



# PRIVATE SECTOR DEVELOPMENT PROGRAMME FOR IRAQ

PROGRAMME STEERING COMMITTEE

30 September, 2012



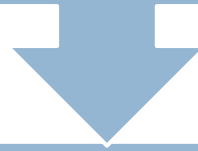
# Status Summary



Programme is on track with the scope of the activities further narrowed and focused, and partnership framework strengthened in 2012 (Work Plan and Budget Revision)



Activities under the programme will continue under different funding modalities. Funding gaps exist.



Programme closure

Programme Operational Closure by end 2012  
Final Report by March 2013

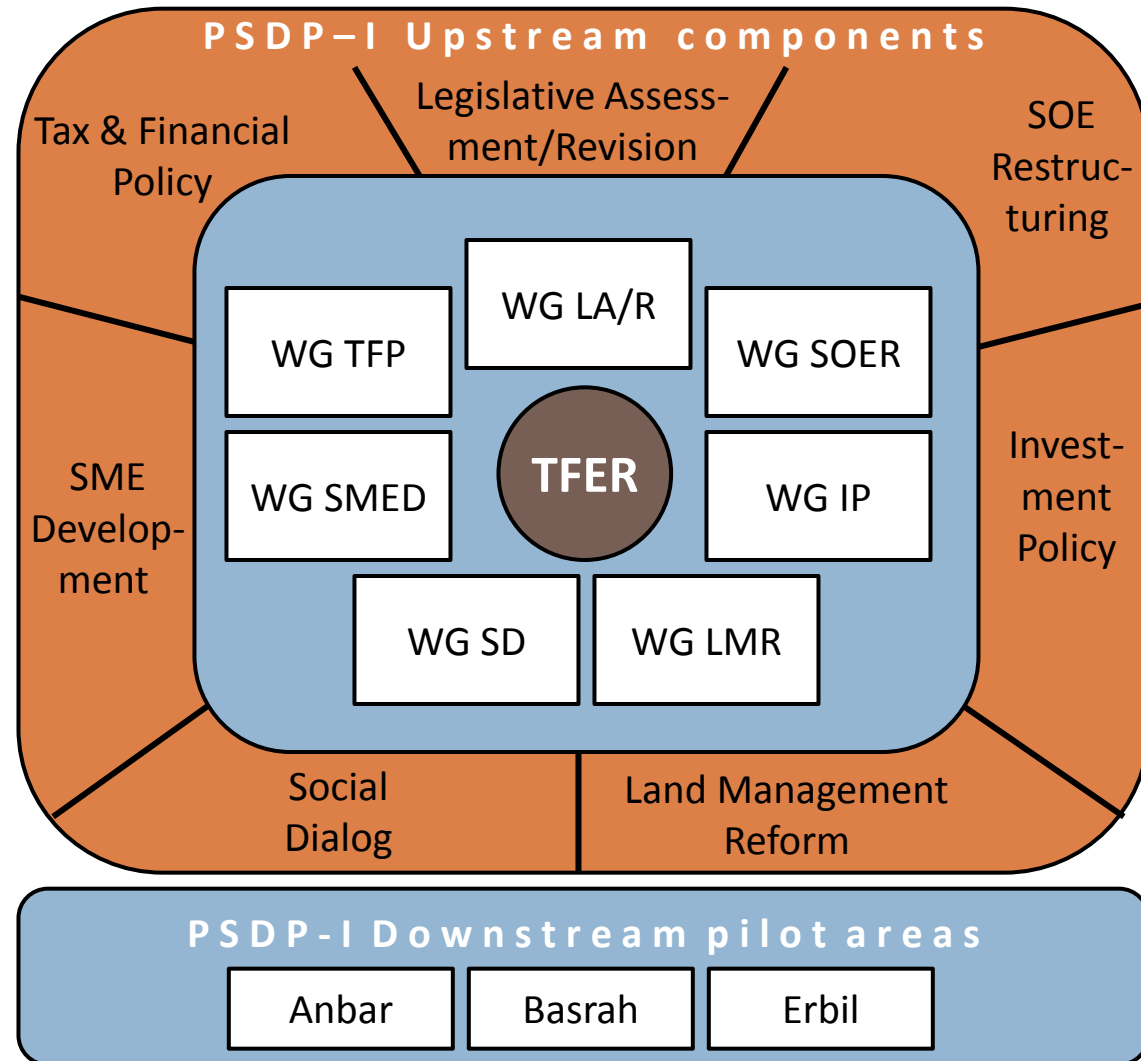
Programme Financial Closure in 2013



# Overview



- Task Force for Economic Reforms and WG representation of Gol, Central Bank, Iraqi private sector, unions, associations, etc.
- Cooperation and coordination with international partners (OECD, WB, USAID, IFC, etc).
- Governorate Steering Committees in Anbar, Basrah and Erbil.





