



**Private Sector Development Programme
Second Progress Report
April to June 2009**

Purpose of Report
This report outlines the activities undertaken during the reporting period April to June 2009 by FAO-Iraq within the framework of the Private Sector Development programme. It also addresses matters in programme implementation and actions taken to within the framework of the project document.

Overview of Programme					
Project #	C10-11E				
Geographic Location	Iraq, three governorates (To Be Decided)				
FAO Project Cost	US\$ 3 300 000				
Duration	36 months				
Approval Date (SC)	4/12/2008	Starting Date	18/12/2008	Completion Date	18/12/2011
Programme Description	<p>This Programme is conceived and designed with Iraqi stakeholders (public and private), various UN organizations and other international stakeholders in an effort to create and enable an effective, coherent, and comprehensive framework for private sector development in Iraq at both the national and governorate levels in three priority Governorates, as a means of achieving: i) sustainable and increased employment opportunities; ii) poverty reduction; iii) enhancement of legal and regulatory framework which will allow an increase in sustained domestic and international investment; (iv) development of a legal and regulatory framework designed to perpetuate an overall rational, coherent, and economic environment; and, (v) the diversification of the basis of future economic growth in Iraq in a gender inclusive and environmentally sustainable manner.</p> <p>The programme addresses these challenges through two pillars of activities. The first pillar is a national level policy support intervention aimed at shaping a more conducive private sector environment, while the second pillar addresses the governorate-level challenges of private sector growth through planning and implementation activities within three selected governorates.</p>				

FAO-Iraq Programme Development Goal/Outcome
<p>Development Goal/Outcome:</p> <ol style="list-style-type: none"> 1. Improved policies, strategies and related institutional developments that are sensitive to the MDGs, social inclusiveness, gender equality and pro-poor economic growth; 2. Enhance key sectors of local economy in most deprived areas.

Achievements against relevant outputs
Development Goal/Outcome 1
<p>Output 1.1.3 – Legislation relating to SoE corporatisation and privatisation, investment, land title reform, competition, PPPs, mitigation packages and agricultural and trade policies are drafted.</p> <p>Activity</p> <p>Support the drafting, parliamentary review, and implementation of legislation including SoE corporatization (amendment of Law 22), privatization, investment law rules and regulations, land title reform, competition, arbitration, PPPs, mitigation package, agricultural and trade policies.</p> <p>Achievements</p> <ul style="list-style-type: none"> • <i>Review of online Iraq legal database.</i> <u>Purpose:</u> to identify Iraqi laws pertaining to agricultural production, trade and land rights. • <i>Two-day working meetings with Chief of the Agricultural Economic Division of the MOA.</i> <u>Purpose:</u> to identify opportunities for the proposed legislative review as well as other components of the programme. <p><u>Outcome:</u> The MOA has a number of draft laws passing through the democratic process including laws that define the responsibilities of the MOA, set standards and regulations that pertain to the reform of the Iraqi Tariff regime.</p> <ul style="list-style-type: none"> • <i>Inception and preparatory meetings in Amman, Jordan on 22-24 June, 2009.</i> <u>Purpose:</u> Discuss the socio-economic and fiscal arrangements that could be made to support privatization arrangements and commence assessment of legislative, institutional and sectoral needs to assist the Government of Iraq together with UN partner agencies and Iraqi legal counterparts. <p><u>Outcome:</u></p> <ul style="list-style-type: none"> • <i>FAO's potential areas of intervention identified.</i> The intensity of interventions in the areas listed below vary. <ul style="list-style-type: none"> ○ Assessment of legislation on agriculture generally, SOE for agriculture products, agriculture trade (ensuring consistency with the WTO agreement pending accession) and land title reform; ○ Examination of the investment regime in Iraq that pertain to agribusiness and argindustries ○ Review of the law of State Enterprises relating to agricultural commodities; ○ Assessment on laws relating to geographical indications and agriculture-related intellectual property issues such as plant varieties protection; ○ Review of laws affecting small and medium enterprise and the effect of, for example provisions on micro-credit; ○ Drafting or amending of laws in areas related to agriculture.
<p>Output 1.1.4 – Knowledge of government officials on key policy issues for enterprise development increased</p> <p>Activity</p>

Build the capacity of officials regarding key policy issues for enterprise development, including PPPs, corporatisation and privatisation of SoEs, access to private finance, industrial policy, labour standards, land titling, agriculture, trade and allocation to support the design of relevant legislative and institutional frameworks.

Achievement

- *FAO's potential area of intervention identified.* In correspondence to output 1.1.4, FAO has the comparative advantage to contribute to capacity building initiatives relating to Iraq's national WTO accession negotiations.

Main implementation constrains & challenges and actions taken to resolve

Constraints

While FAO was identified as a corporative UN agency and allocated budget for output 1.1.3, to draft legislation pertaining to the agriculture sector, FAO was not included in output 1.1.2 –conduct a comprehensive assessment of legislative, institutional and sectoral needs to assist GoI to properly design policies for PSD. Since assessment is a logical precursor to drafting legislation, FAO needs to be a part of delivering on output 1.1.2.

Action taken to resolve issue

Several discussions occurred between FAO's legal officer and FAO's international legal consultant and representatives from UNIDO to try and resolve the issue. While the oversight was acknowledged, no formal budget amendments have been made at programme level. On a project level, the budget holder for the project in FAO-Iraq (Mr. Rajan Chhabra) has tentatively agreed to make the necessary budgetary reallocations from FAO's total quota to do a comprehensive assessment of the legislative, institutional and sectoral needs pertaining to agriculture in Iraq.