
UN AGENCY TO UN AGENCY CONTRIBUTION AGREEMENT BETWEEN

**The International Labour Organization Represented by the International Labour
Office**

AND

United Nations Development Program - UNDP – Iraq

UNDP and ILO agree to implement jointly an Informality Diagnostic for IRAQ

A. SUMMARY OF ACTIVITIES

Title:	Informality Diagnostic IRAQ
Start/End Date:	24 th November 2020 – 30 th June 2021
Location:	Iraq
Contribution Amount:	US\$ 35,000
Contributing Agency:	United Nations Development Program - UNDP
Recipient Agency:	International Labour Organization - ILO
Nature of Activities:	<p>The activities foreseen under this collaboration are outlined in Annex A to this Agreement (Concept Note) and contribute to:</p> <ul style="list-style-type: none">• to gain a better understanding of the informal economy (i.e. its extent and diversity) and build a baseline for monitoring progress towards formalisation;• to extract information on the causes and consequences of informality;• to provide insights on the types of activities that support the transition to formality for informal economy workers and economic units, including those in displacement contexts;• to build consensus around the situation of informality through a transparent and participative process and establish monitoring and evaluation processes that involve and integrate social partners in the long-term; and• to discuss and agree on priorities and responsibilities and to define an action plan and a road map for a policy response.
Purpose	To establish a strong knowledge base on the evolving impact of the COVID-19 pandemic and containment measures on enterprises and the labour market.
Annexes:	In the event that the terms contained in Annexes are incompatible with those contained in this Agreement, then the latter shall govern and prevail.

Annex 1: Concept Note with the Budget

- Expected outcomes and activities**
- Strong knowledge base and improved understanding of the employment and labour market impact of the COVID-19 crisis in Iraq;
 - Strengthened capacity and internal processes for policy-formulation among national and regional organisations and stakeholders;
 - Strengthened capacity of the federal and regional government and stakeholders to formulate strategies to transition from the informal to formal economy in line with ILO Recommendation No. 204;
 - Validation of diagnostic for informality by the national committee; and
 - Formulation of consensus-based and evidence-based policy responses to COVID-19 (and longer-term) and to address barriers to formalisation of employment and enterprises.

The ILO, the Recipient Agency will be fully responsible for administering the Contribution in accordance with its financial regulations, rules, policies and procedures, and administrative instructions, and carrying out the Activities efficiently and effectively.

B. BUDGET

The total budget for the above listed project activities is as follows:

Description	Budget (USD)
Activities listed under Section A	32,710.00
Indirect Cost/Cost Recovery (7%)	2,290.00
Total Budget	35,000.00

The contribution of UNDP as the Contributing Agency will be transferred to ILO as recipient agency

The Contributing Agency will not be responsible for any financial commitments or expenditure made by the Recipient Agency that exceeds the budget for the Activities. The Recipient Agency will promptly advise the Contributing Agency any time when the Recipient Agency is aware that the budget to carry out these activities is insufficient to fully implement the Activities in the manner set out in the present Agreement, including its Annexes. The Contributing Agency will have no obligation to provide the Recipient Agency with any funds or to make any reimbursement of expenses incurred in excess of the total budget as set forth herein.

C. COSTS RECOVERY

The Recipient Agency's support costs, determined in accordance with its cost recovery policy, will be paid from the Contribution, in accordance with the budget.

D. REPORTING

Narrative reporting:

The Recipient Agency will provide the Contributing Agency with a final written progress confirmation of completion of Activities by 30 September 2021.

Financial Reporting:

The Recipient Agency will submit the Project Delivery Report (PDR) on a quarterly basis, due within 15 days after the quarter end date.

E. CONTRIBUTIONS

The Contributing Agency through Global Shared Services Unit (GSSU) will provide funds to the Recipient Agency in the designated bank account in accordance with the schedule of advances in the letter of agreement between UNDP and the UN agency (Standard Basic Executing Entity Agreement).