# PSDP-I Achievements to date



## Coordination achievements

- Establishment of TFER and 7 Working Groups with senior representation of all relevant GoI offices, Central Bank, Iraqi Private Sector, business associations, unions, etc. (all through CoM decisions)
- Establishment of IPF PSD Sub-group and various other Partner WGs (e.g. on communication, microfinance, etc.)
- Contributions to various other UN initiatives, including CSR, PSM, Rule of Law (e.g. on revenue sharing, etc.)
- Support to the launch of the UN Global Compact (CSR) and establishment of a Local Network in Iraq – Launch event held in Oct 2011 with signing of the MOU (renewed in 2012); Steering Committee of the Iraq Network nominated and held regular meetings to develop and implement the Network action plan; Training activities conducted in 2012 to build capacity of members in sustainable business practices and reporting; integration of the Iraq Network in regional and global activities of the UNGC initiative. Number of Iraqi members to date: 89

## Remaining deliverables

- Private Sector Development Strategy : PSD policy recommendations & medium-term interventions paper (incl. coordination with international development partners), including inputs to NDP 2013-2017.
- Direct partnerships and IPF PSD Sub-group coordination, e.g. for institutional capacity building (various public entities), SOE restructuring, microfinance, sector interventions, etc.
- UNGC Iraq Local Network functional with governance structure in place; capacity building activities for member organizations to integrate CSR standards



# PSDP-I Achievements to date



Coordination achievements	Remaining deliverables
<ul style="list-style-type: none"><li>- Establishment of a Programme Steering Committee and Governorate Steering Committees;</li><li>- MoU signed by UNDP with the Ministry of Oil on skills development and enhancing labor productivity in the Iraqi Oil Sector and to contribute to success for the 20-year National Energy Strategy of Iraq;</li><li>- Memorandum of Understanding signed by UNDP with Shell on SME development in Basrah with local authorities fostering local capacity enhancement</li><li>- Cost sharing agreement was signed with Ministry of Planning of KRG for the Socio Economic Infrastructure Assessment (SEINA) in December 2012 with contributions of USD 750,000 USD from KRG.</li></ul>	



# PSDP-I Achievements to date



## Legislative Assessment / Revision

- Legislative Assessment – First Report delivered to GoI and presented to CoR; assessments completed for Basic Legal Framework (Constitution and Civil Code), Commercial law, Consumer Protection law, Investment regime (Iraq and Kurdistan), Public Procurement regime, Banking and Taxation, Commercial Arbitration and Reconciliation, Bankruptcy, Land regime, Agricultural regime.
- Final legislative Assessment Review of Core Areas distributed in July 2012 to the TFER Legislative WG and other GoI stakeholders (UNIDO).
- Drafts Laws for Economic Reforms, Public Private Partnership, SMEs, Company, Competition, Free Trade Zones, Industrial Zones and Public Procurement regulations for PPP law, Investment Law regulations submitted.
- Revision of Labour Law: ILO comments to the revised Labour Law submitted to the Iraqi delegation at the International Labour Conference (June 2012)
- IT based interactive platform to sustain legislative processes developed: Completion of the installation of the program software in PMAC, fulfillment of 2 training courses for institutional trainers (UNIDO).



# PSDP-I Achievements to date



## State owned Enterprises Restructuring

- Roadmap for SOEs Restructuring approved by Cabinet decision #314/210 and published (UNDP/UNIDO) in 2011;
- SOE Classification Toolkit, Terms of Reference for Restructuring Units and Support Teams, training and asset valuation guidelines delivered;
- Asset valuation unit established in the Ministry of Finance with WB's support
- ID 100 billion (about US\$ 85 million) for SOEs Restructuring allocated on Federal budget in 2012;
- Social Mitigation Programs for the 3 SOEs, Glass and Ceramics in Anbar, Petrochemical and Paper in Basrah released and distributed to the related stakeholders on July 2012 (UNIDO);
- Draft Feasibility Studies for the 3 SOEs, Glass and Ceramics SOE in Anbar, the Petrochemical SOE and Paper SOE in Basrah completed and under final review in order to be submitted by end of 2012 (UNIDO).



