



**TOGETHER**  
*for a sustainable future*

## OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> anniversary of the United Nations Industrial Development Organisation.



**TOGETHER**  
*for a sustainable future*

## DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

## FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

## CONTACT

Please contact [publications@unido.org](mailto:publications@unido.org) for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at [www.unido.org](http://www.unido.org)

**Independent Final Evaluation**

**Republic of Iraq**

**Enhancing Investments to Iraq through  
Industrial Zone Development**



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



**UNIDO OFFICE FOR INDEPENDENT EVALUATION**

## **Independent Final Evaluation**

# **Republic of Iraq Enhancing Investments to Iraq through Industrial Zone Development**

UNIDO Project Number: TE/IRQ/10/006



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Vienna, 2015

Distr. GENERAL

ODG/EVA/14/R.12

April 2015

Original: English

This evaluation was managed  
by the responsible UNIDO  
project manager with quality  
control by the Evaluation Group

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Mention of company names and commercial products does not imply the endorsement of UNIDO.

The views and opinions of the team do not necessarily reflect the views of the involved Governments and of UNIDO.

This document has not been formally edited

# Table of contents

Acknowledgements.....	v
Abbreviations and acronyms.....	vi
Glossary of evaluation related terms .....	viii
Executive summary .....	x
1. Introduction and background .....	1
1.1. Introduction.....	1
1.2. Project background.....	1
2. Evaluation purpose, scope and methodology .....	8
2.1. Evaluation purpose and scope .....	8
2.2. Evaluation methodology .....	8
2.3. Limitations of the evaluation .....	11
3. Country and project context .....	12
3.1. Overall situation and trends .....	12
3.2. Government strategies and policies .....	13
3.3. UN Technical Assistance frameworks .....	14
4. Project assesment .....	17
4.1. Project design and intervention logic .....	17
4.2. Project management .....	19
4.3. Relevance and ownership .....	23
4.4. Efficiency .....	27
4.5. Effectiveness .....	28
4.6. Impact.....	42
4.7. Crosscutting issues .....	42
4.8. Sustainability .....	44
5. Conclusions, recommendations and lessons learned .....	46
5.1. Conclusions.....	46
5.2. Recommendations .....	47
5.3. Lessons learned.....	49
Annex A: Project Logical Framework.....	50
Annex B: List of individuals interviewed .....	57
Annex C: Guides for FGD .....	59
Annex D: Project Evaluation Terms of Reference.....	64
Annex E: Participants in Study Tours .....	95
Annex F: Bibliography.....	98

## List of Maps, tables and figures

Map 1: Map of Iraq.....	ix
Table 1: Project Factsheet.....	xvi
Table 2: Summary of Project Outcomes and Outputs.....	4
Table 3: Independent evaluations measurement of achievements against the Logical Framework.....	39
Figure 1: The Evaluation Process.....	10
Figure 2: The Road Map for IZ Development .....	32

## **Acknowledgements**

The evaluation acknowledges with thanks the support and information provided by numerous individuals and organisations that were interviewed.

The evaluation would like to particularly recognise the support of Iraqi counterparts from Ministries of the Government of Iraq and the Representative from the Office of Italian Cooperation for Development.

The kind assistance of UNIDO personnel in Vienna, Amman and from Iraq and the UNIDO Evaluation Group was invaluable.



## Abbreviations and acronyms

EDICT	Enterprise Development through Information and Communication Technologies
EDIP	Enterprise Development and Investment Promotion
EIA	Environmental Impact Assessment
DAC	Development Assistance Committee
EIA	Environmental Impact Assessment
FGDs	Focus group discussions
GOI	Government of Iraq
IFI	Iraqi Federation of Industries
IPC	International Project Coordinator
IPI	Investment Promotion in Iraq
ITU	Investment and Technology Promotion Branch, UNIDO
IZ	Industrial Zone
KRG	Kurdistan Regional Government
LED	Local Economic Development
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MIM	Ministry of Industry and Minerals
MOF	Ministry of Finance
MOP	Ministry of Planning
MoMPW	Ministry of Municipalities and Public Works
MOT	Ministry of Transportation
PSD	Private Sector Development
SME	Small and Medium Enterprises
NDP	National Development Plan
NGO	Non-Governmental Organisation
NIC	National Investment Commission
NPC	National Project Coordinator
OECD	Organisation for Economic Cooperation and Development
PM	Project Manager
PMAC	Prime Minister's Advisory Commission
PMU	Project Management Unit

PSC	Project Steering Committee
PSDP	Private Sector Development Programme (for Iraq)
SME	Small or Medium Enterprise
SOEs	State-owned enterprises
SWOT	'Strengths, weaknesses, opportunities and threat' analyses
ToR	Terms of Reference
UNAMI	United Nations Assistance Mission for Iraq
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
UR	UNIDO Representative
USD	United States Dollars
VCD	Value Chain Development
WG	Working Groups

# Glossary of evaluation related terms<sup>1</sup>

Term	Definition
Baseline	The situation, prior to an intervention, against which progress can be measured.
Conclusions	Conclusions point out the factors of success and failure of the evaluated intervention, with special attention paid to the intended and unintended results and impacts, and more generally to any other strength or weakness. A conclusion draws on data collection and analyses undertaken, through a transparent chain of arguments.
Effect	Intended or unintended change due directly to an intervention.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically inputs (through activities) are converted into outputs.
Impact	Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
Indicator	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.
Lessons learned	Generalisations based on evaluation experiences with projects, programmes, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact.
Outcomes	The likely or achieved short-term and medium-term effects of an intervention's outputs. Related terms: result, outputs, impacts, effect.
Outputs	The products, capital goods and services that result from a development intervention; may also include changes resulting from the intervention that is relevant to the achievement of outcomes.
Recommendations	Proposals aimed at enhancing the effectiveness, quality, or efficiency of a development intervention; at redesigning the objectives; and/or at the reallocation of resources. Recommendations are linked to conclusions.
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partner and donors' policies. Note: Retrospectively, the question of relevance often becomes a question as to whether the objectives of an intervention or its design are still appropriate given changed circumstances.
Results	The output, outcome or impact) of a development intervention. Related terms: outcome, effect, impacts.
Sustainability	The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.

<sup>1</sup> Based on a glossary prepared by OECD's DAC working party aid evaluation, May 2002

Map 1: Map of Iraq



# Executive summary

## Background

An independent final evaluation has been conducted on the project “Enhancing investments to Iraq through industrial zone development”. The project funded through a €3,000,000 grant provided by the Government of Italy was implemented by UNIDO in partnership with the Government of Iraq (GOI), particularly the Ministry of Planning (MOP). An independent midterm review (MTR) was also conducted on the project in September 2012.

The project worked within the Government and United Nations (UN) frameworks for assistance to Iraq. The project focussed on the development of Industrial Zones (IZ) with the overall objective to enhance investments, create employment opportunities, generate income, alleviate poverty and generally contribute to accelerated economic development.

The project operated at the upstream policy level to improve the policy, institutional and regulatory framework for IZ development and at the downstream level to strengthen the basis for economic recovery in two Governorates. The GOI selected Basra from the outset as part of their national development strategies and priorities. The Project Steering Committee (PSC) later selected Najaf as the second priority zone for the project.

This report outlines the findings of the independent final evaluation which spans the life of the project from its commencement in 2011 to its conclusion, which included twenty months of no-cost extension until October 2014. The evaluation assesses as systematically and objectively as possible the relevance, efficiency, effectiveness impact and likely sustainability of the project.

Stakeholders were consulted in Vienna, and Amman as part of the evaluation exercise, and their comments and feedback were sought as part of the report finalisation process. The evaluation was undertaken by an independent international evaluation consultant, Mr. Andrew Young and the evaluation field mission took place in October 2014. Due to security constraints and travel difficulties between Iraq and Jordan there was no national evaluator available for the evaluation.

## Main findings

Concerning **project design and implementation**, the project built on UNIDO's extensive experience in Iraq, GOI plans and strategies and was fully incorporated into UN development priorities. While the original Logical Framework (LF) included activity based performance indicators that were to some extent SMART<sup>2</sup> there was an inadequate analysis of risks. Importantly the stated development objective of the project could only be achieved by the implementation of an IZ, something that is dependent on GOI commitments and was outside the scope of work undertaken.

The project was implemented over a longer period than planned and the need for twenty months of no cost extensions resulted from an unrealistic timeframe established in the project design, a series of delays with the government counterparts and the difficulties of implementation in Iraq.

Regarding **project coordination and management** the PSC was paramount to the management and delivery of the projects intended outcomes and outputs. While UNIDO management by 'remote control' from Amman was necessary due to security restrictions on travel, potential constraints were mitigated by a large number of field mission to Iraq, the presence of an National Project Coordinator (NPC), the development of clear Terms of Reference (ToR) and progress reports to the PSC and the support provided by the GOI. Project management did take into account broad recommendations of the independent midterm evaluation. The contribution of the private sector was mixed.

The **relevance** of the project was very high. It responded directly to the needs of the GOI with the original request for support coming from the MOP and was aligned to Iraq's National Development Plans (NDP) for 2010—2014 and 2012—2016 which included reference to IZs and private sector development (PSD). It was relevant to UNIDO being in line with their strategic priorities and corporate approach to PSD. It was also relevant to overall UN and GOI cooperation frameworks supporting the achievements outlined in United Nations Development Assistance Frameworks (UNDAF) and the Millennium Development Goal (MDG), particularly MDG eight by developing global partnerships for development. There is a potential for contribution towards the first MDG as the project objective has a high potential relevance to the private sector and poverty reduction once project outcomes result in actual IZ development.

---

<sup>2</sup> Where key performance indicators used to evaluate a project, its objectives and activities are generally referred to as Specific, Measurable, Achievable, Realistic and Time-bound

There is good **ownership** of this project by key GOI stakeholders, particularly the MOP. However multiple ministries retain a vested interest in the development of IZ and coordination of the projects various 'owners' was a key activity for UNIDO. Multiple ministries were fully involved in the project from the outset, not only in the full management of the project through the PSC, but in providing detailed input into the projects activities.

Given the timeframe of the original planned intervention, the project's **efficiency** can only be assessed as low. In order to complete its activities a 20 month extension was required. It took time for the PSC to be formally accredited by the GOI, there were efficiency issues related to procurement, the absence of an accredited UNIDO office in Iraq and the lack of organisation of the private sector. The security situation prevailing in Iraq at the time of the project especially towards the latter stages was also an important constraint. As reported in the MTR the lack of baseline information and the scope of the project required a sequential approach to activities. Given the long delays in accomplishing key first steps, the overall project was impacted by the selection of this approach.

Despite issues related to efficiency the **effectiveness** of the intervention is assessed as high. Effectiveness was enhanced by collaborative project management with the GOI through the PSC their associated technical working groups and capacity building. Involvement of the donor in project oversight also enhanced the donors understanding of project activities, constraints and lessons learned. However, due to the fragmented nature of the private sector in Iraq UNIDO did face initial difficulties in identifying appropriate private sector counterparts that were nationally representative.

UNIDO has delivered all the outputs and implemented all the activities outlined in the project document. Technical assistance has been provided to the GOI and as a result, the policy, institutional and regulatory environment is broadly more conducive to IZ development and as per plan, the framework for potential economic recovery in two selected areas of Iraq has been provided.

The PSC was established and efficiently managed project outputs, technical working groups were created, again managed by the national counterparts. All documentation prepared by UNIDO was subject to GOI scrutiny and input and TORs were clearly defined and formally recognised by the GOI. The holistic approach of the project offering support at the policy level coupled with practical training and the development of implementation methodologies at the downstream level enhanced effectiveness by providing the detailed methodology and knowledge to the GOI to independently implement IZ.

Upon the repeated request of several Ministries additional assistance was provided by UNIDO towards the development of an IZ law. This was an addition to the original planned activities for the project. Private sector need assessments were undertaken, the road map for IZ is awaiting formal submission, a high level government IZ committee is awaiting ratification, capacity building including study tours was undertaken and the feasibility studies including SWOT, environmental, financial, management, and infrastructure requirements have been prepared.

While it cannot be validated at this stage, the development objective of the project is likely to be met if the GOI actually commits to implementation within the frameworks developed by UNIDO and the GOI.

Ultimately, however, until such time as the IZs are implemented there will remain a disconnect between the projects outcomes of a strengthened policy, institutional and regulatory environment with a specific focus on economic recovery in IZs and the overall objective to actually enhance investments and create employment opportunities thereby generating income and alleviating poverty. The test will be whether the political system will coalesce to implement the plans and methodologies put in place.

Assessing the **impact** of the project at the development objective level is complicated by the fact there has not yet been any establishment of an IZ. However this remains the ultimate responsibility of the GOI. The project fully considered the general social and environmental context from the outset and provided detailed analyses in project documents, progress reports and actual outputs.

**Sustainability** has certainly been enhanced by UNIDO building on previous work undertaken in Iraq by multiple agencies, building on its existing partnerships and by working with key ministries that have the authority and capacity to develop IZ. Given the very active involvement of key stakeholders in this project and the high relevance and prioritisation of the development of IZ to the GOI, it was reported by multiple ministries that the methodologies used and lessons learned by the GOI from this project will be sustainable.

While GOI counterparts reported concern remains regarding future allocation of federal and provincial budgets, the lack of organisation of the private sector, the cumbersome nature of Iraqi legislation and the deteriorating security, project partners reported that sustainability of the projects outputs and the implementation of IZ for Najaf and the Kurdistan Regional Government (KRG) were very likely to proceed post project.



## Key recommendations

The following key recommendations relate to **project identification and formulation**.

- Project outcomes and outputs must be clearly linked to the overall development objective

The following recommendations on **coordination and management** relate to UNIDO.

- The role of private sector national bodies and national Industrial organisations should be more actively involved in the management of projects. The private sector should be a part of the PSC in all UNIDO projects.

The following recommendations on **efficiency** relate particularly to UNIDO.

- It is recommended UNIDO consider a permanent ground presence in Iraq. This would both facilitate local relationships with Ministries and facilitate quality control of local project outputs.

Recommendations on **effectiveness** relate to UNIDO.

- When projects work at the policy level, UNIDO needs to consider the possibility that legislative development may be required

Recommendations regarding **sustainability and impact** relate to the GOI and UNIDO and include.

- It is recommended that UNIDO and the GOI actively pursue further funding for follow up activities with the Italian donor. A further phase of the project should focus on the pilot implementation of an IZ based on the road map and best practice implementation methodologies such as the prefeasibility studies already submitted to the government.
- Necessary compilation of a final project report which incorporates key project activities, implementation findings, and lessons learned, gaps identified recommendations and a timeline for the necessary follow up to the IZ Project.
- The GOI should submit the draft ToR for the IZ High Level Committee which is already endorsed by the PSC to the Council of Ministers.
- The GOI should submit Chapters 1-4 of the Road map to the Prime Minister's Office for approval and further submission to the Council of Ministers.

- It is recommended the GOI at the central and provincial level mobilise and commit resources to the development of an IZ as per their national development priorities.

### **Lessons Learned**

- The full formalisation of implementation arrangements between UNIDO and the GOI at the outset is essential in Iraq. This promotes ownership, encourages efficiency and effectiveness and enhances the prospect of sustainability. It is also in line with the Paris Peace Accords

Table 1: Project factsheet

Project Title	Enhancing Investments to Iraq through Industrial Zone Development
Duration	January 2011 – October 2014 (20 month extension)
Project No.	TE/IRQ/10/006
Budget	3,000,000 Euro - Italian Development Cooperation
Executing Agency	UNIDO
Programme Manager	UNIDO BIT/ITU Vienna
International Programme Coordinator	PMU Amman, Jordan
National Counterpart	Ministry of Planning
Implementing Partners/Counterparts	Prime Minister's Advisory Committee Ministry of Planning Ministry of Industry and Minerals Iraqi National Investment Commission Ministry of Transportation Ministry of Finance Kurdistan Regional Government Basra Governorate Najaf Governorate Iraqi Federation of Industries
Project Location	Baghdad and Basra Governorates (Al Faw) and Najaf
Development Objective	To support promotion of investment and development of the private sector in the country in order to create employment opportunities, generate income and contribute to poverty alleviation.