The Contributing Agency acknowledges that the Recipient Agency will not pre-finance Activities. If the Contribution, or any part of it, is not received in a timely manner, the Activities may be reduced or suspended by the Recipient Agency with immediate effect.

The Contribution shall be deposited in the following bank account:

Bank name	UBS Switzerland AG
Bank address	Rue du Rhone 8, CH-1204 Geneva, Switzerland
SWIFT	UBSWCHZH80A
IBAN	CH69 0024 0240 C080 1157 0
Account title	International Labour Organization
Currency	USD
Reference	IRQ/20/50/MUL

When making such transfer the Contributing Agency will notify the Recipient Agency Contribution is paid via an e-mail message with remittance information to kane@ilo.org; and pasaribu@ilo.org; providing the following information: (a) the amount transferred; (b) the value date of the transfer; (c) that the transfer is from the Contributing Agency pursuant to this Agreement; (d) Project no. and title.

F. INTELLECTUAL PROPERTY RIGHTS

All Intellectual Property Rights related to the Activities will belong to the Recipient Agency. The Contributing Agency and, if applicable, the relevant programme Government will enjoy a perpetual, royalty-free, non-exclusive and non-transferable license.

G. CORRESPONDENCE

All correspondence regarding the implementation of this Agreement will be addressed to:

United Nations Development Program UNDP
Attention: Zena Ali Ahmad
Email address: zena.ali-ahmad@undp.org
Address: UNAMI Compound Baghdad, Iraq

International Labour Organization ILO Regional Office for the Arab States

Attention: Ruba Jaradat

Email address: jaradat@ilo.org

Address: Aresco Center, Justinien Street, Kantari, Riad El Solh 1107-2150, PO Box 11-4088, Beirut, Lebanon

H. AMENDMENTS

The present Agreement, including its Annex, may be modified or amended only by written agreement between the two Agencies.

I. COMPLETION OF THE ACTIVITIES

The Recipient Agency will notify the Contributing Agency when all Activities have been completed.

The Recipient Agency will continue to hold any part of the Contribution that is unutilized at completion of the Activities until all commitments and liabilities incurred in the carrying out of the Activities have been satisfied and all arrangements associated with the Activities have been brought to an orderly conclusion.

J. TERMINATION OF THIS AGREEMENT

This Agreement will terminate upon satisfaction of all commitments and liabilities incurred in carrying out the Activities and the orderly conclusion of all arrangements associated with the Activities.

This Agreement may be terminated by either Agency at any time by written notice to the other. Termination will be effective thirty (30) days after receipt of the notice. In the event of termination under this paragraph, the two Agencies will cooperate to ensure completion of the Activities, satisfaction of all commitments and liabilities, and the orderly conclusion of all arrangements associated with the Activities.

K. REFUNDS OF UNSPENT BALANCES

Upon termination of this Agreement, any unspent balance from the Contribution will be returned to the Contributing Agency, unless otherwise agreed in writing by the two Agencies.

L. SETTLEMENT OF DISPUTES

The two Agencies will use their best efforts to promptly settle through direct negotiations any dispute, controversy or claim arising out of or in connection with this Agreement or any breach thereof.

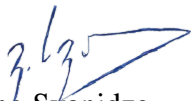
Any such dispute, controversy or claim which is not settled within sixty (60) days from the date either party has notified the other party of the nature of the dispute, controversy or claim and of the measures which should be taken to rectify it, will be resolved through consultation between the Executive Heads of each of the Agencies.

M. ENTRY INTO FORCE AND VALIDITY

This Agreement will enter into force upon its signature by the authorized representatives of the Parties and remain in force until terminated in accordance with Section J above.