# PSDP-I Achievements to date



## Small Medium Enterprises Development

- SME Package: Policy Framework, Draft Law and TORs for MSME Agency submitted, training by PARP Government of Poland (UNDP)
- Promotion of an SME-friendly regulatory framework (ILO):
  - Three SME Surveys completed to assess informality, insertion in supply/value chains challenges, regulatory needs. Final reports are being drafted
- UN Women Developed a report that included guidelines and recommendations on SME policy
- Micro finance policy forum: April, 2012 (UNDP)

## Investment Policy

- Investment Map delivered, including sector and investment profiles in selected governorates (Baghdad, Najaf, Erbil, Anbar and Basra)
- Formulation of final draft Iraq's Industrial Strategy and Strategic Governance System by the MoIM under UNIDO Training & Coaching assistance; 4 workshops held in Bratislava (May 2011), Istanbul (August 2011), Dublin (December 2011) and Tunis (April 2012) concluded in August 2012 for a final draft of the Industrial Strategy inclusive of distinguished vision, policies and action plans related to the support of PSD strategy (UNIDO).





# PSDP-I Achievements to date



## Land Management Reform

- Consensus on land policy process; Land Reform Vision Statement and Road Map; TORs prepared for key policy studies (UN-HABITAT).
- Draft Order established for the establishment of a land policy advisory commission.
- Study on urban land tenure and policy papers on state land management and fragmented land ownership prepared and delivered; Land Governance Assessment underway; State Land Management Policy Draft underway
- Recommendations provided to WG on establishing a state land inventory, simplified land/property registration procedures, land valuation; land inventory pilot underway

## Tax & Financial Policy

- Tax Regime Reform Strategy first draft prepared (UNDP).
- Cooperation framework with OECD, USAID and Government of Romania concluded.

## Social Dialogue

- National Conference on Economic Reforms - Tripartite Agreement (GOI, Employers and Unions) signed off.
- Negotiations with unions and employers for Institutionalized Social Dialogue.
- Map and capacity assessment of Employers' Organizations (ILO)



# PSDP-I Achievements to date



## Gender

- UN Women prioritized five core areas that need to be reviewed from a gender perspective: *Labor Law, Civil Code, Economic Reform Law, The basic legal framework (Constitution and Civil Code), and Retirement and Social Security Law*

Those areas were prioritised as they influence women's economic empowerment and equal opportunities particularly in the private sector. UN Women developed guidelines on how to sensitise Gender in the Legislation Drafting Process.

- Business Women Association

UN Women in close coordination with the State Ministry of Women's Affairs is conducting a consultation meeting with 35 Iraqi businessmen and women to agree how to establish an Iraqi Businesswomen's Association.



# PSDP-I Achievements to date



## Down Stream Activities

- Successful Implementation of the Business Packages (unemployed youth, contractors, women economic empowerment- training delivered to 1052 trainees (21% women) etc
  - Micro finance: 1<sup>st</sup> tranche to MFIs (2 in Basrah and 1 in Anbar) completed. 2<sup>nd</sup> tranche is under review in Anbar. Erbil identified 2 MFIs for 1<sup>st</sup> tranche (UNDP)
- Support to Economic Development Planning: Groups of Experts trained and mentored on how to identify and plan economic development projects. Reports on the economic situation and opportunities ready to be validated by public and private sector stakeholders (ILO/UNOPS)
- Business Development Services : Business Information Centers fully furnished and provided with ICT equipment, training needs assessed and training materials being developed on how to develop a business plan, a marketing strategy and a financial sustainability plan for 2013; day-to-day mentoring etc (ILO/UNOPS)
- SoEs: Downstream support activities of 3 SOEs in Anbar/Basrah for restoring their competitiveness and market position focusing on capacity building in the fields of Productivity & Competitiveness, international marketing also in creation of partnerships dialogues with international companies. Implementation of partial rehabilitation of the SOEs including some procurements under completion (UNIDO)
- Electricity distribution master planning activities with trainings are on-going in Anbar and Basrah. Erbil launched request for proposal for down stream activity in September. The preliminary findings and recommendations under SEINA were delivered (UNDP)