# 1. Introduction and background

---

## 1.1. Introduction

This report outlines the results of an independent final evaluation of the project “*Enhancing investments to Iraq through industrial zone development*” (TE/IRQ/10/006) funded through a €3,000,000 grant provided by the Government of Italy. The evaluation was mandated by UNIDO Technical Cooperation Guidelines that require all projects with a total budget of €1,000,000 or more to be evaluated.

This chapter outlines the background of the project, the project’s overall objective, outcomes and outputs of the project, intended beneficiaries, the intervention overview and project management arrangements.

The evaluation was undertaken by an independent international evaluation consultant, Mr. Andrew Young and the evaluation field mission took place in October 2014. The evaluation has assessed as systematically and objectively as possible the relevance, efficiency, effectiveness (outputs, prospects for achieving expected outcomes and impact) and sustainability of the project. Stakeholders were consulted in Vienna, and Amman as part of the evaluation exercise, and their comments and feedback were sought as part of the report finalisation process.

## 1.2. Project background

UNIDO has had a strong presence in Iraq since 2003 with a portfolio value of almost USD 70 million. With regard to global activities UNIDO also has experience in assisting the establishment and the management of IZ and related facilities in emerging economies of four continents: Asia, Africa, Latin America and Central & Eastern Europe.

UNIDO projects in Iraq generally focused on state institutions and worked with the federal government and governorates. Projects progressed broadly on two tracks and to some extent the IZ project straddled both. The first was early recovery to assist in the rehabilitation of livelihoods through capacity building and vocational training. The second track was bridging rehabilitation to development where UNIDO focussed its assistance on private-sector initiatives and economic reforms that would play a primary role in reconciliation and community stabilisation efforts.

With regards to project design the IZ project shared many characteristics with other UNIDO interventions, namely sequential or integrated delivery of outputs, nationally led governance systems (that involved a significant commitment of staff time) and various forms of technical assistance provided by UNIDO to develop the capacity of counterpart institutions.

The IZ project shares characteristics with numerous other UNIDO projects implemented previously. The MOP was a key partner in multiple projects and PSD has been one of the key themes of UNIDO assistance. The independent country evaluation for Iraq indicated that ownership was generally ranked as high and projects had active steering committees. Relevance was also evaluated as good across the entire UNIDO Iraq portfolio. As time progressed UNIDO projects became more fully integrated into national and external development frameworks.

UNIDO has concentrated much of its activities on enterprise development. This approach, which opened the way to more upstream institutional support, started with the Enterprise Development and Investment Promotion (EDIP) first implemented in three governorates. With the emphasis on small and medium enterprises (SMEs), UNIDO supported the creation of Enterprise Development Units in Iraq to support the establishment of new enterprises as well as expansion of existing enterprises.

The IZ project was to some extent a continuation of UNIDO assistance under Enterprise Development through Information and Communication Technology (EDICT), EDIP and the Investment Promotion for Iraq (IPI) as well as the UNIDO contribution to the UN Private Sector Development Programme (PSDP), all of which advanced the GOI's Investment Promotion for Iraq National Development Strategy (NDS) emphasising Iraq's growing private sector. According to the IZ project document a key component of this IZ initiative was to continue UNIDO support to Iraqi institutions in terms of capacity building.

It is found that the IZ project complements and builds on numerous prior interventions, certainly with respect to utilising the Amman Project Management Unit (PMU), working with a strong PSC and the MOP, capacity building at the institutional level and working within external and internal frameworks. The hiring of independent consultants who were able to travel in Iraq and provide advisory services appears to be a good practice as it helped largely overcome the security restrictions related to travel of international staff and consultants.

There are, however, some lessons and findings arising from other independent evaluations that do not appear to have been fully taken on board. As found previously for EDICT and IPI, while a phased implementation of project activities

prevents overburdening of staff this can result in associated delays. An identified representative of the private sector should be selected for the PSC from the outset. Donors and beneficiaries should also accept an appropriate time frame in post-conflict environments. Finally an embedded assumption for all future programmes should emphasise that the official languages of Iraq are Arabic and Kurdish. This was also a specific recommendation of the MTR for the IZ project.

The overall project objective was to “support promotion of investment and development of the private sector in the country in order to create employment opportunities, generate income and contribute to poverty alleviation.” The methodology applied was to promote investments to Iraq through support for the development of IZ.

In order to meet this objective and based upon previous work undertaken by UNIDO and the World Bank (WB) in Iraq, the project identified some key general constraints to economic and industrial development. These were physical insecurity in Iraq which discouraged new investment, added security-cost burdens to existing industries and infrastructure deficiencies with regard to electricity production, roads and transport.

Some of the key constraints to the actual development of IZ in Iraq were identified as follows:

- Absence of a specific law and/or of enabling provisions and absence of a relevant policy framework
- Lack of coordination among governmental institutions
- Weak consultation mechanisms with the Iraqi private sector
- Absence of modern financing schemes for IZ development
- Common Issues facing investment projects including lack of industrial lands, weak access to finance and complex business registration and investment licensing procedures.

The project concept was that development of IZ could provide a more secure environment for conducting business thereby supporting private sector-led development and stimulating domestic and foreign investments. IZs could also support regional value chains and the stimulation of export-oriented industries. Local economic development (LED) could also be promoted with improved infrastructure, services and technology.

The project worked at the upstream level, facilitating the establishment of inter-agency coordination mechanisms, drafting a comprehensive roadmap on IZ

development and building GOI and PS capacity for IZ planning, design, management and promotion. To complement and build momentum for upstream activities the project also worked at the downstream level collaboratively working with the GOI to undertake industrial and feasibility analyses in two government selected areas.

The outcomes and outputs are provided in the Table 1 below.

Table 2: Summary of project outcomes and outputs

Outcome 1 (Upstream)	The policy, institutional and regulatory environment is more conducive to industrial zone development.
Output 1	Technical support is provided to the Iraqi Government to formulate, implement and monitor the establishment of an institutional coordination mechanism for industrial zone development.
Output 2	An assessment of institutional and private sector needs to assist GOI to properly design policies and strategies for IZ are in place.
Output 3	A comprehensive Road Map for the development of IZ is available.
Output 4	Increased knowledge of officials for industrial zone planning, design, management and promotion.
Outcome 2 (Downstream)	Strengthened basis for economic recovery in two selected areas of Iraq.
Output 5	An analysis of industrial structure in the two selected areas (including the one of Al-Faw port) to assist the preparation of detailed prefeasibility studies completed.
Output 6	Pre-feasibilities carried out in two selected areas for IZ creation (including the area of Al-Faw port).

## **Beneficiaries**

Immediate Beneficiaries were outlined as follows:

Key ministries and national institutions (the projects main counterparts) would benefit from an increased capacity to undertake IZ planning and management and SME support through investment promotion.

Once IZ implementation was underway the following would also be beneficiaries.

Small and Medium Enterprises (SMEs): These were a key delivery component of the overall project objective as the development of small and medium scale business could generate employment thereby improving incomes and contributing to poverty reduction.

Investors were also potential beneficiaries as the IZs were envisaged to attract local and foreign investment by providing an environment conducive to the efficient functioning of larger scale enterprises, with good infrastructure and reliable utilities made available and backward and forward linkages present in the form of Iraqi enterprises.

Finally, women were to be targeted as priority beneficiaries with a direct involvement in all stages of project implementation. The project document outlined gender equality and participation by women would be assured in all outcomes and outputs of the project including the policies, strategic approach, institutional development, capacity building and the pre-feasibility studies at both the national and governorate-levels.

## **Fund mobilisation and disbursement**

The project was funded by the Italian Government through its Development Cooperation Agency. Italy was the major donor of the UNIDO Iraq Programme and had funded seven projects previous to the IZ project. Project funding had generally focused on projects for the development of the agro-industrial sector and SMEs.<sup>3</sup> Italy also previously funded UNIDOs projects on EDIP, EDICT and IPI. These projects are seen as both precursors and complementary to the IZ project and focused on the development of the private sector and its role in promoting domestic and foreign investment.

---

<sup>3</sup> <http://www.italyforiraq.esteri.it/ItalyForIraq/EN/iniziativa/Multisetoriale.asp>



The MOP formally requested a financial contribution from the Government of Italy (on a grant basis) for the preparation of the master-plan and strengthening Iraqi capacity for management. This formal request was sent out at the same time as the MOP requested UNIDO to provide assistance for the IZ project. The funding request followed the October 2008 meeting arranged by UNIDO at which the new Framework Strategy for UNIDO Assistance 2009-2012 was developed.

The project document was internally approved by UNIDO and submitted to the Government of Italy who provided funding in the amount of €3,000,000.

The project became financially operational as of the end of January 2011. Of the €3,000,000 roughly a half was allocated for international expert costs with an additional seven percent (€200,000) for agency support costs.

Approximately six percent of the budget (€177,600) was allocated for national staff, with an additional €325,000 or ten percent for in service training and study tours. A full third of the total budget was allocated for international sub contracts

Security costs for operating in Iraq included UNAMI support costs were \$166,000 or around five per cent of the budget. As indicated by the midterm evaluation, 17 per cent of the budget was planned to support local staff and GOI travel.

At the time of the final evaluation there was still an unliquidated obligation pending closure of the project.

## **Project management**

In terms of financial administration and coordination, the project was executed by UNIDO under the overall management of the Project Manager (PM) based in Vienna Headquarters, supported by an international project coordinator (IPC) operating from Amman and a NPC in Iraq. A Chief Technical Advisor (CTA) had been designated at the project outset who also acted as the CTA for the IPI project. The CTA was assisted by an economic development consultant for the day-to-day implementation of the project and worked with international experts on the production of project outputs. These experts included an IZ Specialist who spent time in Baghdad in order to advise project counterparts on IZ-related matters. The IPC was designated in 2012 as the CTA was gradually taking on wider responsibilities as a Country Programme Coordinator for Iraq based in Amman. The IPC travelled extensively to Baghdad for the sake of the project implementation.

The project was implemented by UNIDO in partnership with the MOP and other relevant stakeholders and overseen by a government ratified PSC with the MOP and the Italian Government operating as co-chairs. The Project was implemented for a period of nearly four years commencing January 2011 and ending in October 2014.

The project was subject to a midterm evaluation undertaken by an independent evaluator in September 2012 and supported by the Evaluation Group in Vienna. Recommendations from the MTR included an adjustment of the project time scale, an increase in UNIDO's Arabic speaking IZ experts, the delivery of an IZ training module and strengthened collaboration with the OECD.

## **2. Evaluation purpose, scope and methodology**

---

### **2.1. Evaluation purpose and scope**

This independent final evaluation was undertaken in accordance with UNIDO technical cooperation (TC) Guidelines which mandates independent evaluations for all projects over a €1,000,000 threshold. The ToR outlined the broad objectives, purpose and scope of the evaluation. (See Annex D for the ToR).

The final evaluation was to cover the full period of the project and the main objectives of the evaluation were to assess the project's relevance with regard to the priorities and policies of the GOI, private stakeholders and UNIDO, the appropriateness of project identification and formulation, the cost-effectiveness of the project, project ownership, coordination and management, how efficiently the project was implemented, the project's effectiveness and its expected impact and finally the potential long-term sustainability. The evaluation would also provide the necessary analytical basis to draw lessons of wider applicability and make recommendations to the GOI, to the donor and to UNIDO.

Analyses were guided by parameters set by the ToR for the evaluation and included specific questions regarding PSD and IZ development. The key question as defined by the evaluation ToR was the extent to which the project has achieved its overall objective of enhancing investments in the country create employment opportunities, generate income, alleviate poverty, and contribute to accelerated economic development.

Analysis of the project's effectiveness was generally simplified due to the comprehensive level of reporting throughout the life of the project. The analysis includes data collected primarily from project progress and operational reports and direct conversations with all key project stakeholders.

### **2.2. Evaluation methodology**

The independent final evaluation based its findings on an extensive review of written documents as well as qualitative data gathered from interviews at UNIDO headquarters and with the main Iraqi project partners met in Amman. The evaluation combined document review, interviews including focus group discussions (FGD),

observation and a review of project reporting and monitoring data to reach its conclusions. To the extent possible, findings were triangulated using a range of data.

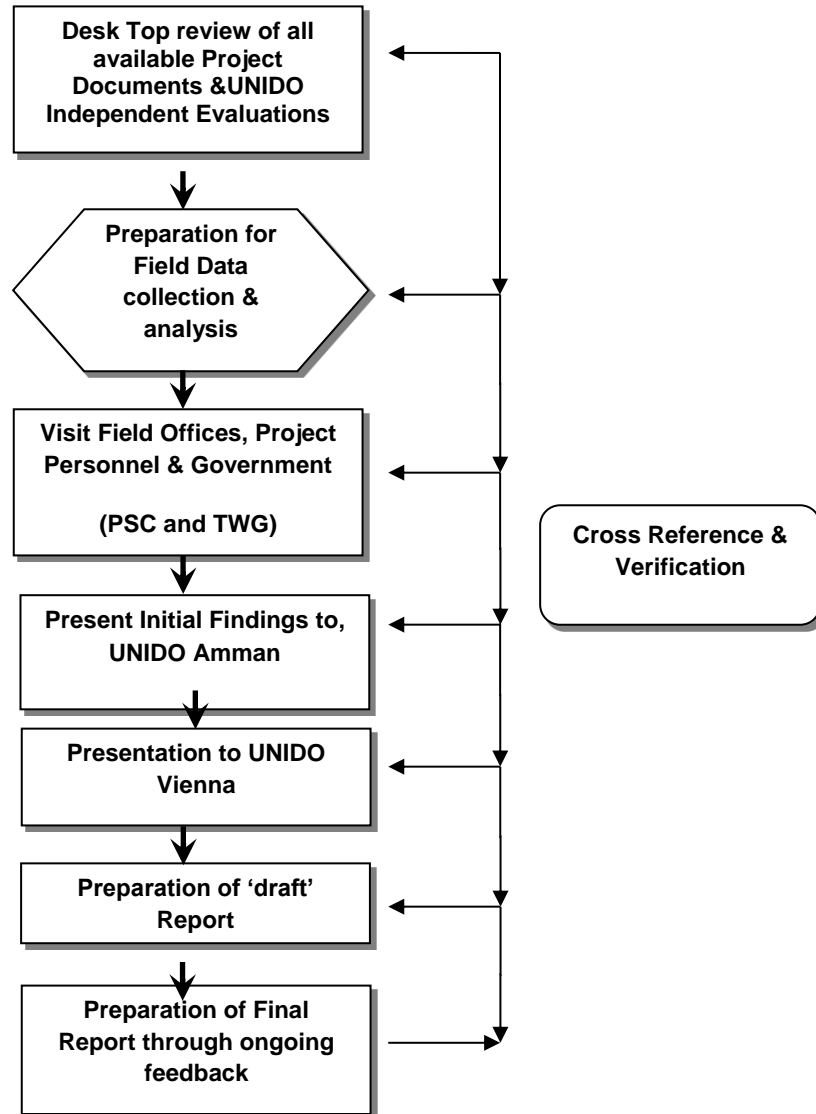
The final evaluation was undertaken in October 2014 by Mr. Andrew Young an independent International evaluator and the field mission was undertaken over a period of nine days between 16—25 October 2014. While an experienced Iraqi national evaluator was also initially contracted by the project, the consultant had to withdraw due to concerns related to travel and security. Coordination was provided by the project, particularly the UNIDO PM in Vienna, the UNIDO IPC working out of Amman and the NPC based in Iraq. Figure 1 below outlines the overall evaluation process.

## **Document review**

To inform the field mission and facilitate the design of specific questions for FGD and interviews a desktop review was undertaken on related project documents and other background publications. These included the project document and the associated inception report. Other documents reviewed including minutes of the PSCs, project progress reports, monitoring and evaluation reports, national and international experts' reports and project work plans.