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

On behalf of UNDP


Vakhtang Svanidze
Officer in Charge- UNDP Iraq

In Baghdad, Date: 24 Nov 2020

On behalf of the ILO



Ruba Jaradat (Nov 25, 2020 09:29 GMT+2)

Ms. Ruba Jaradat
Regional Director
Regional Office for Arab States
In Baghdad, Date:

Annex 1

CONCEPT NOTE

Informality Diagnostic IRAQ

1. Background

Iraq has been affected by conflict, insecurity and instability for decades. It is currently confronting a difficult fiscal environment as a result of years of political and social turmoil and the recent collapse in international oil prices. This has all been exacerbated by the COVID-19 pandemic, which is straining the country's healthcare system, local economies and further depleting the State's limited financial reserves and public services.

Job creation and decent work has been a major priority, but also an enormous challenge for federal Iraq and KRI. In addition to the security challenges, there is an overwhelming lack of access to credit in Iraq, high entry and exit barriers to starting a business and a slow and ambiguous legal and regulatory system. Employers often suffer from unreliable essential services, including water, electricity, sewerage and telecommunications. The poor private investment climate has also contributed to the proliferation of small-scale economic activities in the informal economy. Iraq only possesses a handful of large, typically family-run multi-industry conglomerates. These are in retail, domestic trade, telecommunications, and construction rather than in traded goods and services.¹ Most private businesses in Iraq are very small and self-run or are family-enterprises and the overall productivity of most Iraqi firms is lower than that of equivalent enterprises in the MENA region.

Informality, informal economic entities and workers in the informal economy have not received adequate attention at the policy and decision-making level in Iraq. COVID-19 and its staggering impact on the economy and society, along with the collapse in oil prices, have brought the informal economy and its lack of inbuilt protections and resilience into the spotlight. The cumulative crises have shown the need for greater employment protection and more robust social protection measures and systems, including the expansion of employment-based social insurance to workers currently beyond reach.

In response to COVID-19 and its impact on the economic and labour market in Iraq, the ILO, UN Women, IOM and UNDP are collaborating to strengthen national capacity for collective responses and build resilience for future crises. This collaboration involves the development of a strong knowledge base on the evolving impact of the COVID-19 crisis on enterprises and the labour market as well as an informality diagnostic to better understand the dynamics of informality in Iraq and opportunities and pathways towards greater formalisation. Improved national capacity for collective responses to the economic and employment impact of COVID-19 and for developing strategies to tackle informality will be pursued through this joint UN collaboration.

2. Objective

The impact assessment and informality diagnostic will contribute to the formulation of a consensus-based national roadmap towards greater formalisation. The diagnostic will be participatory and inclusive. The process will involve awareness-raising and capacity building of social partners and stakeholders to build a common understanding of notions of informality in Iraq.

The main objective of the COVID-19 Impact Assessment on the Labour Market and Businesses in Iraq is to establish a strong knowledge base on the evolving impact of the crisis and containment measures on enterprises and the labour market.

The main objectives of the informality diagnostic are:

- to gain a better understanding of the informal economy (i.e. its extent and diversity) and build a baseline for monitoring progress towards formalisation;
- to extract information on the causes and consequences of informality;
- to provide insights on the types of activities that support the transition to formality for informal economy workers and economic units, including those in displacement contexts;

¹ World Bank, Iraq Systemic Country Diagnostic, 2017.

- to build consensus around the situation of informality through a transparent and participative process and establish monitoring and evaluation processes that involve and integrate social partners in the long-term; and
- to discuss and agree on priorities and responsibilities and to define an action plan and a road map for a policy response.

Together, these activities will equip national partners with a sound understanding of the status of the labour market, dynamic of informality and existing barriers to formality and will assist partners to identify and formulate policies to support formalisation. It will also strengthen the capacity of partners to engage in social dialogue to develop better strategies for protection and recovery from the crises.