# Financial Update per agency

(end of June or Aug)



Agency	Budget	Funds Rcv'd	Committed	% of Rcv'd	Disbursed	% of Rcv'd
UNDP (Aug)	9,750,000	9,750,000	9,359,251	96%	8,101,575	83%
ILO (Aug)	3,002,966	3,002,966	2,398,294	80%	2,092,764	70%
UNOPS	5,897,034	5,897,034	4,828,107	82%	4,801,934	81%
UNIDO	7,700,000	7,700,000	6,664,667	87%	4,881,143	63%
FAO	3,300,000	3,300,000	1,947,944	59%	1,831,567	56%
UN-HABITAT (Aug)	2,000,000	2,000,000	1,928,800	96%	1,398,640	70%
UNWOMEN	1,220,000	1,220,000	642,328	53%	585,550	48%
<b>Total</b>	<b>32,870,000</b>	<b>32,870,000</b>	<b>27,769,391</b>	<b>84%</b>	<b>23,693,173</b>	<b>72%</b>



# PSDP-I 2012 Work Plan



## Work in progress in key areas (upstream activities):

- Private Sector Development Strategy
- Legislative Revision
  - Finalization of draft laws and submission
  - Streamlining and/or adoption of key laws (Economic Reform, PPP, Company, SMEs etc)
  - Roundtable on legislation
- SOE Restructuring and Social Mitigation
  - Asset valuation in progress under the leadership of PMAC/SOEs WG (Selection of Independent Evaluator etc), ID 100 billion fund allocated in the FB in 2012
  - Draft Feasibility Study for 3 SoEs (Glass and Ceramics SoE in Anbar, Petrochemical SoE and Paper SoE in Basrah to be submitted by end of 2012
  - Social Mitigation Programme to be finalized
- SME Development institutional architecture and policy intervention (incl. KRG)
  - SME Survey finalized, findings to be reflected in policy recommendations. Conference to present SME survey findings and identify policy recommendations to be organized.
- Gender
  - Support the women economic empowerment round table.
- Corporate Social Responsibility
  - Promoting awareness and build capacity on sustainable business practices through the UNGC Iraq Network (training on sustainable practices and reporting; exchange programmes and integration with regional and international Networks)



# PSDP-I 2012 Work Plan



## Down Stream Activities

- Support to Economic Development Planning: Identification and planning of economic development projects in Anbar, Basra and Erbil. Lessons learned workshop on economic development planning at the Provincial level. Revision and completion of the Guidelines for Economic Development Planning at the Provincial level (ILO/UNOPS)
- Business Development Services : Training of BIC staff on how to develop business plan, a marketing strategy and a financial sustainability plan (ILO/UNOPS)
- Implementation of the Business Packages (unemployed youth, contractors, women economic empowerment)
  - Micro finance: 2<sup>nd</sup> tranche in Anbar. 1<sup>st</sup> tranche to 2 MFIs in Erbil (UNDP)
- SoEs: Downstream support activities of 3 SOEs in Anbar/Basrah for restoring their competitiveness and market position. Implementation of partial rehabilitation of the SOEs including some procurements to be completed (UNIDO)
- Electricity distribution master planning activities with trainings will be completed. Erbil select a NGO for downstream activities (UNDP)
- Cost-sharing with KRG for the Socio Economic Infrastructure Needs Assessment: The findings and recommendations will be completed by end of 2012



# Road Map for Private Sector Development Strategy



## **PSDP-I Contributions to the Private Sector Development Strategy**

- Data collection, analysis and assessment (Completed)
- Input Collection from participating agencies and consolidation of inputs to one strategy paper (Completed)
- Consultation with the TFER/Gol key counterparts, Private Sector, International key partners – Workshop to be organized
- Private Sector Development Strategy paper issuance
  - Formulation of the PSD Policy Recommendations Paper / Role of the Government
  - Economic Landscape and Outlook
  - Doing Business in Iraq / Issues Facing Private Sector Development
  - Private Sector Development Policy Recommendations (Strategic Focus Areas: legislative and regulatory enabling business environment, SoEs restructuring / SME development)
  - Cross Cutting Issues (Environment, Gender, CSR etc)