To place the independent final evaluation in a broader context, previous UNIDO evaluations were reviewed. These included the mid-term evaluation for the project, the 2010 and 2014 thematic reviews on UNIDO's Post-crisis projects and the 2013 independent evaluations of the EDIP, EDICT and IPI projects, the 2013 Independent UNIDO Country Evaluation for Iraq and the 2011—2014 UNDAF for Iraq. From the government side, the Iraq NDP for 2010—2014 and 2012—2016 which included reference to IZ and PSD were also reviewed (See Annex F).

Figure 1: The Evaluation Process



## Interviews and FGD with UNIDO and project partners

Interviews were held with UNIDO managers in Vienna and the PMU office in Jordan as well as with the UNIDO Arab Bureau in Vienna, the Investment Promotion Branch in Vienna, the PM of the associated IPI project and staff of the procurement unit also in Vienna.

By attending the PSC and the associated technical workshop in Amman the evaluator was able to conduct interviews and FGDs with key project stakeholders

from the Prime Ministers Advisory Commission (PMAC), the MOP, the Ministry of Transportation (MOT), the Ministry of Industry and Minerals (MIM), the Ministry of Municipalities and Public Works (MoMPW), the KRG, the Iraqi Federation of Industries (IFI) and senior representatives of the Najaf Governorate. With respect to the views of the donor, extensive discussions were also possible with the Senior Officer for Italian Cooperation for Development/Iraq Task Force in Amman. The list of people interviewed is included in Annex B and the interview guidelines for FGD are included as Annex C.

Four days of observation were also made with respect to the operation of the projects coordination, management and working mechanisms by attending the PSC and the projects specific working groups meeting in Amman.

## **2.3. Limitations of the evaluation**

Ad-hoc missions to Baghdad, such as travel of staff not based in Baghdad, were not permitted at the time of the evaluation. The absence of a national evaluator also constrained the evaluations ability to gather information from directly within Iraq.

However, the presence of the evaluation at the PSC and associated technical working group meetings in Amman where all key GOI partners, UNIDO and the donor were present significantly counterbalanced the absence of an Iraqi field mission.

Questionnaires were not designed for the evaluation, slightly limiting the ability to triangulate against quantitative data. However with the focus on capacity building for key individual ministries the number of current direct beneficiaries was limited in number.

While project outcomes, particularly the institutional strengthening for IZ development at the regulatory, policy and institutional level were possible to assess, the longer term impact and sustainability of the project cannot be ascertained with any certainty due to the fact that the GOI still has to operationalise the project with concrete action plans for the development of specific IZ. Moreover, there are many external factors, such as the deteriorating security which could have broad negative consequences for budget allocation.

## 3. Country and project context

---

### 3.1. Overall situation and trends

The UN has been operating in Iraq through a variety of programmes since 1955. Specialised agencies established their offices in Iraq in the early 1990s and other UN entities, like the United Nations Assistance Mission for Iraq (UNAMI) were established in Iraq following the war in 2003.

UNAMI is the political mission established by the 2003 UN Security Council Resolution 1500, at the request of the GOI. UNAMI is mandated to advise and assist the Government and people of Iraq on a number of fronts including working with government partners and civil society to coordinate the humanitarian and development efforts of the UN agencies, funds and programmes.

After eight years of war and decades of economic sanctions, Iraq has made some progress rebuilding its industry. In 2012 it passed Iran to become OPEC's second-largest oil producer, behind Saudi Arabia. The International Monetary Fund (IMF) forecasts that Iraq's economy would grow by 6.3 percent in 2014 and by 8.25 per cent by 2016, the fastest of 22 surveyed economies in the region.

Iraq is administratively divided into a federal government, Regions (including the governorates), Provinces not organised into a Region, the Capital (Baghdad) and Local Administrations. The single most controversial issue regarding federalism is oil. In the absence of an as yet approved federal budget, tensions over oil revenues are growing. The budget delay is mainly because of the continuing dispute between Baghdad and the KRG. The KRG has assumed governmental responsibility in the federal region of Iraq.

According to the WB, Iraq's economy suffers from structural weaknesses. The public sector is very large with government and State Owned Enterprises (SOEs) employing approximately half of the labour force.<sup>4</sup> The non-oil sector represents only 46 per cent of the economy and most non oil industries, including agriculture and construction, are heavily dependent on government funding. Economic diversification remains a challenge for the Iraqi government—both to create jobs and to promote income-creating opportunities for the majority of the Iraqi population.

---

<sup>4</sup> <https://www.worldbank.org/en/country/iraq/overview>

Unemployment is high, officially estimated at 11 per cent (in 2011) and the labour force lacks basic skills. According to the United Nations Development Programme (UNDP) Human Development Index (HDI) from 2011, Iraq has seen progress, but finds itself towards the very bottom of the countries in Middle East and North Africa. Iraq was ranked 132 out of 187 countries.

Since 2012 security has been on a downward trend. Iraq faces the spill over effects of the conflict in Syria, and is hosting a growing number of Syrian refugees, particularly in the predominantly Kurdish region of Northern Iraq. In 2014 Sunni insurgents belonging to the Islamic State of Iraq and the Levant (ISIL) seized control of large swathes of land including several major Iraqi cities, like Tikrit, Fallujah and Mosul, creating hundreds of thousands of internally displaced persons (IDP).

## **3.2. Government strategies and policies**

While the concept of IZ is not new to Iraq, there is little previous experience in-country relating to IZ regulation, development or marketing. The current legal/regulatory regime regarding industrial development and zones primarily remains the Iraqi Law on Industrial Development of 1998 and the Iraqi Investment Law of 2006.

A draft ToR for the establishment of a High Level Committee on the Development of IZ in Iraq has been developed.<sup>5</sup> The Committee is expected to coordinate the central government's efforts and facilitate cooperation with regional/local authorities. This Committee should help both initiate projects and get the necessary political backing. The committee will support adoption of a national strategy and legal framework as well as national regulations and standards for IZ development, including the regulations and structure for the establishment of an Industrial Zones Authority (IZA). It is also expected to stimulate the development of IZ projects and award official sanction to proposed IZs.

The development of a private sector based economy is at the heart of successive development plans for Iraq. Iraq's 2005—2007 NDS specified that the establishment of IZs and complexes for the purpose of industrial integration and the encouragement of joint ventures as one of the key methods for the privatisation and restructuring of SOEs and especially in the manufacturing sector.

The strategic objective and vision of the NDP for 2010—2014 encompass

---

<sup>5</sup> This was an output of the IZ project.



*"working to achieve growth by working to establish a coherent series of economic activities, industrial complexes<sup>6</sup>, and economic free zones across the nation"<sup>7</sup>*

More generally the NDP focuses on income generation, reduction of poverty through employment generation, and revitalisation of the private sector through activities targeting SME development.

The present NDP covering 2013-2017 outlines plans to invest \$357 billion in infrastructure projects throughout Iraq, with a focus on developing Iraq's industrial base, further boosting its oil and gas production while integrating environmental and social reform. Notably, the plan seeks to lessen Iraq's dependence on its oil production and diversify the national economy and emphasises the role of the underdeveloped private sector in Iraq and increasing public-private cooperation. Almost a quarter of the investments in the plan are to be contributed by the private sector. The plan also focuses on the Al Faw port in southern Basra, due to its potential to improve Iraq's economy.

### **3.3. UN Technical Assistance frameworks**

UNIDO has been engaged in the UN mission to support post conflict recovery in Iraq since 2003. As UNAMI moved from relief and emergency support to the recovery of the Iraqi economy UNIDO focused its efforts on the recovery and development of the private sector.

By 2008 and in line with the principles of the Paris Declaration UNIDO outlined the agency's programme strategy in a discussion paper and joint declaration with the MOP in Vienna<sup>8</sup>. UNIDO committed to a two-track strategy focusing on continuation of humanitarian and early recovery activities while moving upstream into strategic rehabilitation and development.

The framework established three priority programme areas for the period 2009 to 2012:

The first objective built on UNIDO's previous Micro-Industry Support programme in Iraq and focused on strengthening incomes and employment generating opportunities for vulnerable groups, with a focus on rural areas and promotion of

---

<sup>6</sup> It was reported by the MOP that in this context the word complex is synonymous with zone.

<sup>7</sup> National Development Plan 2010-2014, p.24.

<sup>8</sup> Framework Strategy for UNIDO's Assistance to the Republic of Iraq (October 2008).

micro industries. The second objective built on UNIDO's previous EDIP project with a focus on revitalising agro-industrial sector production and core agro-industrial infrastructure. Focus was placed on rehabilitation and technical support to enterprises in the agro-industrial sector and strengthening business sector services at the national level.

The third objective encompassed much of the IZ project framework with a focus on building the capacity and expertise of national institutions and industrial bodies in strategic areas related to planning, agro-industrial investment and standards and quality control. The objective focused on support to Iraqi [State] institutions responsible for industrial development in the areas of: i) techno-economic assessment of the industrial sector, developing statistical data bases and the formulation of policy and strategies for industrial development; ii) assisting the Iraqi Government to develop the regulatory, legal and policy architecture necessary to accelerate investment flows, and; iii) ensure that Iraqi enterprises have access to improved services in terms of standards applications and quality assurance through specialised industrial institutions.

The IZ project also builds on the UNIDO legislative assessment of PSD which was part of the USD 33 million PSD efforts undertaken by UNIDO and other UN partners in Iraq. The 2011—2012 PSDP was designed to create and enable an effective, coherent, and comprehensive framework for PSD in Iraq<sup>9</sup>

The IZ project complements the efforts undertaken by the EDICT and IPI projects. These projects aimed to promote domestic and foreign investment in the SME sector in order to create employment opportunities, build capacity of Iraqi institutions, provide enterprise-development services, increase the competitiveness of existing SMEs and facilitate linkages with foreign markets. These projects were in turn built upon the EDIP project which established the three Enterprise Development Centres (EDCs) in Erbil, Baghdad and Thi Qar.

The project falls within UNDAF Priority 2 which specifies a focus on Inclusive, more equitable and sustainable economic growth, particularly within the national development vision of economic diversification and increased productivity in all economic sectors and enhancing the role of the private sector in the national development process

In addition to the efforts of UNIDO, there have been two other notable efforts in support of the development of IZs.

---

<sup>9</sup> Other participating UN organizations in the "PSD Programme for Iraq" project included: UNDP, ILO, UNOPS, FAO, UN-HABITAT

As a precursor to the UNIDO IZ work and as part of the PSDP, The WB undertook an 87 month project that ran from December 2004 to March 2012. The project included multiple measures aimed at the design and implementation of PSD policies including facilitation of the establishment of IZs in Iraq. This project was coordinated primarily with the MOP. The UNIDO IZ project specifically included a role for the WB as observers to promote interagency coordination and cross-flow of policy approaches and lessons, recognising the work that the WB had done in developing policy and legislation for IZs. Previous work done by the WB was factored into the project, with careful attention given to an analysis of the final WB reports which were to feed into the UNIDO work.

With regard to PSD, the GOI requested support from the Middle East North African - Organisation for Economic Co-operation and Development (MENA-OECD) Initiative on Governance and Investment for Development in 2007. The initiative focused on promoting PSD and building government capacity to attract foreign investment through assistance in developing investor-friendly regulatory and institutional frameworks, streamlining and expanding transparency of administrative procedures, improving infrastructure and helping to design specialised platforms such as IZ. The MENA-OECD project included stakeholder meetings, training sessions, and the development of frameworks. Working Groups were engaged in efforts including development of government technical skills in project finance and training Iraqi National Investment Committee (NIC) members on the development and management of IZ. The OECD Working Group settled on Hatein and Baghdad International Airport as the two pilot sites for IZ development. UNIDO was represented in the last two working group meetings.

## 4. Project assessment

---

This Chapter assesses the project using the OECDs Development Assistance Committee (DAC) criteria of relevance and ownership, effectiveness, efficiency, impact, and sustainability<sup>10</sup>.

### 4.1. Project design and intervention logic

The project was initiated on a direct request from the Ministry of Planning and Development Cooperation to the UNIDO special representative for Iraq in 2009. This followed an October 2008 meeting arranged by UNIDO at which the new Framework Strategy for UNIDO Assistance 2009—2012 was developed at UNIDO in Vienna.

A focus of UNIDO, the UNDAF and the GOI has been (and continues to be) the revitalisation of the private sector in Iraq. The Intervention logic of developing IZ was articulated in the project document as creating the necessary conditions for concentrating business assets in defined geographical areas. The inception report more specifically articulated the benefits of developing IZs including the advantages of value chains by clustering similar or linked industries, the potential to stimulate and absorb new technologies, catalysing economic activity in specific locations, concentrating the location of industries for improved municipal zoning, urban planning and/or environmental impact management and finally the assurance of security for business investments and assets through the location specific provision of security services.<sup>11</sup>

The overall project objective was *to enhance investments in the country in order to create employment opportunities, generate income and alleviate poverty, and contribute to the accelerated economic development of Iraq*. The expected outcomes of the project were designed at both the upstream and downstream levels with a view to support the GOI implement specific IZ.

At the upstream level the project outcome would be that *the policy, institutional and regulatory environment would be more conducive to IZ development*. To support this outcome the project had four main outputs: technical support to the GOI to establish an institutional coordination mechanism for IZ development, an assessment of

---

<sup>10</sup> OECD (2002). Evaluation and Aid Effectiveness. OECD Development Assistance Committee, (OECD - Evaluation and Aid Effectiveness Series).

<sup>11</sup> Inception report pp6-7

institutional and private sector needs, a Road Map for the development of IZ and increased knowledge of officials for IZ planning, design, management and promotion.

At the downstream level the project outcome would be *a strengthened basis for economic recovery in two selected areas of Iraq*. Associated outputs were pre-feasibilities carried out in two selected areas supported by an analysis of industrial structure.

The initial LF for the project included basic indicators, partnership arrangements and baseline indicators (Annex A). However, it only included a relatively cursory analysis of risks and assumptions. It is suggested by the evaluation that the lack of detailed analysis of risks such as the need to formally involve the GOI and risks associated with the sequencing of project activities was a risk to timely implementation.<sup>12</sup>

There are issues regarding the overall coherence of the log frame and indicators were not generally quantitative. With a firm funding commitment from the GOI for the actual development of an IZ, it is assessed the development of IZ would have helped generate local income through development of the private sector and discussions with the GOI confirmed this. To what extent the project could have created additional employment opportunities, generated additional income and contributed to poverty alleviation was not a measurable in project design even if IZ had been implemented and therefore cannot be quantified.

The first outcome indicated that that the *policy, institutional and regulatory environment is more conducive to IZ development*. Activities that fell under the first outcome included facilitating the establishment of an inter agency coordination mechanism, drafting of a comprehensive roadmap on IZ development, and capacity-building activities for counterpart institutions.

The pertinence of finalising an IZ law was not specified in the original scope of work in the project document as a full draft had previously been submitted to the GOI by the WB project. However the need for further legislative development was reflected in the project inception report once it became evident the draft IZ law submitted had been largely rejected as it was reported to be too complex.

Regarding the second outcome that there would be *a strengthened basis for economic recovery in two selected areas of Iraq* the basis is not possible to measure. However, the outputs of providing previously unavailable information such

---

<sup>12</sup> This is also discussed in the MTR

as the provision of industrial surveys and detailed prefeasibility studies were intended to provide information to facilitate the management and establishment of specific IZ identified by the GOI.

The design of the project which clearly specified the roles of ministries at the outset is assessed as a particular strength and reflects the lessons learned from prior interventions that UNIDO had undertaken. However, despite the fact that the project document recognises "*The full participation of women and their active role in PSD– is crucial for overall economic growth and development*"<sup>13</sup> the project did not contain design elements that targeted women. Rather, women were to be included equally in the creation of opportunity as a crosscutting issue.

## 4.2. Project management

From the UNIDO side, the project was overall managed by a PM working at UNIDO headquarters in Vienna. Project staff were based in the Amman PMU and consisted of an IPC, Local Project Coordinators and Project Assistants. Part time consultants were contracted as required and included experts on economic development, law and industrial development and PSD. A CTA was available for part of the project.

The IPC was responsible for implementation and monitoring of project activities. Due to the security situation in Iraq the monitoring of the project was difficult and international staff could not always be fielded to Iraq during the lifetime of the project. This constraint was largely mitigated by the IPC and international consultants (based from Amman) conducting a significant number of missions to Iraq. In addition national consultants were also contracted in the two governorates. The NPC was also permanently based in Iraq.