3. Strategy

A national working group involving representatives of workers' and employers' organisations, and other identified stakeholders and the Government will be established to lead the coordination and implementation of the diagnostic, review findings and identify national priorities moving forward. The collaboration will begin with the collection of empirical evidence on the impact of COVID-19 on Iraq's labour market, particularly its implications on employment-based income, working poverty and individual coping mechanisms. The assessment will be implemented in two phases to measure changes over time, and will sample at least 4,000 respondents from host, refugee and IDP communities, with a focus on the situation of women, young persons and persons with disabilities, as well as 1,800 enterprises from across all governorates. The results will provide insight to the scope of the crisis and some of the pressing issues and concerns of workers and enterprises.² Findings and recommendations from the assessment will form the basis from which the ILO and UN partners will facilitate social dialogue around policy measures, including gaps and shortfalls in current measures and recommendations for improved protection.

Building on recent advances in freedom of association and social dialogue in Iraq,³ the proposal will strengthen the capacity and opportunity for civil society and the private sector to meaningfully contribute to dialogue on the transition from informal to formal labour market and social protection responses to the crisis in line with ILO Recommendations No. 204 on the Transition from the Informal to Formal Economy and No. 205 on Employment and Decent Work for Peace and Resilience. These international standards will guide the process for carrying out the impact assessments and provide an overarching framework for recommendations and future actions. ILO and partner UN agencies will work with social partners to disseminate the findings and recommendations from the impact assessment and advance principles of freedom of association. The impact assessment will inform and UN agencies and national partners to examine ways to redesign and adapt existing employment and social protection measures in order to respond to people's current needs.

Recognising existing vulnerabilities and inequalities facing workers in the informal economy in Iraq, the collaboration will also involve an informality diagnostic with the view to formulating a consensus based national road map towards greater formalisation. The diagnostic will involve awareness-raising and capacity building of government agencies, trade unions, the private sector and civil society, for a common understanding of notions of informality and formalisation and will facilitate the formation of a working group to lead the coordination and implementation of the diagnostic. The entire process will involve the active participation of national and regional stakeholders and the Government to secure their buy-in for future policy development and actions towards formalisation. The diagnostic will examine the overall policy framework and characteristics of employment and business practices in Iraq, the factors, causes and drivers of informality and existing incentives for formalisation. It will quantify the extent, nature and overall composition of the informal economy and will identify and assess

² The assessment will be carried out in collaboration with FAFO, building on a first wave of surveys in Iraq, as well as similar assessments carried out in the MENA region. The survey will also be conducted in cooperation with UN agencies (UNDP, IOM), and INGOs (Danish Refugee Council, International Rescue Committee, Mercy Corps, Norwegian Refugee Council, Oxfam), whose databases will be used to help supply the sample.

³ The Labour Law of 2015 and subsequent ratification of ILO Convention No.87 in 2017, along with other national laws and policies have strengthened the formal basis for tripartism and social dialogue, however, significant support for social partners' participation is required to ensure independent, representative and effective social dialogue takes place within mandated forums.

main actors, coordination mechanisms and policy approaches and their impacts on levels of formality. Findings will be validated through stakeholder meetings and partner UN agencies will support stakeholders to formulate priorities, and define a plan of action and road map towards formalisation.

ILO, UNDP, IOM and UN Women will be the lead agencies in this work, including in terms of facilitation and involvement in national stakeholder meetings and in providing overall technical guidance and oversight to the implementation of the impact assessment, informality diagnostic and national committee meetings.

Key collaborating partners include: the federal and KRI Ministries of Labour and Social Affairs (MOLSA), Iraqi Federation of Industries (IFI), Iraqi trade unions, FAFO Institute for Labour and Social Research, and international and national NGOs.

4. Expected results

It is expected that the collaboration will result in the following changes:

- Strong knowledge base and improved understanding of the employment and labour market impact of the COVID-19 crisis in Iraq;
- Strengthened capacity and internal processes for policy-formulation among national and regional organisations and stakeholders;
- Strengthened capacity of the federal and regional government and stakeholders to formulate strategies to transition from the informal to formal economy in line with ILO Recommendation No. 204;
- Validation of diagnostic for informality by the national committee; and
- Formulation of consensus-based and evidence-based policy responses to COVID-19 (and longer-term) and to address barriers to formalisation of employment and enterprises.