# Road Map for Private Sector Development Strategy



Activities	September				October				November				December			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Received agencies' inputs		■	■													
PSDP-I Program Steering Committee Meeting - consultation with TFER - Strategy outline, timeframe and process				■	■											
Consolidation of inputs into PSD Strategy					■	■	■	■								
Consultation with TFER and other key partners					■	■	■	■								
Submission of 1st draft PSD Strategy (Workshop) including inputs to NDP (2013-2017)									■	■						
Consultation - with TFER / WG - other partners (UNGC LN, Private Sector organizations etc) - International partners (WB, USAID etc)									■	■	■	■				
Consolidation of inputs												■	■	■		
Submission of final draft PSD Strategy														■	■	





# Budget Revision (ILO/UNDP)



## ILO (Last budget revision in October 2011)

- Reduction of “personnel” and “travels” budget line (8%)
- Increase of “training” budget line (15%)
- Increase of “other direct costs” line (6%)

## UNDP (Last budget revision in May 2011)

- Increase of “Personnel” (6%) and “Other direct costs (life support cost etc)” (100%) budget line due to 1 year programme extension
- Increase of “Training” budget line (39%) with more capacity development supports facilitated and provided
- Decrease of “Supplies, commodities, equipment and transport” (32%) and “Contracts” (38%) budget line because micro finance component cannot be implemented as planned



# Budget Revision (ILO)



Item	Approved budget	Budget Revision Request	Change (%)
Supplies, commodities, equipment and transport	0	0	0
Personnel (staff, consultants and travel)	US\$1,791,259	US\$1,650,471	-8%
Training of counterparts	US\$850,000	US\$978,440	15%
Contracts	0	0	0
Other direct costs	US\$193,578	US\$205,926	6%
Total project costs	US\$2,834,837	US\$2,834,837	0
Indirect support costs	US\$168,129	US\$168,129	0



# Budget Revision (UNDP)



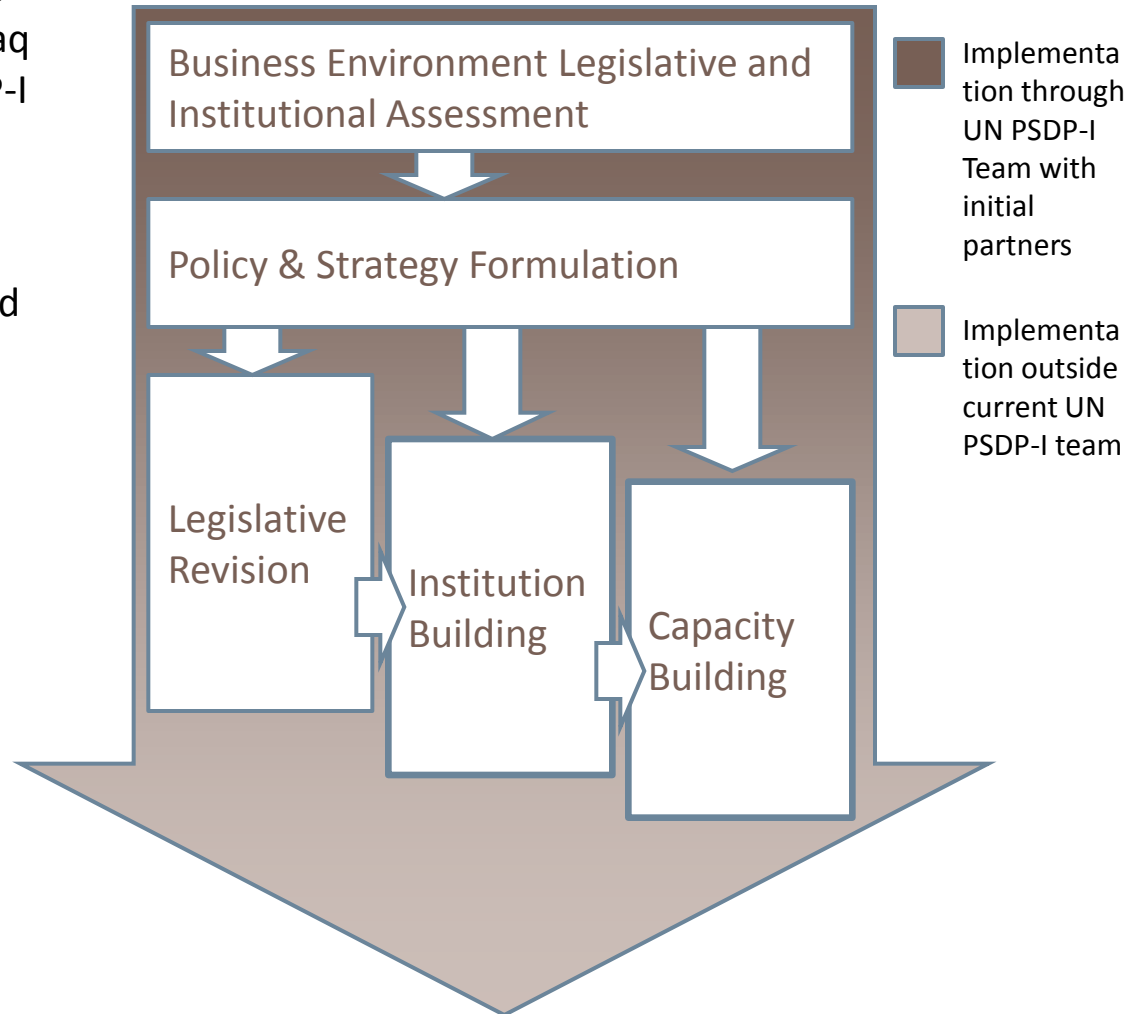
Item	Approved budget (US\$)	Budget Revision Request (US\$)	Change (%)
Supplies, commodities, equipment and transport	451,535.00	306,288	-32%
Personnel (staff, consultants and travel)	4,882,728.00	5,183,648	+6%
Training of counterparts	953,561.00	1,325,927	+39%
Contracts	2,473,707.00	1,540,749	-38%
Other direct costs	438,077.00	875,869	+100%
Total project costs	9,199,608.00	9,232,481	
Indirect support costs	550,392.00	517,519	-6%
Total	9,750,000.00	9,750,000	