The PSC has been paramount in the management and delivery of the projects intended outputs. Management of the IZ project is strongly decentralised and operates within the framework of the Paris Declaration, particularly with respect to the need for national ownership and project monitoring.

The UNIDO PMU undertook a mission to Iraq in April 2011 to meet with Iraqi counterparts and other stakeholders to discuss the institutional and technical arrangements for project implementation. This helped define the ToR for the formation of the PSC which was initially approved by the MOP in July 2011. ToR

---

<sup>13</sup> Project Document pp12

were revised according to the PSC members' comments and circulated for final approval in October 2011 following the first meeting of the PSC the previous month

The detailed ToRs for the PSC included the broad roles and responsibilities of all national counterparts. This included broadly reviewing the technical approach defined by UNIDO, the implementation status, identifying lessons learned and analysing and developing policy. The PSC was also given the responsibility to discuss the resources required to actually implement a planned pilot IZ with the Government.

The ToR for the PSC encompassed the creation of two thematic working groups to tackle legal and management issues and the preparation of a Road Map for IZ development. The creation of the working groups was endorsed by the first PSC and a detailed ToR including membership roles and responsibilities was drawn up by UNIDO for each group. It was indicated by the Government and project personnel that of equal importance to the formal work of the PSC and working groups were the numerous ad hoc meetings that took place between UNIDO project personnel in Iraq and various ministries and partners.

The core initial membership of the PSC comprised the MOP, the PMAC, the MIM, the NIC, the KRG, a representative of the Italian Government (the donor) and UNIDO. The MOP and the Italian Government were co-chairs of the PSC while UNIDO acted as its secretariat. Initially intended as observer members, the WB and UNDP were present for the first meeting of the PSC, however their involvement in the project was marginal. All government counterparts designated a focal point for the duration of project implementation. The donor took a very active role in the PSC and the importance of the role of the donor is commended by the final evaluation in this process.

Following recommendations of the first meeting of the PSC additional members were formally included in the TOR and these included the MOF the MOT and a specific representative from the private sector. The PSC provided strategic guidance and oversight to the PMU and monitored the implementation of project activities.

All documentation prepared by the PMU, including the six monthly monitoring reports were copied to the PSC for review, recommendations and follow up action. The GOI has been proactive through the PSC both in establishing implementation level advisory committees (working groups) and a mechanism to formally manage IZ development following the end of UNIDO assistance and prior to finalisation of an IZ law.

One of the difficulties initially faced by the project was the fragmented nature of the private sector in Iraq and the lack of representation at the national level of private sector bodies; this made it difficult to identify appropriate private sector counterparts. The Chairman of the Iraqi Federation of Industries board was ultimately designated as the official private sector representation within the PSC. This designation was recognized by the Official Order from the GOI institutionalizing the PSC.

Interviews with project partners including the donor all indicated the highly effective methodology applied in bringing the relevant partners together under a common framework and integrating their inputs through the PSC and the working groups.

A draft ToR for the management of IZs beyond the life of the project was also prepared. The "Draft Terms of Reference of the High Level Committee on the Development of Industrial Zones in Iraq" was endorsed by the PSC and submitted to the Office of the Prime Minister and Council of Ministers by the MOP and is awaiting ratification. The ToR includes the line of reporting, membership, mandate and responsibilities. These broad responsibilities include, in summary; i) Support to the adoption of a national strategy, a legal framework, national regulations and standards for the establishment of an IZ Authority, ii) stimulation of the development of IZ projects and iii) specifying national and provincial financing for GOI selected IZs.

## **Reporting, monitoring and evaluation**

The project's internal monitoring and evaluation standards are assessed as high. The project was well documented and all project activities and outputs were comprehensively reported. Reports were systematically shared with project counterparts, who were requested to provide inputs and comments. It was indicated by some project partners that the timeliness of reports was not always ideal, with reports sometimes being received very shortly before meetings.

Monitoring and evaluation was a dynamic and fully collaborative process throughout the life of the project, with outputs of the working groups, PSC and 'ad hoc' meetings being used by project management to adjust and refine inputs and sometimes design further activities. Performance indicators included in the original LF were adjusted by the first PSC and in most cases they provided a baseline to evaluate performance.



Prior to the deterioration in security (particularly after 2012) UNIDO staff and project consultants undertook visits to the project sites and prepared mission and technical reports detailing the project's progress.

Annual progress reports (APR) were provided in January 2012 and 2013. PSC reports were available for 2011 to 2014. The APR also considered the progress towards outcomes and the status of project outputs including detailed project activities, progress achieved in terms of the scheduled programme of work and any emerging constraints. APRs were sent to the donor, PSC members and national counterparts for their information, review, and appropriate action. PSC meetings were held every six months. A terminal report was under preparation at the time of the final evaluation.

Project outputs included the preparation and delivery of substantial activity related reports, especially regarding the preparation of feasibility reports, market and industrial surveys. These included an assessment of private sector needs in Basra and Najaf, pre/feasibility studies for Basra and Najaf including analyses of current industrial structures and the four chapters of the 'Road map'. As with overall project work plans the PSC had provided very specific guidance on the detail and structure of these documents.

Subcontracted activities were supervised by the UNIDO team in three ways with monthly progress reports from the contractor (especially the prefeasibility studies), a series of formal review meetings in Amman (sometimes in the presence of counterparts with ad-hoc meetings as needed) and finally the delivery related reports.

#### Independent Mid Term Evaluation

Between September 2012 and February 2013 an MTR was conducted for the project. The MTR found that; the project was of high relevance to the GOI, there was good national ownership but of the nine key milestones set for the project, the four that had been met were, on average, ten months late. While sustainability was not ensured the evaluation found that the high level of national ownership and commitment would likely promote this.

The MTR concluded that transition issues with the GOI caused significant delays that had had to be accommodated for in the course of the project. Critical adjustments had been made to accommodate the desire for increased participation of local staff and strong support from the various GOI entities involved in the programme was evidenced by their active participation in strategic management. Progress has been

made toward achieving both upstream and downstream components, but much remained to be done before project completion to produce the expected development outcomes.

The MTR recommended that UNIDO increase the engagement of UNIDO's Arabic speaking IZ experts and deliver an IZ training module based on its experience from IZ promotion in other parts of the world.

The MTR recommended jointly to UNIDO and the GOI strengthened coordination efforts with other ongoing efforts such as a project then underway through the OECD.

Finally the MTR recommended both UNIDO and the donor revisit the December 2013 project deadline to ensure that the efforts expended to date had the best chance to achieve real outcomes and be more sustainable

It is assessed that the recommendations were relevant to the project and that at the level of implementation project management did adjust the project to take into account the recommendations. This was achieved through a necessary adjustment of the project timelines, allocation of local coordination staff in the relevant governorates and additional meetings held with the OECD.

## **4.3. Relevance and ownership**

### **Relevance to the GOI**

The project was highly relevant and aligned to the needs of the GOI and the relevance of project outcomes and outputs were enhanced by collaborative project management at all stages with the GOI. The project was viewed as highly relevant by all national partners, particularly regarding the need to encourage investment and develop the private sector.

The project was relevant to national strategies in Iraq. Under Chapter Ten of the MOP's NDP for 2010-2014, the need to combat increasing population growth in Baghdad, Basra and Mosul was outlined which arose as a result of the concentration of economic development. Studies were conducted to surround Baghdad with cities, aiming to attract new population waves, absorb overpopulation, and create a suitable investment environment for new industries. The absence of long-term plans for

regional land use and the lack of industrial or investment zones were outlined as a major limiting factor to the deployment of spatial investments.<sup>14</sup>

The project supports key elements of both the current and proposed updated National Development Plan (NDP). The Strategic Objective from the 2010—14 NDP talks about working to achieve growth by “working to establish a coherent series of economic activities, industrial complexes, and economic free zones across the nation.”<sup>15</sup>

### **Relevance to UNIDO and UN Frameworks**

Relevance to UNIDO was high, given that this project was in line with UNIDO strategic priorities. The project was in line with UNIDO’s strategy towards ISID (inclusive and sustainable industrial development). The IZ project also fell under the UNIDO focus to increase the impact of the development of the private sector on the reduction of poverty. This was done by supporting efforts to improve the business environment and lay the policy and institutional foundations for the development of a vibrant private sector.<sup>16</sup>

The project was also in line with UNIDO’s approach to post-crisis situations as stated below.

*In the phase of rehabilitation and reconstruction, UNIDO will provide services for enterprise rehabilitation in key industrial areas, promoting income-generating activities for specific groups of affected people, [and] supporting institutional capacity-building.”<sup>17</sup>*

The project was, moreover, relevant to the UNIDO themes of Improving industrial governance and statistics; investment and technology promotion; industrial competitiveness and trade; and PSD. These themes form a major part of UNIDO’s involvement in post-crisis countries.<sup>18</sup>

It was clearly relevant to UNIDO’s focus on PSD and built on prior experience in implementing multiple projects in Iraq. These included EDICT, EDIP and IPI which aimed to promote domestic and foreign investment in the SME sector in order to

---

<sup>14</sup> pp150 National Development Plan for the Years 2010-2014

<sup>15</sup> pp 18 National Development Plan for the Years 2010-2014

<sup>16</sup> [www.unido.org/en/what-we-do/poverty-reduction-through-productive-activities](http://www.unido.org/en/what-we-do/poverty-reduction-through-productive-activities)

<sup>17</sup> UNIDO (2005) Strategic Long-Term Vision Statement :

<sup>18</sup> Service Module 4 (Private Sector Development) of UNIDO’s Service Modules as given in the latest Corporate Strategy document

create employment opportunities, build the capacity of Iraqi institutions and provide enterprise-development services to increase the competitiveness of existing SMEs. The creation and expansion of Enterprise Development Units in Iraq under the EDIP and the PSD projects, to support the establishment of new enterprises through legislative assessment, investment mapping and capacity building were also highly relevant to the IZ project.

The project was relevant to UN and GOI cooperation frameworks supporting the results outlined in the UNDAF for 2011-2014, particularly priority 2 the revitalisation of the private sector by targeting SME development. It was also relevant to the overall focus of UNDAF which was to foster national capacity and national leadership of the development process. The project was in line with UNCT approaches working at both upstream and downstream levels with a particular focus on the upstream “to improve legal frameworks”.

The project addressed several key elements of the MDGs through building institutional capabilities and the promotion of income generation and employment creation, though achieving MDGs remain subject to the actual development of IZs. The project was potentially most relevant to MDG eight by developing global partnerships for development. There was a potential for contribution towards the first MDG; the eradication of extreme poverty and hunger with the development of the private sector. The project was relevant to MDG seven; to ensure environmental sustainability, especially through the environmental impact assessments (EIAs) undertaken as part of the feasibility studies.

In the absence of a Basic Cooperation Agreement (BCA), UNIDO relied on external planning frameworks, particularly the UNDAF and NDS to align its activities in Iraq with Government priorities<sup>19</sup>. As a result UNIDO projects worked within various Iraqi Development Strategies and priorities of bilateral donors. At the height of its portfolio UNIDO worked primarily through the United Nations Country Team (UNCT) and the United Nations Development Group Iraq Trust Fund (UNDG ITF)<sup>20</sup>.

### **Relevance to the private sector**

Various representatives from the private sector initially participated in PSC meetings and there was no single identified counterpart until the Board of the Iraqi Federation of Industries was elected. However, the project was reported as extremely relevant,

---

<sup>19</sup> pp 24 UNIDO Country Evaluation: Iraq.

<sup>20</sup> UNIDO) implemented a portfolio of 29 projects in Iraq between 2004 and 2012, working with counterparts in Government and society. The portfolio covered six thematic areas with a total value of almost USD 70 million. UNIDO Country Evaluation: Iraq.

especially with regard to the development of relations between private sector federations and the GOI.

Private sector representatives indicated that while there were a multitude of SMEs these organisations remained weak and the implementation of IZs would actually help empower the private sector through technology transfer, developing relations with international companies, support to cluster development and the development of value chains. IZs could also provide the opportunity for larger companies, both domestic and international, to subcontract from smaller local firms.

### **Ownership**

As indicated clearly by the MTR, ownership was a complicated issue. In some cases, ownership was an enabling progress, while in other cases, it was inhibiting. While strong national ownership of the project is assessed as significantly enhancing the project, the process of establishing that ownership did delay outputs.

Coordination of the various stakeholders has been a key activity for UNIDO and multiple ministries were fully involved in the project from the outset, not only in the management of the project through the PSC, but in providing detailed inputs guiding the projects activities. Both project management and government counterparts indicated that a key success of the project had been focussing multiple ministries divergent agendas. As stated in the report to the PSC of September 2012;

*In order to establish a comprehensive and widely shared approach for supporting the sustainable development of industrial zones in Iraq, UNIDO has engaged with different line ministries, local authorities and private sector organisations in order to ensure consultation with all Iraqi stakeholders*

Multiple ministries have a stake in IZs. These include the MOP, the MIM, the NIC and the Free Zone Commission within the MOF. Municipalities and governorates also have a role to play in IZ management.

Observations of the evaluation team at the PSC and individual FGD with Ministries confirmed a very strong sense of national ownership, though the view that a specific representative from the private sector should have been identified to be part of the PSC from the very outset of the project was put forward.

It was articulated by project partners that the formal ratification an IZ High Commission with the further specification of roles and responsibilities of various

ministries (as recommended by the project) will provide a sustainable institutional framework for supporting the development of IZ in Iraq.

## 4.4. Efficiency

If assessed solely against planned project timelines, efficiency of the project would be assessed as low. While initially planned to end in December 2012, the project was extended, at no cost, until October 2014, a 20 month extension. It is evaluated however that while necessary inputs from the GOI, especially the selection of the second proposed IZ, delayed the project these inputs were key in increasing the relevance, effectiveness and sustainability of the project.

As indicated in progress reports the project took a phased approach sequencing steps so that outputs were mutually reinforcing and interdependent. Further, preliminary activities contributed directly to subsequent ones, such as the review of the legal framework of IZs which contributed to the development of the Road Map. The MTR concluded that given the long delays in accomplishing key first steps, the overall project was impacted by the selection of this approach.<sup>21</sup>

The project worked within frameworks provided by the UNDAF and the GOI. A key focus of the UNDAF was to foster national capacity and leadership of the development process to transition. However changes within the GOI including the creation of a new structure for engagement with international organisations, delayed critical elements of the project including the formal institutionalisation of the PSC. Although the ToR for the PSC was originally submitted to the MOP in July 2011 and the first PSC meeting was held in October of the same year, the PSC was not formally constituted by the GOI until November 2012, when a Council of Ministers' decision was issued formally recognising the existence of the PSC and confirming its membership and mandate.

The security situation prevailing in Iraq at the time of the project was also influencing efficiency, especially towards the later stages of the project. Bottlenecks reported in progress reports and to the evaluation team included the limited ability of national staff to travel freely throughout Iraq, the limited presence of international staff in Iraq and the lack of a permanent presence of UNIDO. Timely recruiting of staff was difficult due to the operating and living conditions for UN staff in Baghdad and Basra. Additionally, there was little relevant up to date information on the status of the Iraqi

---

<sup>21</sup> MTR pp18

economy and of the industrial sector which was a gap that the project had to redress through a series of specific surveys and studies.

Other constraints included the limited capacity within some ministries, the lack of organisation of the private sector and in some cases the initial quality of sub contractors' reports which required significant UNIDO input.

On a positive note the allocation and commitment of a full time international consultant (the IPC) who worked flexibly between Vienna, Amman and who visited Iraq on multiple occasions certainly helped. The fact that the PM in Vienna and the IPC in Amman were the same through the life of the project also enhanced both efficiency and consistency as they retained an institutional memory.

## **Procurement**

Procurement for the IZ project was relatively straightforward with no equipment to be procured. According to procurement in UNIDO headquarters, the roles and responsibilities for procurement were clearly established. International bidding processes were organised according to the UN standard rules for procurement of services.

There were constraints related to procurement of services, and these included the security costs associated with regard to mobilisation of sub contractors and a lack of a constant presence of UNIDO on the ground.

