV. ANNEXES

**Risk Analysis.** Use the standard [Risk Log template](#). Please refer to the [Deliverable Description of the Risk Log](#) for instructions

**Agreements.** Any additional agreements, such as cost sharing agreements, project cooperation agreements signed with NGOs<sup>3</sup> (where the NGO is designated as the “executing entity”) should be attached.

**Terms of Reference:** TOR for key project personnel should be developed and attached

**Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)

**Special Clauses.** In case of government cost-sharing through the project which is not within the CPAP, the following clauses should be included:

11. The schedule of payments and UNDP bank account details.
12. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.
13. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.
14. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
15. All financial accounts and statements shall be expressed in United States dollars.
16. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavors to obtain the additional funds required.
17. If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph [ ]above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.
18. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

In accordance with the decisions and directives of UNDP's Executive Board:

The contribution shall be charged:

- (c) [...%]cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices

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<sup>3</sup> For GEF projects, the agreement with any NGO pre-selected to be the main contractor should include the rationale for having pre-selected that NGO.

(d) Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.

19. Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

20. The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.”