# 2013 Onwards



- Duration of overall economic reforms and private sector development in Iraq exceeds the duration of current PSDP-I (2009-2012).
- Design and implementation with contributions from a number of partners, under overall leadership and ownership of the Government.
- Various degrees of partnership, ranging from information sharing to coordination to cooperation.
- Partnerships with specific roles and division of labor to ensure coherent and highest quality of support to the Government, aiming to shorten the transition period to a functional market economy.
- Cooperation framework including variety of platforms and modalities.
- Upstream- and downstream





# 2013 Onwards



United Nations is committed to support GoI in sustaining a favorable business climate and building a diversified economy with job creation.

## **Legislative Revisions**

- Continuation of the support to legislative reform process

## **SoEs restructuring**

- Technical Assistance with MoIM for the implementation of Industrial Strategy, Overall SoEs Reform Process Management and National Social Mitigation scheme.
- Social mitigation scheme linked with SME development efforts of Vocational Training and microloans

## **Corporate social responsibility and UN Global Compact**

- Continuation of the support to the UNGC Iraq Network as platform to raise Iraqi business standards, exert collective action towards sustainability and build effective partnerships with Government

## **SME Development**

- Fostering inclusive entrepreneurship, especially women



# Job creation through more competitive SMEs



- Proposal submitted for co-funding by the GoI
- Key facts and figures
  - Participating agencies: UNIDO, ILO, IOM, UNOPS, UNWOMEN, UNHABITAT, WHO, UNESCO, UNFPA, UNDP
  - Estimated duration: 3 years
  - Estimated total budget: US\$ 26,800,000
  - Requested GoI contribution for 2012: US\$ 2,187,000
  - UN contribution for 2012: US\$ 805,000
- Objective: creation of jobs in the private sector, through more competitive SMEs
- The joint program will particularly, though not exclusively, target vulnerable women in urban areas with a view to empower them economically and socially
- Project components: business development services, entrepreneurship training, vocational skills training, micro-credit for business start-ups, literacy and reproductive health issues, training and support to community leaders on awareness raising on women Human rights, including their Reproductive health and GBV concerns (UNWomen, UNFPA).
- Implementation will be guided, among others, by the findings and recommendations of the ILO/UNOPS survey on informal SMEs in Iraq, which will contain a section on the barriers faced by women in starting and running a business