The most significant reported constraint was the time it took the GOI to select the second IZ (Najaf). ToRs for procurement for services to undertake the prefeasibility studies were drawn up and needed to be formally approved by the MOP and the governorates. Associated with this was the fact the project had to go through multiple bidding processes to select the sub contractors for the pre feasibility studies. Of 23 requests for proposals (RFPs) only three responded and of these only two were compliant. This necessitated additional rounds of bidding. The development of SAP was also reported to have been a constraint from the project point of view.

## **4.5. Effectiveness**

The effectiveness of project outputs is considered as high. Effectiveness in terms of achieving the project outcomes and producing the six outputs is analysed below.

## **Output 1: Technical Assistance provided to the Iraqi Government**

The first output of the project was provision of technical support to the GOI to formulate, implement and monitor the establishment of an institutional coordination mechanism for IZ development. Output 1 was one of the key upstream activities of the project and was paramount to effectiveness of the project outcome that the policy, institutional and regulatory environment would be more conducive to IZ development.

Technical Assistance (TA) from UNIDO focussed on the establishment of a working mechanism to manage IZ development and most activities under the first outcome reflected this. Capacity building was an inherent part of this process and to a greater extent all other project outcomes and outputs were established to support this mechanism.

In designing the interagency coordination mechanism the project assessed documentation from the WB, including reviews of institutional frameworks for IZ development.

In order to support downstream project activities, the PSC coordinated the two technical working groups on legal and management issues and the preparation of the road map. An identified need to establish additional thematic working groups was itself a result of the first PSC meeting.

The need for the establishment of an inter-ministerial IZ development committee was formally identified in the third PSC of September 2013 held in Rome. The high level committee would act as an administrative means for the establishment, development and operation of IZ in Iraq as outlined in the road map.

The draft ToR of this committee was prepared by the PMU, submitted to the final PSC of October held in Amman and is currently awaiting submission to the GOI. The ToR for the IZ Committee is assessed as an important contribution to the project providing a concrete administrative means for supporting the establishment, development and operation of IZs in Iraq and supporting the ultimate creation of an Industrial Zones Authority (IZA).



## **Output 2: Assessment of institutional and private sector needs**

The intention of Output 2 was to broadly examine the opportunities and constraints faced by the private sector, especially SMEs to do business in the two selected areas for IZ development. The assessments also aimed to analyse the potential and constraints for IZ in the selected governorates.

The assessments were undertaken through a combination of surveys and interviews. Analysis also included a preliminary desktop review of the WB assessments of the institutional framework pertaining to the development of IZ in Iraq.

The private sector needs assessments together with the industrial surveys were incorporated in the sub contracts for the prefeasibility studies. Although this was necessary due to late service delivery it was considered by project management to promote a more holistic approach.

The private sector needs assessments for environmental, financial, management, and infrastructure requirements were finalised for Najaf and Basra in January and May 2014 respectively. Conclusions included a broad comparison of findings between the two governorates and some of the key findings are outlined below.

Characteristics shared by the governorates included the almost exclusive ownership of small business by men and the relatively small sizes of businesses with less than 10 employees. Around a third of companies were reported as not profitable and the majority cited that while unskilled labour was available labour costs were high while vocational skills were low. The vast majority of companies in both Basra and Najaf viewed the government as not responsive to their needs and corruption for tenders was seen as greater than 50 per cent. Although government corruption was reportedly high, business service provision was negligible and poor infrastructure was seen to be a major constraint to growth.

Both surveys indicated the interest in export as low, though most businesses reported the potential for expansion. Availability of finance was perceived as limited with most businesses using personal savings. Two thirds of businesses in both locations saw no need to borrow though less than a third indicated they had sufficient technology.

On the positive side, more than 90 per cent of businesses in both locations cited the importance of the environment. Proximity to markets was the highest rated factor for both Basra and Najaf. In Basra 39 per cent of those responding answered positively

to whether they would relocate to an IZ in the future if given the chance, compared to 52 per cent in Najaf. Access to land was cited as a key reason.

There were findings that indicated differences between the governorates. In Basra it was reported that insufficient finances were the most problematic issue when starting a business while in Najaf long and complex licensing and registration procedures were the key issues.

### **Output 3: A comprehensive Road Map for the development of IZ is available.**

Outputs were complementary and worked towards Outcome 1; the overall improvement of the policy and institutional framework for the development of IZs. Output 3 was particularly in synergy with output 1 the capacity building of project partners. It is assessed that the development and work based focus of the working groups was an efficient capacity building mechanism especially when coupled with a group management and mentoring approach. Importantly the project did not really create any new structures; rather it used existing government mechanisms and partners.

The road map was summarised by project reports as an ongoing process which would use experiences and lessons learned from the development of the prefeasibility studies. In practical terms, the road map was formulated through meetings of dedicated Working Groups attended by key policy and decision makers in the GOI. The working group on the Road Map met five times. A working group to discuss Legal and Management Issues met 13 times. In addition, six ad-hoc meetings were held particularly with representatives of the MOP.

To support the working groups, three additional thematic workshops were held which focussed on the lessons learned from the exposure to foreign models to elaborate policy-level recommendations and consider adequate management arrangements for the proposed IZ.

In addition there were seven project coordination meetings, (in addition to the formal PSC) which were attended by the Deputy Minister of Planning, the PMAC Advisor, a representative of the Ministry of Industry and UNIDO.

At the broadest level participants concluded that IZ were best undertaken with private sector partners, IZ should have decentralised and empowered management and the development of IZ should be based on a collaborative effort by all concerned Iraqi Ministries.

The road map included chapters on land management, financing, management of IZs and the role of the private sector and had largely been completed by the time of the final evaluation, though there was a view from the GOI that they required further analysis of value chain development within the final chapter. The road map component of the project capitalized on the completion of upstream and downstream outputs and was being formulated in close consultation with Iraqi stakeholders. It encompasses key topics, with a view to providing the GOI with both long-term recommendations and immediate practical solutions

Figure 2: The Road Map for IZ Development



In addition, a draft IZ law was formulated by a dedicated Working Group to improve upon work already undertaken by the WB. The second draft IZ law formulated by a dedicated Working Group was reported by project partners and the donor alike as a significant piece of value added by UNIDO. Counterpart ministries indicated the specific applicability of the draft law, that it was a practical collaborative improvement over previous drafts and that the full adoption of the law was likely.

**Output 4: Increased knowledge of officials for IZ planning, design and management and promotion.**

Initial obstacles to IZ development were assessed by the project as the lack of knowledge regarding IZs, particularly specific laws and policy frameworks, a lack of coordination among government institutions and generally weak consultation mechanisms.

Output 4 was the provision of specific capacity building activities to support particularly output 1 and the overall outcome of the upstream activities. It was also intended to provide the background and knowledge required for implementation at the downstream level.

Capacity-building focused on key GOI officials public and private stakeholders, particularly with regard to IZ planning, design, management and promotion through their participation in study tours which exposed them to international best practices. At the outset of the project a matrix made of a series of technical criteria was developed. Study tour destinations were selected according to their technical relevance from the perspective of policy and implementation in the Iraqi context. Participants reported to the evaluation that the capacity building components enhanced overall knowledge of IZ when they were discussed at follow up workshops where lessons learned were directly incorporated into the road map.

Study tours were undertaken to Jordan, Poland and Italy to expose members of the PSC to relevant foreign experiences in the practical management of IZ. Twenty six participants were selected on the criteria they were high-level federal Ministry officials or representatives of the Governorates associated with IZ planning and development and who were aware of IZ-related issues. Where feasible, participants attended multiple study tours. Thirty five per cent of the participants were involved in two study tours and fifteen per cent participated in all three study tours (see Annex E).

Technical workshops were conducted following the study tours and lessons learned were included in the relevant sections of the road map. Study tours were supported by subject-specific training and workshops approaching key aspects of IZ development. Training included a seminar on IZ planning and design Held in Milan and undertaken in conjunction with the Italian study tour. Training was also held in Baghdad to identify good practice and lessons learned following the study tours to Jordan and Poland to help elaborate policy-level recommendations and adequate management arrangements for the proposed Iraqi IZs.

The lessons learned from the study tours were well documented and focused on the legal, regulatory, institutional and financial frameworks, the management of zones, investment promotion and provision of services. Some general lessons included the requirement for coordination among stakeholders including central government, local authorities, private sector and the universities for the creation and management of IZ was critical. This ultimately included the development of a high level IZ management committee.

A specific legal regime was ultimately necessary for the sustainable development of IZ though a lot could still be done without this through solid partnerships between the public and private sectors. There was also a need for having a clear and appropriate incentive system for companies. The development of zones could also be associated with the revitalisation of SOEs and could support the transition from a planned economy to a market economy. A more comprehensive non exhaustive list of lessons learned and broad recommendations for the GOI were also listed as a result of all the study tours and presented to the PSC.

In order to provide background information and to inform the requirements for the capacity building programme, an assessment of the current state of IZ development was undertaken. This included an assessment of previous interventions, as well as an analysis of the legal regime affecting different aspects of the creation and management of IZ. Additionally a survey of existing IZs in four Iraqi governorates with regard to management arrangements and service provision, to beneficiary companies, was undertaken. Relevant documentation was collected and made available to project partners.

The results of the legislative review were presented to and discussed by the Working Group on Legal and Management Issues. As a result of the review, members of the Working Group requested the drafting of an IZ law. Although not a specified activity in the project document, this was undertaken jointly by UNIDO and the relevant working group and submitted to the PSC for review and submission to the GOI.

A six day training workshop was also conducted in Amman with key project stakeholders from the GOI the private sector and a finance company. Training was provided on the use of the Computer Model for Feasibility Analysis and Reporting (COMFAR) for analysis of PPP and infrastructure projects.<sup>22</sup> Not all the institutions that received training were currently involved in the development of IZ. However, institutions selected were assessed by UNIDO as crucial potential partners for IZ financing in the future and the training module was intended to develop the capacities of the largest possible number of relevant stakeholders.

Outputs of the capacity building supported development of the road map particularly the government led recommendations for an IZ-specific legal and regulatory framework and the establishment of an IZ Committee which would become an advisory and coordination body for IZ development in Iraq.

---

<sup>22</sup> An output of the training (for UNIDO) was a reported need to improve the fourth version of COMFAR to allow more sophisticated appraisals of complex infrastructure and industrial projects.

## **Output 5 and 6: Analysis of industrial structures and implementation of two Pre-feasibility studies**

Outputs five and six were established at the downstream level to operationalise and support the projects policy level upstream components within the two governorates selected by the GOI.

Completion of an industrial survey in two locations was undertaken as a prerequisite to the the preparation of detailed prefeasibility studies and Outputs 5 and 6 were combined into one output (under two separate activities) and separate but complementary TOR were drawn up for each activity.

### Industrial Survey

The Mapping and analysis of existing IZ: consisted of a desk based analysis derived from existing literature on IZ in Iraq and policy statements of the GOI and a survey undertaken on five free, Investment and Industrial Zones in the Basra, Erbil, Baghdad and Al-Anbar Governorates.

The Industrial survey assessed the existence, regulation, management and operating advantages of current 'IZ' in Iraq finding that they were neither regulated, nor managed. Only 'Free Zones' had a well-defined geographical dimension and were regulated and managed. It was determined all the other surveyed IZ were in practice only groups of firms established in areas surrounding cities. Bottlenecks included poor infrastructure, the lack of representative and effective intermediary institutions and service providers to help turn industrial clusters into managed IZs, the general overlap and confusion regarding the Investment Law with the Industrial Investment Law, and the persistent centralisation of functions and competences for the creation of Investment Zones under the Central Government (the NIC).

However many firms (particularly in the manufacturing sector) were considered to have a good potential to grow and develop, especially if adequate funding and cooperation opportunities could be made available.

### Prefeasibility Studies

While the prefeasibility assessment for Al Faw was a prerequisite of the project and a specific request from the GOI, the selection of Najaf as the second potential IZ took further time and was not finalised until January 2013.

The pre/feasibility studies for Najaf and Basra included a SWOT analysis, the private sector needs assessment (discussed separately) and global market trends to assess the future potential competitiveness of the potential IZs. EIA were considered throughout the reports and the environment chapter of the feasibility studies are discussed under crosscutting issues of this report. UNIDO work in Basra also complemented the 2010 Feasibility and Development Plan conducted by the WB.

The analysis of current infrastructure in the plans examined proximity to markets and raw materials, transportation facilities, access to labour and a specific set of recommendations for the actual required infrastructure for the IZ layout. The studies also included a review of potential institutional management models including capacity building plans, detailed organigrams and lists of the staff actually required. The reports recommended establishing a state owned company in the interim before moving to a more ideal private-public partnership approach.

Financial analyses were detailed and included a phased approach and considered the land management requirements for both industrial and support based facilities (such as administration and security). Investment costs were considered for all on-site infrastructures but excluded off-site infrastructure requirements. Costs of infrastructure elements within the zone were based on nearby regional models like Saudi Arabia and built on the findings of the Iraqi market assessments. Financing options were considered with the report giving a specific series of possibilities ranging from public sector financing through commercial loans, central government budgets or loans from a government financing body. Revenues projection included analysis of rents and service charges to companies and potential revenue generation. Manpower costs for running the zone were considered as were general and administrative costs. The chapter concluded with an analysis of cash flows, a financial feasibility analysis and the direct and indirect socio-economic effects of foreign and domestic investment.

As part of the prefeasibility studies (within the market assessment) specific industries were commended for the two governorates. For Najaf the priority industries focussed on the following:

1. Food and Beverage Processing;
2. Packaging;
3. Pharmaceutical Products;
4. Handicrafts: Toys, Jewellery, Glass, Ceramics, Tiles, Furniture;
5. Textile;
6. Transportation and Logistics.

Other industries such as construction and building materials were considered industrial with a high environmental impact and would not be recommended to operate in Najaf.

For Basra recommendations included

7. Trade, Transportation and Logistics.
8. Business, Financial and Related Services.
9. Construction Services.
10. Construction and Building Material.
11. Food and Beverage Processing (Dates).
12. Packaging.
13. Petrochemicals and Natural Gas.
14. Metals, Machinery and Equipment.
15. Pharmaceuticals.

The prefeasibility study for Basra and the feasibility study for Najaf both concluded there was a genuine need for an IZ with demand from both local and international investors.

For Najaf it was concluded the IZ would be non-polluting in nature and interviews showed the necessity for industrial development in the area and the relevance of the development of an IZ. This was reconfirmed by the independent evaluations discussions with the Najaf Governorate. The proximity to the Najaf municipality providing access to the services and the nearness to labour, infrastructure and markets were seen as added advantages for Najaf.

With the completion of the industrial surveys and the prefeasibility studies a significant amount of information has been provided to the project beneficiaries both at a general level to inform decision making, especially regarding the potential role of the business intermediary and advocacy institutions and the tools to concentrate efforts for eventually turning groups of firms into structured IZ. This has been complemented by more specific practical recommendations contained in the pre/feasibility studies which were the most significant output of the project. The pre/feasibility studies have given all the information necessary for the Governorates to allocate budgets to actually implement the IZs.

Prior to the selection of Najaf for the development of an IZ it was anticipated downstream elements would be most pertinent for the expected pilot zone in Al Faw. However it has been recognised that the Basra Al Faw site needed several years to commence due to extensive infrastructure requirements and the prefeasibility study suggested alternative sites could be immediately considered.



For Najaf a full feasibility study was undertaken due to the fact that Najaf had already started designing an IZ and to a great extent the geographical layout and the types of industries were already defined. It was reported by the Najaf Governorate (at the time of the evaluation) that pending budget allocation the development of an IZ would commence 'in the near future'. The amount of information provided by the feasibility study was directly attributed to this decision and the Governorate reported that budgets would be found nationally, locally or if necessary from external sources.

#### Use of the Media

The project used the media relatively effectively, the commencement of the project was indicated on UNIDO and donor websites and the press in both Amman and Iraq published multiple articles on the progress of the project. The project did not have a specific website but it did provide a basic project fact sheet that was distributed to organisations that were relevant to the project.

