



PAGE 4: B.1) YOUR CASE STORY: TITLE AND DESCRIPTION

Q1: TITLE OF CASE STORY

Investment Promotion for Iraq (IPI)

Q2: CASE STORY ABSTRACT

The Italian Development Cooperation decided to enhance the reconstruction programme in Iraq funding the Investment Promotion for Iraq (IPI) project, implemented by UNIDO, designed to strengthen and develop the SME sector in Iraq. The project is being implemented in four provinces of Iraq; Erbil, Baghdad, Thiqr and Basra. IPI activities began in March 2010 with focus on three major deliverable components, which are Investment promotion services, Sub-contracting Partnership (SPX) services and capacity building support to Iraqi National Investment Commission (INIC). To achieve the project outcomes, the focus is on building the skill sets of the local private sector, profiling and assessing the local SMEs to build their capacities to serve large multi-nationals, assist in identifying technology needs of the SMEs, provide opportunities to procure technical know-how and equipment, mentor SMEs in investment and trade facilitation etc. The project has been able to make an impact by creating employment of more than 1300 and mobilizing investment to the tune of 42 million USD.

Q3: LONG DESCRIPTION OF THE CASE STORY

UNIDO's Investment Promotion for Iraq (IPI) project financed by the Italian Development Cooperation has been designed to strengthen and develop the SME sector in Iraq. The project is being implemented in four provinces of Iraq; Erbil, Baghdad, Thiqr and Basra in close collaboration with the Iraqi Ministry of Industry and Minerals (MoIM), the Kurdistan Ministry of Trade and Industry (MoTI), the Thiqr Chamber of Commerce and Basra Chamber of Industry .

The IPI project is a part of a larger programme funded by the Italian Cooperation for Development in Iraq "Enterprise Development and Investment Promotion Programme" that supports SMEs in Iraq through technical assistance to create job opportunities for the Iraqi people as well as mobilize domestic investments. IPI complements and reinforce the achievements of the programme's adjunct projects: "Rehabilitation of the Specialized Institute for Industrial Engineering", Enterprise Development and Investment Promotion for the SME sector in Iraq" (EDIP), "Enterprise Development through Information and Communications Technology" (EDICT), and "Industrial Zones Master Plan".

Small and medium enterprises (SMEs), which are crucial for job creation in Iraq, have not seen much foreign or local investment due to the dominance of oil-economy as well as political and economic instability in Iraq. Limited foreign and domestic investment in diverse productive sectors, as well as the non restored/irregular electricity supply, poor infrastructure, non-competitive domestic private sector in terms of available human resources & technical know-how and inadequate trade policies have consistently reduced economic opportunities in non oil sectors and stimulated outflow of capital through over-dependence on imports.

Within the above backdrop, the project is based on the Government of Iraq's priorities as indicated in the National Development Strateav (NDS). and International Compact with Iraq (ICI) to encourage the

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development of SMEs in Iraq and the creation of employment opportunities for Iraqi people. In line with goals above, UNIDO realizes that the local private sector, particularly the SMEs, needs strengthening in their capabilities in order to be attractive to foreign investors. In addition national and local institutions supporting SMEs need capacity building to support the creation of new enterprises in Iraq, increase the competitiveness of the existing ones, as well as facilitate linkages for the acquisition of technology and finance. IPI has been designed to address these issues to support the growth of SMEs, and in turn, ensure the creation of new job opportunities, which will help to reduce unemployment and alleviate poverty.

As a strategic entry point, the project used the physical assets and human resources already available as a result of UNIDO's EDIP and EDICT projects to build in investment promotion tools. In particular it used the three Enterprise Development Centres (EDCs) already established and functional in the three Governorates of Erbil, Baghdad and Thiqr. Later, an additional centre has been established in the governorate of Basra. In addition, the EDCs were strengthened with on-line training and tutoring tools on investment promotion through the EDICT project's ICT poles to complement the efforts of IPI and reach out to more SMEs.

IPI activities began in March 2010 with focus on three major deliverable components, which are Investment promotion services, Sub-contracting Partnership (SPX) services and capacity building support to Iraqi National Investment Commission (INIC). The outcome of these components is to increase employment opportunities and mobilize investment both domestic as well as international in Iraq. To achieve these outcomes the project worked on building the skill sets of the local private sector, profile and assess the local SMEs to build their capacities to serve large multi-nationals, assist in identifying technology needs of the SMEs, provide opportunities to procure technical know-how and equipment, mentor SMEs in investment and trade facilitation etc. The approach used by the project to deliver these services was through building the local resources and channels looking towards future sustainability of the project services.

The EDCs in the governorates of Baghdad, Erbil , Basra and Thi Qar have been further reinforced in building human resources and infrastructure to provide investment promotion services. The project has conducted number of capacity building trainings in Investment promotion profiles, Investment Project Report Preparation and Appraisal (IPPA)/ COMFAR where 18 officials from the Counterpart Institutions and INIC have trained by UNIDO International consultant. 124 Iraqi SMEs have participated in UNIDO missions to international exhibitions and business events, which were held with the aim of increasing the exposure of Iraqi entrepreneurs to global business community, while allowing them to negotiate with their peers potential international partnerships including technology/equipment transfer, market access and joint ventures. Six missions have been organized thus far. The major event organized by the project was the 2012 Iraq Trade and Investment Forum in Rome on May 23rd and 24th. The event was organized in collaboration with the Italian Ministry of Foreign Affairs and the UNIDO Investment and Technology Promotion Office (ITPO) in Rome to promote investments to Iraq from Italy, which has demonstrated a very strong interest in Iraq's economic revitalization over the last decade. Over 20 Iraqi government officials and 30 Iraqi companies travelled to Italy and attended the event. From the Italian side, the Forum had an outstanding resonance among the Italian institutions and private sector, with over 300 people attending the forum on the 23rd and 400 business meetings between Italian and Iraqi companies from the 23rd to the 25th May. 835 business bilateral talks have been arranged within the framework of the investment promotion component of IPI project through participation to international exhibitions, investment forums as well as other investment promotion channels such as UNIDO's network of Investment and Technology Promotion Offices (ITPOs). Thus far, UNIDO has facilitated 60 international partnership agreements signed.