5. Risks and mitigation measures

Activity	Likelihood of timely completion	Major challenges/risks that could impede timely completion	Mitigation measures
COVID-19 impact assessment on informal economy	High	Poor security conditions or infrastructure may make it difficult to connect with survey respondents	The rapid assessment has been designed within the context of the COVID-19 context. It relies on telephone data collection methods and can be implemented and analyzed by distance.
Capacity building workshops and stakeholder meetings	High	A) COVID-19 restrictions and social distancing measures may make it difficult to convene meetings, or for participants to travel between governorates to participate in meetings	A) Methods for distance participation will be implemented if face-to-face meetings are not possible.
		B) The security situation may adversely impact implementation	B) ILO, UN Women and UNDP will coordinate with government counterparts, other UN agencies, and security personnel to adjust the plan of action per needs, accessibility and security conditions
		C) Tripartite constituents do not support policy discussions or consultation	Social dialogue (dialogue between government and representative workers and employers' organisations) was identified as a priority in the Iraq DWCP. Commitment to social dialogue has also been demonstrated through the recent establishment of tripartite forums and mandates.

		D) Political instability may inhibit government decision-making	D) Prioritise engagement with government at both central and governorate levels to limit political reluctance, misunderstandings
<p>Diagnostics of informality Main drivers of informality and obstacles to formalization</p> <p>Mapping and assessment of current policies/ measures Set the baseline for the monitoring of formalization progress</p> <p>A comprehensive / inclusive process to build a large domestic consensus about the informal economy among main actors</p> <p>A shared set of facts and evidence to be in a position to decide on priorities and discuss on the policies design</p>	High	National or regional stakeholders do not support policy discussions or consultation	Social dialogue (dialogue between government and representative workers and employers' organisations) was identified as a priority in the Iraq DWCP. Commitment to constructive dialogue involving trade unions, the private sector and government has also been demonstrated through the recent establishment of tripartite forums and mandates.

6. Budget

Activity	IP	Cost (USD)
Research firm	FAFO	\$70,000
TORs - Legal and procedures drivers of the informality	Miranda Fajerman	\$20,000
TORs- Mapping and coordination	Ghassan Alssafar	\$20,000
Seminars- workshops- Travel	Seminars- workshops	\$15,000
	Travel	
Dissemination and translation		\$10,000
TOTAL		\$135,000

7. UN Agency contributions

ILO – ILO will contribute 35,000 financial resources.

ILO will also:

- Provide overall coordination of activities;
- Lead the development of terms of references and the monitoring of activities for the impact assessment and informality diagnostic, including managing contracts with research agencies and consultants for the technical research and analyses;

- Provide technical oversight and guidance to outputs delivered by research agencies and consultants;
- Identify participants, coordinate and convene national committee and stakeholder meetings;
- Co-lead and provide technical assistance to national committee and stakeholder meetings.

UNDP – UNDP will contribute 35,000 financial resources

UNDP will also:

- Review and provide inputs to the development of terms of references for the impact assessment and informality diagnostic;
- Participate in the technical review of outputs delivered by research agencies and consultants for the impact assessment and informality diagnostic;
- Identify participants for the national committee;
- Co-lead and provide technical assistance and guidance to national committee and stakeholder meetings.

UN Women

UN Women will contribute 30,000 financial resources

UN Women will also:

- Review and provide inputs to the development of terms of references for the impact assessment and informality diagnostic;
- Participate in the technical review of outputs delivered by research agencies and consultants for the impact assessment and informality diagnostic;
- Identify participants for the national committee;
- Co-lead and provide technical assistance and guidance to national committee and stakeholder meetings.

IOM

IOM will contribute 35,000 financial resources






UNDP-ILO_ Informality Diagnostic IRAQ -Final Draft (24 Nov 2020)

Final Audit Report

2020-11-25

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