Table 3: Independent evaluations measurement of achievements against the Logical Framework

Narrative summary	Measurable Indicators	Means of verification	Independent Evaluation Assessment
Outcome 1. The policy, institutional and regulatory environment is more conducive to industrial zone development	Specific IZ management process, law and guidelines in process of being formalised with GOI.	Minutes, Reports, ToR, Road map	The holistic approach of upstream and downstream activities has enhanced local capacity to develop and manage IZ. However implementation is needed
Output 1.1. Technical support is provided to Iraqi Government to formulate, implement and monitor the establishment of an institutional coordination mechanism for IZ development	The establishment of the PSC and its institutionalisation through a Ministerial Decree.  A coordination mechanism is in place with broad representation from the GOI, the Donor and UNIDO.	PSC minutes  ToR for IZ High Commission	Complete but next step is High Commission whose ToR has been submitted to PM office and Council of Ministers by MOP as per the minutes of the final PSC.
Output 1.2. An assessment of institutional and private sector needs to assist GOI to properly design policies and strategies for IZ are in place.	Five locations) Erbil Basra Anbar Baghdad (with the addition of Najaf) were part of the IZ mapping.  PS needs assessments completed for Najaf and Basra as Govt selected IZ priority locations	Reports	Detailed reports have been compiled and submitted to the PSC and were used to design strategies for IZ implementation.

Table 3 (Continued)

Narrative summary	Measurable Indicators	Means of verification	Independent Evaluation Assessment
<p>Output 1.3. A comprehensive Road Map for the development of IZ is available.</p>	<p>Road Map available</p>	<p>Chapter 1 Land management, Chapter 2 Financing Chapter 3 Management of IZs Chapter 4 Private Sector</p>	<p>Chapters 1 and 2 and Chapters 3 and 4 respectively endorsed in March and December 2014 by PSC members. Chapters have been compiled into one document.</p>
<p>Output 1.4. Increased knowledge of officials for IZ planning, design, management and promotion</p>	<p>Officials actively input into IZ planning design &amp; promotion</p>	<p>3 study tours</p> <p>A capacity development programme focusing on IZ financing (several training sessions held in Amman)</p> <p>Creation of two working groups, 1) Legal and management, 2) Road map.</p> <p>Multiple operational WG meetings in Baghdad</p> <p>WG outputs included a detailed legislative assessment.</p>	<p>Complete. It is independently evaluated officials were highly committed to the training and management structures provided. and there was an increased knowledge base for project counterparts to plan, manage and finance IZs.</p>

Table 3 (Continued)

Narrative summary	Measurable Indicators	Means of verification	Independent Evaluation Assessment
<p>Outcome 2: Strengthened basis for economic recovery in two selected areas of Iraq</p>	<p>Needs identified</p> <p>Availability of information and awareness of process increased.</p> <p>Clear commitment from local authorities</p>	<p>Market assessments</p> <p>Prefeasibility and feasibility studies</p>	<p>The provision of detailed sector relevant information, ToR management structures and action plans has provided a framework for potential economic recovery in two areas. However implementation is needed to test the 'basis'.</p>
<p>Output: 2.1. An analysis of industrial structure in the two selected areas (including the one of Al-Faw port) to assist the preparation of detailed prefeasibility studies completed</p>	<p>Analysis of industrial structure in Basra and Najaf completed in Feb and May 2014.</p> <p>Market assessment.</p>	<p>Available Reports</p>	<p>This was incorporated into the prefeasibility studies, reports are available and they have been submitted to the PSC for approval and forwarding to the GOI</p>
<p>Output 2.2. Pre-feasibilities carried out in two selected areas for IZ creation (including the area of Al-Faw port</p>	<p>Prefeasibility complete for Basra Al Faw October 2014.</p> <p>A full feasibility report for Najaf was possible as the Governorate had already selected a potential IZ, its location and industries.</p>	<p>Available Reports</p>	<p>Comprehensive prefeasibility studies completed for Basra and Najaf and endorsed by PSC. There is a need for the PSC to officially send them to concerned governorates, to be promoted as investment opportunities and form the basis for request for special budget allocation</p>

## **4.6. Impact**

Assessing the impact of the project is complicated by the fact there has not been any direct implementation of an IZ. The project objective to enhance investments to create employment opportunities, generate income and alleviate poverty cannot be measured unless there is the development of an IZ based upon the projects upstream and downstream activities. The highest level objective of the project has simply not been attainable within the project's timeframe, with the time constraints imposed by the GOI and a lack of specific investment.

It is assessed that without the significant and developing security crisis, a firm financial commitment from the GOI to develop IZ and UNIDO interactions with multiple domestic and foreign investors the investment climate would have been enhanced during the life of the project.

While long term impact is not guaranteed, the potential future impact of the project remains significant. This was also indicated by the MTR. The holistic approach of the project offering support at the policy level coupled with practical training and the development of implementation methodologies at the downstream level has provided a detailed methodology and the information necessary for the GOI to independently implement IZ.

## **4.7. Crosscutting issues**

### **Environmental impact**

The project fully considered potential environmental effects from the outset and this was referred to in the initial project document and the inception report. Indeed safeguarding the environment was specifically cited by UNIDO as one of the main reasons for the creation of IZs.

The environmental implications of the development of IZ were considered throughout the prefeasibility reports provided to the GOI. The major potential impacts of the development of IZ were related to air quality, noise and vibrations, topography and land, soils, water resources, aesthetics and visual impacts, the biological environment and waste generation. ToR for the pre/feasibility studies included an environmental component.

The detailed feasibility study for Najaf and the prefeasibility study for Basra included a preliminary EIA which assessed the potential environmental impact of the project,

identified mitigation measures and considered ways to enhance environmentally positive impacts. A specific chapter in both reports considered water and biological resources, a public health assessment, a cultural resources assessment, socio-economic conditions and soil conditions.

The Pre/feasibility studies encompassed a comprehensive environmental analysis including the recommendation of environmentally appropriate industries and the requirement for further EIA managed by appropriate authorities during the actual development of the IZ.

Market assessments undertaken for Basra and Najaf also had an environmental focus.

## **Social impact**

It is not possible to evaluate the broader social impact at this stage of the project. While the project documents outline broad potential socio-economic benefits in the creation of SMEs and the associated impact this would have on LED, families and broader poverty reduction, as there has currently been no development of IZs, these effects have not materialized.

The potential social impact of the project has been considered both in the project documents and the projects specific outputs. The prefeasibility study for Basra and Najaf indicates that from the government perspective social impact is as important as environmental impact and as such the assessments are coterminous throughout much of the report. Social impacts are mainly defined as being positive by the clustering and proper management of industries within the IZs.

## **Gender**

Multiple analyses by UNIDO including thematic reviews on post crisis projects and country specific evaluations (including that for Iraq) indicate that the role of women is critical in poverty reduction strategies and this was also part of the projects overarching objective. Other UN agencies, including the International Labour Organisation (ILO) have indicated that IZs can be huge employment generators, particularly for women in developing countries.

The project document indicated that emphasis would be given to gender equality. However, while project management reported they actively promoted the involvement of women in the project either as partners or contributors to the PSC

and Working Groups and as beneficiaries of trainings, efforts to include more women in training programs were constrained by the make-up of the candidates put forward by the GOI. Women's overall participation was also ultimately reported as quite low as few women held decision-making positions in the project areas of work. Consequently, the goal of fifty percent of training and capacity building for women was reduced to 30 per cent.

## **4.8. Sustainability**

Regarding sustainability, necessary 'post project' developments were listed in the final PSC as the creation of the high-level IZ committee, adoption of the draft IZ law, adoption of the road map in the Iraqi policy framework, and promotion of the Basra and Najaf zone projects.<sup>23</sup> The two feasibility studies need to be officially sent to the concerned governorates where they can be promoted as investment opportunities and used as a basis to request special budget allocation. It is anticipated by the project and the GOI that these promotion efforts will ultimately be extended to the whole country.

The development of IZs remains a clearly stated development priority of the GOI. Both Najaf and the KRG indicated they were going to develop their IZ and would be using the projects methodologies and in the case of Najaf directly utilising the feasibility study.

The project enhanced the likelihood of sustainability by working very closely with the GOI and building on the knowledge acquired from other projects such as the WB. Members of the PSC which included many key advocates and policy makers (e.g. the MOP) were optimistic about the continuity of the projects outputs. This was a result of UNIDO's close partnership with the GOI and that to some extent it was operating as a service provider to what the Government had itself requested under its own national development priorities. Project partners stated they had a series of tools at their disposal and it was now their responsibility to implement.

Despite the positive assertions of project partners, there are remaining constraints. Recent unpredicted security and political developments could affect the allocation of budgets. Specific examples were cited by the KRG which had not received its 17 per cent budget allocation from the federal government. A second example was the development of the port facilities at Al Faw where despite the fact that the work has been awarded to seven international consortiums the anticipated contract for the end

---

<sup>23</sup> Presentation to the final PSC

of 2014 had not yet been signed and new contracts for the port facility were reportedly on hold.

Additionally the passing of legislation was reported as a complex and lengthy process and that there were potentially vested interests to accommodate and the private sector remains weak and fragmented. Many of these factors are outside the control of UNIDO.



# 5. Conclusions, recommendations and lessons learned

---

## 5.1. Conclusions

The IZ project in Iraq was designed to assist the GOI in its efforts towards enhancing investment through the creation of a clear framework for the development of IZ. At the upstream level the project worked with key Ministries and partners to improve the regulatory and institutional environment for IZ development. This was supported by downstream elements which established the basis for economic recovery in two governorates and specifically implemented project methodologies in management, planning and the creation of the guidelines for IZ implementation which remain the ultimate responsibility of the GOI.

Six outputs supported the project's upstream and downstream outcomes. These focussed on the establishment of a coordination mechanism for IZ development, using identified needs of institutions and the private sector to develop a road map and increase the overall knowledge of officials for IZ development. To support potential implementation the project undertook detailed industrial and pre/feasibility studies in Najaf and Basra

The project built on work undertaken in Iraq by other organisations such as the WB and UNIDOs own extensive experience in Iraq. There was a disconnect between the projects overall development objective to actually enhance investments and create opportunities for employment and the actual work undertaken. However, the potential to meet the projects objective has been created. The capacity of the GOI has been enhanced, they have received the training, knowledge and tools to better prepare them to implement IZ and key ministries have currently reached consensus on the way forward. There remains work to be done by the Government not the least of which is the application of methodologies to the development of specific IZ, but the Governorate of Najaf, the KRG and the Ministries remained optimistic that IZ would be implemented under the Governments own national development priorities and within the frameworks suggested by the joint GOI/UNIDO recommendations.

Despite the independently evaluated success of the project there were some difficulties during planning and implementation. While the role of women was articulated in the project document as being fully inclusive during planning and implementation only a small number of women attended the study tours due primarily

to project beneficiaries being selected by the GOI. Due to the fragmented nature of the private sector in Iraq difficulties were also faced by the project to identify appropriate nationally representative counterparts. Both these primary beneficiaries would need fuller consideration during the GOIs development of IZs.

Multiple ministries had a vested and sometimes divergent set of interests in the development of IZ and one of the key successes of the project was in aligning a disparate set of political interests into a common focus and framework. It was the thorough involvement of the Ministries that both provided the primary opportunities and ultimate constraints for the project. By involving the ministries at every stage of the project planning and implementation, effectiveness, impact and the potential for eventual sustainability were improved.

Ultimately the project has created a process and the framework for implementation but the responsibility and decision to implement lies solely with the GOI. Without further involvement of UNIDO and the practical application of downstream components at least at the pilot level, the achievements and momentum created by the project remain at risk.

## **5.2. Recommendations**

Regarding the ToR's requirements, recommendations focus primarily on project identification and formulation, efficiency, effectiveness, impact and sustainability. It is not possible to evaluate against the projects stated development objective without implementation of an IZ so recommendations relate to outputs and outcomes.

The following recommendations are directed to UNIDO.

### **Project identification and formulation**

- When UNIDO has significant in-country experience UNIDO should use this knowledge to help identify appropriate private sector counterparts during the project design stage.
- Objectives, outcomes and outputs in the preparation of LFs and project documents should be clear and must fully consider risks and potential constraints to the timeliness of delivery.
- Overall outcomes and project .outputs must be clearly linked to the development objective.
- UNIDO should adopt a more systematic approach to gender equity and envisage assigning a gender focal point for project design. This could incorporate the Ministry of Women's Affairs into early programme design, to address gender strategy and opportunities that are consistent with Government's priorities.

## **Coordination and Management**

The following recommendation relate to UNIDO.

- Identification of counterpart private sector associations at the outset of implementation are necessary

## **Efficiency**

- It is recommended UNIDO consider a permanent ground presence in Iraq. This would both facilitate local relationships with Ministries and facilitate quality control of local project outputs.

## **Effectiveness**

Recommendations on effectiveness relate to UNIDO

- When projects work at the policy level, UNIDO needs to consider the possibility that legislative development may be required

## **Impact and sustainability**

Recommendations regarding impact and sustainability relate to UNIDO and the GOI.

- It is recommended that UNIDO and the GOI actively pursue further funding for follow up activities. A further phase of the project should focus on the pilot implementation of an IZ based on the road map and best practice implementation methodologies such as the prefeasibility studies already submitted to the government. Having broadly established the national upstream components and the downstream methodologies UNIDO could work at a more decentralised level at the technical level directly with a selected governorate.
- The GOI in partnership with UNIDO should clearly articulate a work plan with a definitive timeline (where possible) for the necessary follow up to the IZ project. This would assist in the allocation of human resources from associated UNIDO projects following the termination of the IZ project.
- UNIDO has amassed a significant wealth of data on conditions of IZ in the GOI. UNIDO should compile a final report which incorporates key project activities, implementation findings, lessons learned, gaps identified and recommendations for follow up. This should be translated into Arabic and provided to project partners in the federal government, the KRG and governorates.
- The GOI should submit the draft ToR for the IZ High Level Committee which is already endorsed by the PSC to the Council of Ministers.

- The prefeasibility study for Basra and the feasibility study for Najaf formally endorsed by the PSC should be submitted to the concerned governorates.
- The PSC should submit the Draft IZ law to the relevant sections in the GOI
- In order to realise the achievements of the upstream and downstream components the GOI needs to commit resources to the development of an IZ. Resources also need to be committed from the governorates and the KRG.

### **5.3. Lessons learned**

ToR for the evaluation outline the importance of lessons learned and their wider applicability to UNIDO. The intention is to assist UNIDO and the GOI shape their strategies in future cooperation projects.

Based specifically on the findings of the IZ project evaluation the following lessons were evident and relate particularly to initial project formulation, effectiveness of implementation, impact and sustainability.

- The formalisation of implementation arrangements between UNIDO and counterparts such as a PSC is essential. This promotes ownership, encourages efficiency and effectiveness and enhances the prospect of sustainability.