The EDCs have now established SPX centre in their premises with SPX coordinator to coordinate. The SPX centers are equipped with team of profilers and bench-markers. Altogether, 336 companies have been profiled and out of which 54 supplier companies have been benchmarked till date. Supplier development programs have been organized where capacity building trainings for SMEs were provided. The project has done extensive awareness creation on SPX, organizing seminars and attending exhibitions and fairs. The project has organized six partnership matchmaking events/missions to fairs. 11 sub-contracting agreement signed between SPX suppliers and large buyers.

The project has been able to make an impact by creating employment of more than 1300 and mobilizing investment to the tune of 42 million USD.

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Q4: Please add here web links to project/programme materials.

<http://www.iraqedc.org/>

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Q5: YOUR CONTACT DETAILS

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Q6: FUNCTION	Public sector
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Q7: FUNDING PARTNER Tick the appropriate box(es)	Bilateral donor
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Q8: Additional information	<i>Respondent skipped this question</i>
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Q9: START DATE OF PROJECT/PROGRAMME	<i>Respondent skipped this question</i>
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Q10: STATUS OF PROJECT/PROGRAMME	On-going
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Q11: DURATION OR, IF ON-GOING, EXPECTED DURATION OF PROJECT/PROGRAMME	3-5 years
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Q12: COST OF PROJECT/PROGRAMME	Between US\$1 million and US\$5 million
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Q13: Additional information	<i>Respondent skipped this question</i>
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Q14: TYPE OF FUNDING FOR PROJECT/PROGRAMME	Grant
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Q15: PROJECT/PROGRAMME TYPE	Single country / customs territory
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Q16: SINGLE COUNTRY/CUSTOMS TERRITORY

IRAQ

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Q17: REGION(If the region does not appear in the drop down menu, please enter manually.)

Other (please specify)
IRAQ- Provinces of Erbil, Baghdad, Thiqr and Basra

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Q18: MULTI-COUNTRY(Enter all countries or customs territories)

Respondent skipped this question

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Q19: CASE STORY FOCUSTick the appropriate box(es)

Customs reform,
Improving skills levels in service sectors,
Other (please specify)
* Facilitation in encouraging trade relations between Iraqi SMEs and International companies. * Institutionalization of domestic investment promotion services through local capacity building and establishment of entities providing services. * Increasing the outreach of services to reduce trade cost by using e-learning methodologies and established ICT infrastructure.

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Q20: HOW SUCCESSFUL WAS THE PROJECT/PROGRAMME Tick the appropriate box(es)

Successful

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Q21: WHAT WERE THE OUTPUTS OF THE PROJECT/PROGRAMME Tick the appropriate box(es)

Officials trained, Services sector skills

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Q22: Additional information(maximum 300 words)

Respondent skipped this question

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Q23: WHAT WERE THE OUTCOMES OF YOUR PROJECT/PROGRAMME Tick the appropriate box(es)

Reduction in customs rejections,
Reduction in informal payments,
Increase in merchandise imports,
Increase in broadband coverage,
Increase in data traffic,
New company registrations

Q24: Additional information(maximum 300 words)

- 30 officials trained on Investment Promotion Report Preparation & Appraisal (IPPA) trainings organized by UNIDO.
- Thirteen Iraqi delegations were organized to attend international fairs and exhibitions, consisting of 225 Iraqi private sector companies. This resulted in 1262 B to B meeting between Iraqi and international companies. Delegations from EDC initiatives have resulted 26 additional private sector attending other fairs and exhibitions taking B to B meeting to overall figure of 1572.
- Investment promotion services provided to 282 Iraqi companies, which have resulted 60 partnership agreements (LoI and/or MoUs) signed.
- An estimated value 27 million USD investment has been generated through Investment promotion

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Q25: WHAT WERE THE IMPACTS OF THE PROJECT/PROGRAMME Tick the appropriate box(es)

Increase in domestic investment,
Increase in foreign investment,
Increase in employment,
Increase in women's employment,
Import market diversification,
Increase in per capita income,
Reduction in incidence of absolute poverty

Q26: Additional information(maximum 300 words)

Respondent skipped this question

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Q27: LESSONS LEARNT Tick the appropriate box(es)

Importance of good project design,
Importance of alignment with national priorities,
Importance of engagement by private sector,
Importance of agreeing clear project monitoring and evaluation process and procedures
,
Importance of attention to long-term sustainability

Q28: Additional information(maximum 300 words)

Respondent skipped this question

Q29: PROJECT OR PROGRAMME MONITORING AND EVALUATION FRAMEWORK Tick the appropriate box(es)

M&E framework used, Ex post evaluation