## Annex A: Project Logical Framework

<b>Project Title:</b>	<b>Industrial Zones Development Project for Iraq</b>							
<b>NDS/ICI Priorities</b>	<p>NDS: Revitalizing private sector</p> <p>ICI Benchmarks (as per the Joint Monitoring Matrix 2008):</p> <p>4.3.2 Create an enabling environment for private investment and job creation</p> <p>4.4 Build human capital necessary to sustain growth</p> <p>4.4.1.1 Eradicate Extreme Poverty and Promote Area Based Development</p> <p>4.4.1.2 Reduce unemployment by one half and double labor force participation for women</p>							
<b>UNDAF Priorities</b>	<b>UNDAF Outcome 2: Inclusive, more equitable and sustainable economic growth</b>							
<b>Objective</b>	Enhance investments in the country in order to create employment opportunities, generate income and alleviate poverty, and contribute to accelerated economic development of Iraq.							
	<b>Outcome 1:</b> <b>The policy, institutional and regulatory environment is more conducive to industrial zone development</b>							
<b>Outputs</b>	<b>Activities</b>	<b>UN Agency</b>	<b>Partner</b>	<b>Indicators</b>	<b>Source of Data</b>	<b>Baseline Data</b>	<b>Indicator Target</b>	<b>Assumptions</b>
1.1 Technical support is provided to Iraqi Government to formulate, implement and monitor the establishment of an institutional coordination mechanism for industrial zone	<p>1.1.1 Organize study tours abroad for staff of the Industrial Zone Body and other cooperating governmental institutions to industrial parks, e.g., in Middle East and Asia</p> <p>1.1.2 Design in detail an</p>	UNIDO	MoP, MoIM, NIC, KRG	<p>PSC formation completed and adopted</p> <p>Participation of key national stakeholder in the project steering committee</p>	Project records	No coordination mechanism available	PSC formed	<p>Counterparts are participating fully in the project.</p> <p>Functional government in place.</p>

development.	<p>inter-agency coordination mechanism to give guidance to Iraqi Government</p> <p>1.1.3. Present options for inter-agency coordination mechanisms to the Government of Iraq for approval</p> <p>1.1.4 Review documentation from WB on assessment of institutional framework for industrial zone development in Iraq.</p> <p>1.1.5 Analyse the above documentation for possible gaps with regard to project requirements</p> <p>1.1.6 Provide recommendations to GoI on the gap readdressing</p>							Security situation enabling for project implementation.
1.2 An assessment of institutional and private sector needs to assist GoI to properly design policies and strategies for industrial zones are in place.	<p>1.2.1 Review available surveys from the Iraqi government</p> <p>1.2.2 Design a survey to identify the needs of SMEs in selected areas</p> <p>1.2.3 Carry out survey</p>	UNIDO	MoP, MoIM, NIC, KRG, IFI,	<p>- Number of assessments of institutional and private sector needs completed</p> <p>- Industrial Zone mapping in selected areas completed</p>	Assessment reports  Project records	No assessment available	Assessment reports completed	<p>Functional government in place and participating in project activities.</p> <p>World Bank document on industrial zones</p>

	<p>1.2.4 Analysis of results and presentation to the Iraqi government</p> <p>1.2.5 Mapping and analysis of industrial zone establishments in cooperation with the Iraqi counterparts</p> <p>1.2.6 Analysis of stratified samples drawn from the above study</p> <p>1.2.7 Present the results to the government of Iraq</p>			- No. of comprehensive analysis of selected cases of industrial zone completed				<p>made available.</p> <p>Security situation enabling for project implementation.</p> <p>Private sector interested in involving in project activities including surveys and interviews.</p>
1.3 A comprehensive <i>Road Map</i> for the development of industrial zones is available	<p>1.3.1 Preparation of a draft national road map for industrial zones in Iraq (through review/analysis of previous work and verification through workshops) .</p> <p>1.3.2 Determination of Iraqi technical assistance needs for the implementation of the road map.</p> <p>1.3.3 Peer review by stakeholders (including donors)</p>	UNIDO	MoP, MoIM, NIC, KRG, IFI	Road map for industrial zone development is completed	Project records <i>Road Map</i>	No <i>Road map</i> available	<i>Road map</i> completed	<p>Functional government in place and participating in project activities</p> <p>Appropriate industrial zones management and coordination mechanisms put in place by GoI.</p> <p>Security situation enabling for project</p>

	<p>1.3.4 Presentation of the draft national road map to the Iraqi government for review and approval</p> <p>1.3.5 Promotion of the draft national road map to all stakeholders</p>							implementation.
1.4 Increased knowledge of officials for industrial zone planning, design, management and promotion	<p>1.4.1 Advise IZ body on management procedures and job descriptions of management and support staff for industrial zone operations</p> <p>1.4.2 Assist IZ and other cooperating institutions staff to organize and hold awareness and promotional workshops for potential zone tenants (identified during the first phase: market analysis) to determine their requirements</p> <p>1.4.3 Train IZ staff on marketing practices to promote the industrial zones nationally and internationally</p> <p>1.4.4 Train IZ staff on the</p>	UNIDO	MoP, MoIM, NIC, KRG	<p>No. of governmental official (male/female) trained</p> <p>% of trained officials (male/female) participating in development of industrial zones</p>	Project Records	0	<p>Number of trainees 2011 (TBD)</p> <p>80%</p>	<p>Functional government in place and participating in project activities.</p> <p>Government officials designated by counterpart officials to take part in training activities.</p> <p>Security situation enabling for project implementation and relevant travel requirements for training activities.</p>



	<p>organization of financial appraisal of investment projects and monitoring.</p> <p>1.4.5 Advise IZ management and other cooperating institutions on investment promotion activities and provide job descriptions of specialized staff.</p> <p>1.4.6 Train IZ staff on COMFAR</p> <p>1.4.7 Expose the IZ bodies to EDIP methodology for establishing, sustainably operating enterprise development units within IZ</p>								
		<b>Outcome 2: Strengthened basis for economic recovery in two selected areas of Iraq</b>							
<b>IP Outputs</b>	<b>Activities</b>	<b>UN Agency</b>	<b>Partner</b>	<b>Indicators</b>	<b>Source of Data</b>	<b>Baseline Data</b>	<b>Indicator Target</b>	<b>Assumptions</b>	
2.1 An analysis of industrial structure in the two selected areas (including the one of Al-Faw port) to assist the preparation of	2.1.1 Design an industrial survey in the two selected areas (including level of infrastructure, number and	UNIDO	MoP, MoIM, NIC,	Analysis report completed	Project reports Analysis report	No analysis report	Analysis report completed	Functional government in place and participating in project activities.	

<p>detailed prefeasibility studies completed.</p>	<p>nature of enterprises, local entrepreneurship, local resources and markets)</p> <p>2.1.2 Implement survey in the two selected areas</p> <p>2.1.3 Analysis of the results and submission to Iraqi Partners</p>		<p>KRG, IFI</p>					<p>Local authorities cooperating with UNIDO and sub-contractors to enable survey and related analysis to take place.</p> <p>Security situation enabling for project implementation and access of sub-contractors to data and focal points.</p>
<p>2.2. Pre-feasibilities carried out in two selected areas for IZ creation (including the area of Al-Faw port)</p>	<p>2.2.1 Carry out pre-feasibility studies for establishing two industrial zones in two selected areas. This will include:</p> <p>a) Main construction determinants</p> <p>b) Size of the site</p> <p>c) Site specification</p> <p>d) Site design and layout (preliminary Civil and Architectural design, preliminary civil works design)</p>	<p>UNIDO</p>	<p>MoP, MoIM, NIC, KRG</p>	<p>No. of pre-feasibility studies completed</p>	<p>Project Records</p> <p>Pre-Feasibility studies</p>	<p>2</p>	<p>4</p>	<p>Functional government in place and participating in project activities.</p> <p>The relevant legal frameworks are in place to enable establishment of these zones following pre-feasibility studies.</p> <p>Security situation enabling for project implementation.</p>

	<p>e) Road ways  f) Common service and utilities  g) Pre-built factories and multi-storey facilities  h) Phasing of development  i) Cost estimation</p> <p>2.2.2 Coaching and mentoring Iraqi counterparts to be able to carry out the pre-feasibility activity independently</p> <p>2.2.3 Submission to Iraqi Partner</p>							
--	--	--	--	--	--	--	--	--

## Annex B: List of individuals interviewed

Name	Job title/Position in company/organisation	Name of company/organisation
Vienna		
Tidiane E. Boye	Programme Manager, IZ Project	UNIDO Vienna (Formerly Industrial Development Officer, Investment and Technology Unit- ITU)
Lamis Kabalan	Programme Officer Arab Bureau	UNIDO Vienna
Siham Chafak	Investment Promotion Officer for Iraq, PSD Development	UNIDO Vienna
Stefan Kratzsch	Industrial Development Officer, ITU	UNIDO Vienna
Natalie Maabdi	Procurement Branch	UNIDO Vienna
Iva Bernhardt	Evaluation Officer, UNIDO Evaluation Group	UNIDO Vienna
Massoud Hedeshi	Evaluation Officer, UNIDO Evaluation Group	UNIDO Vienna
Amman		
Guglielmo Giordano	Senior Officer, Italian Cooperation for Development	Donor representative
Maximilien Pierotti	International Project Coordinator, IZ Project, UNIDO Programme Officer fro Iraq	UNIDO, Amman
Asif Hasnain	UNIDO/Senior Economic Development Expert	Consultant, UNIDO, Amman
Arup Baruah	Senior Enterprise Development & Investment Promotion Specialist	UNIDO, Amman
National Project Personnel and PSC Counterparts from Iraq		
Essa Al-Jewahiri	National Industrial Development Expert	UNIDO IZ and IPI Project Iraq
Sami Al-Kasspetrous	Deputy Minister of Planning	Ministry of Planning, Republic of Iraq
Ali Omran Al-Anbari	Prime Minister's Advisory Commission (PMAC) - Advisor	PMAC, Republic of Iraq

<b>Name</b>	<b>Job title/Position in company/organisation</b>	<b>Name of company/organisation</b>
Jebur Obada	First Deputy Governor	Najaf Governorate
Noori Saleem	Deputy Director General	Ministry of Planning, Republic of Iraq
Assad Rashid	Al-Faw Port Project Manager	Ministry of Transportation, Republic of Iraq
Abdul-jabbar Al-Baker	Former Advisor	Ministry of Industry and Minerals, Republic of Iraq
Mohammed Abood	Director General of Industrial Development	Ministry of Industry and Minerals, Republic of Iraq
Dr. Nawandale Abdulrazzaq	Head of Board, Ministry of Trade and Industry	Kurdistan Regional Government, Republic of Iraq
Riadh Almahroos	Member of the Board	Iraqi Federation of Industries
Eng. Abbas Al-Elyawi	First Deputy Governor	Najaf Governorate
S. A. Hussein	General Director of Planning	Ministry of Transportation, Republic of Iraq
Dhiya Al-Baghdadi	Director General of Municipalities	Ministry of Municipalities and Public Works, Republic of Iraq

## **Annex C: Guides for FGD**

### **ALL PROJECT MANAGEMENT AND PARTNERS, BENEFICIARIES, DONORS & RELEVANT ORGANISATIONS**

#### **Open Discussion**

##### ***Consider overall successes and bottlenecks.***

1. How and why was the project prepared?
2. How relevant is the project considering the needs of Iraq
3. How efficient has the project been in its use of human and material resources
4. Looking at the individual outcomes and outputs has the project been effective and how?
5. Did Outcomes meet the Project Objective
6. What were the particular successes and were there any bottlenecks or problems
7. What kind of impact has the project had
8. Is it sustainable post UNIDO
9. Were the specific needs of women considered throughout the project
10. Were the specific needs of the environment considered throughout the project
11. What lessons were learned and what useful recommendations could come out of the project

## **PROJECT MANAGEMENT**

### **General guideline questions for UNIDO and National Management (PSC and Technical Working Group)**

1. To what extent was the project formulated and implemented collaboratively with national institutions and what has been their input?
2. Were funds available as expected (donor/govt/UNIDO)
3. To what extent were the individual recommendations from the MTR of December 2013 implemented;
4. Was national management and overall field coordination of the project efficient and effective;
5. Have UNIDO based management, coordination, quality control and input delivery mechanisms been efficient and effective;
6. Was M&E and reporting carried out effectively, (based on indicators for outputs, outcomes and objectives) and used by the PSC and UNIDO for adaptive management;
7. Were changes in planning documents during implementation approved and documented;
8. Were the individual activities outlined in the project document implemented in a timely manner against work plans etc.
9. Has coordination with any other development cooperation programmes in the country been realised and benefits achieved.
10. What synergy has been found in relation to other UNIDO activities either in country or in similar projects globally?
11. Is the project sustainable (regarding government budgets plans and ownership)
12. What were the lessons learned

## **PROCUREMENT (EFFICIENCY)**

### **General guideline questions for small FGD or individuals**

#### **Project Overview**

1. If any, what were the main bottlenecks / issues in the procurement process? Did any of these bottlenecks affect the efficiency or effectiveness of the project and which part(s) of the procurement process could have been streamlined or simplified?

#### **Timeliness and efficiency**

2. Was the procurement timely for all types of goods and if not what were the delays and reasons
3. Was the freight forwarding timely and within budget?
4. Was the customs clearance timely?
5. How long time did it take to get approval from the government on import duty exemption
6. To what extent were roles and responsibilities of the different stakeholders in the different procurement stages established, adequate and clear?
7. To what extent there was there an adequate segregation of duties across the procurement process and between the different roles and stakeholders?
8. How was responsibility for the customs clearance arranged and was it timely?

#### **Local/International Suppliers**

9. To what extent were suppliers delivering products/ services as required?
10. Were the transportation costs reasonable and within budget.
11. Were the procured goods/services within the expected/planned costs?

#### **Quality and Quantity**

12. To what extent were the procured goods of the expected/needed quality and quantity?

#### **Lessons learned?**



## **Private Sector Development (Effectiveness)**

### **General guideline questions for UNIDO and National Management (PSC and Technical Working Group including the private sector)**

1. How has PSD been promoted (e.g. industrial upgrading; cluster development; value chain development; entrepreneurship; etc.)? Did this modality fit the project purpose and objectives?
2. Did the project work at the macro, meso and/or micro level? Were the choices made appropriate?
3. Have private sector institutions/associations been involved in the project design and implementation?
4. Did the project address production and market issues in a satisfactory manner?
5. Have beneficiary companies been selected based on transparent, fair and appropriate criteria?
6. Has the issue of possible market distortions been considered and what are they?
7. To what extent have private companies been subsidised by the project?
8. Are companies paying for services rendered or equipment obtained?
9. If the project has worked with a limited number of selected companies, can the results be expected to be replicated to achieve higher impact?
10. Have linkages to financial institutions been established?
11. Can enterprise effects be expected to lead to socio-economic impact such as employment or income generation, gender equality and poverty reduction?

## **Industrial Zone Development (Effectiveness)**

### **General guideline questions for UNIDO and National Management (PSC and Technical Working Group including the private sector).**

**These also relate closely to the project outputs**

1. Were assessments of institutional and private sector needs to assist GOI to properly design policies and strategies for industrial zones completed?
2. Has an inter agency coordination mechanism been created
3. Was industrial zone mapping in selected areas completed?
4. Was a market and SME analysis undertaken
5. Were there comprehensive analysis of selected cases of industrial zone (IZ) completed, and if yes, how many?
6. Was a national road map for industrial zones development in Iraq completed?
7. How many government officials (IZ staff) were trained on marketing practices to promote the industrial zones nationally and internationally?
8. Were the trained officials participating in the development of industrial zones in Iraq?
9. Was an analysis report completed of industrial structure in the two selected areas to assist the preparation of detailed pre-feasibility studies?
10. Were pre-feasibility studies completed, and if yes, how many? Was training provided for this?

# Annex D: Project Evaluation Terms of Reference

Terms of Reference Terminal Evaluation of UNIDO Project: Enhancing investments to Iraq through industrial zone development UNIDO Project Nr.: TE/IRQ/10/006

## CONTENTS

- I. EVALUATION BACKGROUND
- II. EVALUATION PURPOSE
- III. SCOPE AND METHODOLOGY OF THE EVALUATION
- IV. EVALUATION QUESTIONS
- V. EVALUATION TEAM
- VI. EVALUATION SCHEDULE AND MAIN TASKS
- VII. CONSULTATIONS AND LIAISON
- VII. LANGUAGE REQUIREMENTS
- IX. DELIVERABLES AND REPORTING

Table of contents for the evaluation report

ToRs - Job Descriptions

Checklist on Evaluation Report Quality

UNIDO Procurement Process

### I. EVALUATION BACKGROUND

#### *The evolving situation of the country*

Since 1980, Iraq has been embroiled in long-running geo-political disputes and conflicts that have significantly reversed her earlier human development gains. Since then, Iraq's human and economic development indicators have fallen from some of the highest in the region to some of the lowest. The conflicts have furthermore caused enormous social, cultural and economic harm. The country has suffered significantly from the neglect and degradation of its infrastructure, environment, and social services.

The present problems of Iraq originate also from past economic policies. During its various political regimes, Iraq concentrated on a centralized, state-owned economy, which discouraged the growth of a vibrant private sector. Coupled with this, Iraq is also a classic single sector economy – depending heavily on oil without giving much preeminence to the non-natural-resource-based economy. With the state owned enterprises in shambles after the war and a private sector

not fully capable of taking its place, the economy of the country is in strong need of reform and diversification.

Despite relatively contained inflation due to strict credit policies and a positive fiscal balance, Iraq's overall economy has not yet stimulated employment or alleviated widespread poverty. Unemployment rates are high. In order to contain the rapid deterioration of the economy, and the un-employment crisis, the GOI has focused on short term policies for creating more public-sector employment, and supporting the poorest citizens to help them overcome the economic crises. Naturally, these policies have increased the economic burden on the government.

The private sector, and in particular Small and Medium Enterprises (SMEs), have not seen much foreign or local investment owing to political and economic instability in Iraq. Also due to previous sanctions, the manufacturing sector could not import new and modern technologies to refurbish its machinery, leading to long period of stagnation and technological obsolescence. As such, the private sector and SMEs have grown out of personal entrepreneurship without much investment or managerial skills. The private sector in Iraq requires capacity building at all levels, from establishing a sound regulatory environment to building the skills of private entrepreneurs, particularly for micro and small enterprises. Such businesses can act as a foundation for the manufacturing industry to enable future diversification away from total reliance on either the state-owned sector or oil-based economy. Revitalizing the country's economy is a crucial component of recovery for sustainable development and poverty alleviation.

#### *UNIDO's evolving Technical Assistance in Iraq*

UNIDO has been engaged in the UN mission to support post conflict recovery in Iraq ever since 2003. As the United Nations Assistance Mission for Iraq has moved from relief and emergency support to the recovery of the Iraqi economy, UNIDO has found its natural niche in the support to the recovery and development of the private sector. UNIDO programmes undertaken over the past seven years have covered policy, institutional, investment and enterprise level support in order to assist in the development of the private sector in Iraq. This support is on-going.

The industrial zone project takes matters a step further, in the attempt to support the creation of a government initiated physical infrastructure, a policy framework and a management structure that could be replicated in order to draw investment from within Iraq and abroad, and to stimulate the creation and expansion of private sector business operations in the prevalent circumstances of the Iraqi economy.

#### *Project description*

According to the project document, the project pursues to assist Iraq, both as a country and as a government, in enhancing the investment in Iraq through supporting the development of industrial zones (IZs) in the country. This is

expected to create employment opportunities, generate income and alleviate poverty as well as laying the groundwork for future economic stability.

The total planned budget for the project is 3,000,000 EUR. It is funded by Italy and implemented in close coordination with major Iraqi stakeholders, namely:

- The Ministry of Planning (which assumes the chairmanship of the Project Steering Committee)
- The Ministry of Industry and Minerals
- The Prime Minister's Advisory Commission
- The Ministry of Finance/Free Zones Commission
- The Iraqi National Investment Commission
- The Ministry of Transportation
- Relevant regional governments (including Kurdistan, Basra, Najaf)
- The Iraqi private sector

The project outcomes and outputs are the following:

Outcome 1: The policy, institutional and regulatory environment is more conducive to industrial zone development.

Output 1.1: Technical support is provided to Iraqi Government to formulate, implement and monitor the establishment of an institutional coordination mechanism for industrial zone development.

Output 1.2: An assessment of institutional and private sector needs to assist GOI to properly design policies and strategies for industrial zones are in place.

Output 1.3: A comprehensive Road Map for the development of industrial zones is available.

Output 1.4: Increased knowledge of officials for industrial zone planning, design, management and promotion.

Outcome 2: Strengthened basis for economic recovery in two selected areas of Iraq.

Output 2.1: An analysis of industrial structure in the two selected areas (including the one of Al-Faw port) to assist the preparation of detailed prefeasibility studies completed.

Output 2.2: Pre-feasibilities carried out in two selected areas for IZ creation (including the area of Al-Faw port).

## **II. EVALUATION PURPOSE**

The purpose of the evaluation is to assess the:

1. Project relevance with regard to the priorities and policies of the GOI, and UNIDO;
2. Project effectiveness in terms of the outputs produced and outcomes achieved as compared to those planned;

3. Efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities;
4. Prospects for development impact; and
5. Long-term sustainability of the support mechanisms results and benefits.

The evaluation should provide the necessary analytical basis and make recommendations to the Government of Iraq, to the donor and to UNIDO. The evaluation should also draw lessons of wider applicability for the replication of the experience gained in the project in others.

**The key question of the final evaluation is to what extent the project has achieved the expected results, i.e. to what extent has the project enhanced investments in the country in order to create employment opportunities, generate income and alleviate poverty, and contribute to accelerated economic development of Iraq.**

### III. SCOPE AND METHODOLOGY OF THE EVALUATION

The evaluation will be carried out in accordance to agreed evaluation standards and requirements. More specifically it will fully respect the principles laid down in the “UN Norms and Standards for Evaluation” and Evaluation Policies of UNIDO.<sup>24</sup>

The evaluation shall determine as systematically and objectively as possible the relevance, efficiency, effectiveness, achievements (outputs, prospects for achieving expected outcomes and impact) and sustainability of the project. To this end, the evaluation will assess the achievements of the project against its key objectives, as set out in the project document and the inception report, including a review of the relevance of the objectives and of the design. It will also identify factors that have facilitated or impeded the achievement of the objectives.

While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all parties.

### IV. EVALUATION QUESTIONS

This terminal evaluation will address the following issues:

#### Project identification and formulation

- The extent to which a participatory project identification process was applied in selecting problem areas and counterparts requiring technical cooperation support;
- Relevance of the project to development priorities and needs;
- Clarity and realism of the project’s development and immediate objectives, including specification of targets and identification of beneficiaries and prospects for sustainability.

---

<sup>24</sup> All documents available from the websites of the UN Evaluation Group: <http://www.uneval.org/>

- Clarity and logical consistency between inputs, activities, outputs and progress towards achievement of objectives (quality, quantity and time-frame);
- Realism and clarity in the specification of prior obligations and prerequisites (assumptions and risks);
- Realism and clarity of external institutional relationships, and in the managerial and institutional framework for implementation and the work plan; and
- Likely cost-effectiveness of the project design.

#### Project ownership

- The extent to which the project was formulated with the participation of the national counterpart and/or target beneficiaries;
- The extent to which counterparts have been appropriately involved and have been participating in the identification of their critical problem areas, in the development of technical cooperation strategies and in the implementation of the project approach
- The extent to which counterpart contributions and other inputs have been received from the Government (including governorates) as compared to the project document work plan, and the extent to which the project's follow-up is integrated into Government budgets and work plans.

#### Project coordination and management

- To what extent were implemented the recommendations from the evaluation of this project from December 2013;
- The extent to which the national management and overall field coordination mechanisms of the project have been efficient and effective;
- The extent to which the UNIDO based management, coordination, quality control and input delivery mechanisms have been efficient and effective;
- The extent to which monitoring and self-evaluation have been carried out effectively, based on indicators for outputs, outcomes and objectives and using that information for project steering and adaptive management;
- The extent to which changes in planning documents during implementation have been approved and documented;
- The extent to which coordination envisaged with any other development cooperation programmes in the country has been realized and benefits achieved.
- The extent to which synergy benefits can be found in relation to other UNIDO and UN activities in the country.

#### Efficiency of Implementation

Efficiency and adequacy of project implementation including:

- Availability of funds as compared with the provisional budget (donor and national contribution);
- The quality and timeliness of inputs delivered by UNIDO (expertise, training, equipment, methodologies, etc.) and the Government as compared to the work plan(s);
- Managerial and work efficiency;
- Implementation difficulties;
- Adequacy of monitoring and reporting;
- The extent of national support and commitment and the quality and quantity of administrative and technical support by UNIDO.

#### Effectiveness and Project Results

- Full and systematic assessment of outputs produced to date (quantity and quality as compared with work plan and progress towards achieving the immediate objectives);
- The quality of the outputs produced and how the target beneficiaries use these outputs, with particular attention to gender aspects;
- The outcomes, which have occurred or which are likely to happen through utilization of outputs.

#### Prospects to achieve expected outcomes, impact and sustainability

Prospects to achieve the expected outcomes and impact and prospects for sustaining the project's results by the beneficiaries and the host institutions after the termination of the project, and identification of developmental changes (economic, environmental, social) that are likely to occur as a result of the intervention, and how far they are sustainable.

#### Cost-effectiveness of the Project

Assess whether the project approach represented the best use of given resources for achieving the planned objectives.

#### Recommendations for a possible next project phase, or replication elsewhere

Based on the above analysis the evaluator will draw specific conclusions and make proposals for any necessary further action by the Government of Iraq and/or UNIDO and/or the UN or other donors to ensure sustainable development, including any need for additional assistance and activities of the project prior to its completion. The mission will draw attention to any lessons of general interest. Any proposal for further assistance should include precise specification of objectives and the major suggested outputs and inputs.

#### Generic Private Sector Development (PSD) - related questions



- How has PSD been promoted (e.g. industrial upgrading; cluster development; value chain development; entrepreneurship; etc.)? Did this modality fit the project purpose and objectives?
- Did the project work at the macro, meso and/or micro level? Were the choices made appropriate?
- Have private sector institutions/associations been involved in the project design and implementation? If yes, in what way? If not, should they have been?
- Did the approach adopted have the potential to address the problems identified/achieve the project objective?
- Did the project address production and market issues in a satisfactory manner?
- Have beneficiary companies been selected based on transparent, fair and appropriate criteria?
- Has the issue of possible market distortions been considered? Is the project affecting the competitiveness of existing enterprises? Have any measures been introduced to prevent market distortion?
- To what extent have private companies been subsidized by the project?
- Are companies paying for services rendered or equipment obtained?
- If the project has worked with a limited number of selected companies, can the results be expected to be replicated to achieve higher impact?
- Have linkages to financial institutions been established? If yes, what were the results? If no, would there have been a need for this?
- Can enterprise effects be expected to lead to socio-economic impact such as employment or income generation, gender equality and poverty reduction?
- Did an M&E system exist, including baseline information, to allow for measurement of results and impact?
- Have synergies with other UNIDO branches/services been exploited, in particular TCB, Environment, Agri-business development and Energy? Would there have been a case to establish such linkages?

#### Specific evaluation questions for industrial zone development in Iraq

- Were assessments of institutional and private sector needs to assist GOI to properly design policies and strategies for industrial zones completed?
- Was industrial zone mapping in selected areas completed?
- Were there comprehensive analysis of selected cases of industrial zone (IZ) completed, and if yes, how many?
- Was a national road map for industrial zones development in Iraq completed?

- How many government officials (IZ staff) were trained on marketing practices to promote the industrial zones nationally and internationally?
- Were the trained officials participating in the development of industrial zones in Iraq?
- Was an analysis report completed of industrial structure in the two selected areas to assist the preparation of detailed pre-feasibility studies?
- Were pre-feasibility studies completed, and if yes, how many?

#### Assessment of gender mainstreaming

The evaluation will consider, but need not be limited to, the following issues that may have affected gender mainstreaming in the project:

- To which extent were socioeconomic benefits delivered by the project at the national and local levels, including consideration of gender dimensions?

#### Procurement issues

The following evaluation questions that will feed in the Thematic Evaluation on Procurement have been developed and would be included as applicable in all projects (for reference, please see Annex 5 of the ToR: UNIDO Procurement Process):

- To what extent does the process provide adequate treatment to different types of procurement (e.g. by value, by category, by exception...)
- Was the procurement timely? How long does the procurement process take (e.g. by value, by category, by exception...)
- Did the good/item(s) arrive as planned or scheduled? If no, how long were the times gained or delays. If delay, what was the reason(s)?
- Were the procured good(s) acquired at a reasonable price?
- To what extent were the procured goods of the expected/needed quality and quantity?
- Were the transportation costs reasonable and within budget. If no, please elaborate.
- Was the freight forwarding timely and within budget?. If no, please elaborate.
- Who was responsible for the customs clearance? UNIDO FO? UNDP? Government? Other?
- Was the customs clearance handled professionally and in a timely manner? How many days did it take?
- How long time did it take to get approval from the government on import duty exemption?

- Which were the main bottlenecks / issues in the procurement process?
- Which good practices have been identified?
- To what extent roles and responsibilities of the different stakeholders in the different procurement stages are established, adequate and clear?
- To what extent there is an adequate segregation of duties across the procurement process and between the different roles and stakeholders?

## **V. EVALUATION TEAM**

The evaluation team must have the necessary technical competence and experience to assess the quality of the technical assistance provided to project counterparts/beneficiaries.

The execution of the evaluation will require full command and control of the specific situation in Iraq and full respect of the UN security rules for Iraq. The ability to carry out field operations in Iraq is an important requirement and must be assessed and ascertained, keeping in mind Iraq's current security situation.

The Senior International Evaluation Consultant will be responsible for elaboration of an evaluation strategy, including the design of field surveys and elaboration of questionnaires; guiding the national evaluator for his/her field work in Iraq; analysis of survey results; gathering of complementary information from project staff, collaborators and stakeholders through telephone interviews and other means; and preparing a presentation of conclusions and recommendations as well as a final evaluation report.

The National Evaluation Consultant will be responsible for carrying out the field surveys (under the guidance of the Senior International Evaluation Consultant). The field surveys will provide the foundation for the evaluation and must therefore be executed in line with the highest standards of professionalism and impartiality and in accordance with the UN security rules force in Iraq.

The evaluation team will include:

1. One Senior International Evaluation Consultant with extensive experience in conducting evaluations in Iraq to supervise, guide the evaluation and formulate the evaluation report;
2. One National Evaluation Consultant with extensive experience in conducting evaluations in Iraq to conduct field surveys and assessments.

All consultants will be contracted by UNIDO. The tasks of the consultants are specified in their respective job descriptions, attached to this ToR as Annex 2.

The functions, competencies and skills as described in the respective Job Descriptions may be distributed among several persons in the evaluation team. Team members may be located in different countries but an effective coordination mechanism will have to be demonstrated. Evaluation team members

must be independent and not have been involved in the formulation or, implementation of the project.

The UNIDO Office for Independent Evaluation will be responsible for the quality control of the evaluation process and report. They will provide inputs regarding findings, lessons learned and recommendations from other evaluations, ensuring that the evaluation report is in compliance with established evaluation norms and standards and useful for organizational learning of all parties.

The project office in Amman will logistically and administratively support the evaluation team to the extent possible. However, it should be understood that the evaluation team is responsible for its own arrangements for transport, lodging, security etc.

## **VI. EVALUATION SCHEDULE AND MAIN TASKS**

The final evaluation is scheduled to take place in the period from September 2014 to November 2014. The field mission is planned for December 2014. At the end of the field mission, there will be a presentation of the preliminary findings by the national evaluation consultant for all stakeholders involved in this project in Iraq.

After the field mission, the evaluation team leader will come to UNIDO HQ for debriefing and a presentation of the preliminary findings for all stakeholders involved in this project. The draft final evaluation report will be submitted 4-6 weeks after the end of the mission. After the quality review of the draft evaluation report by UNIDO Office for Independent Evaluation and the Project Manager, the evaluation team should deliver the final evaluation report.

## **VII. CONSULTATIONS AND LIAISON**

A proposed list of Government officials, private sector representatives and other relevant individuals will be provided by the Project Manager to the evaluation team.

The evaluation team will maintain close liaison with the representatives of UNIDO, other UN agencies as well as with the concerned national agencies and with national and international project staff. The evaluation team is free to discuss with the authorities concerned anything relevant to its assignment. However, it is not authorized to make any commitments on behalf of the Government, the donor or UNIDO.

## **VII. LANGUAGE REQUIREMENTS**

Local interviews and surveys will be conducted in Arabic. Telephone interviews may be conducted in English (by the Senior International Evaluation Consultant). All data and interview reports must be translated into English. Performing a linguistic quality control of all interview reports is part of the scope of contract.

The evaluation report must be delivered in English. An executive summary of the final evaluation report will be produced in Arabic.

## **IX. DELIVERABLES AND REPORTING**

The main documents to be delivered by the evaluation team are:

1. Inception report
2. Draft evaluation report (English)
3. Final evaluation report (English)

The reporting language will be English. The executive summary, recommendations and lessons learned shall be an important part of the presentations to be prepared for debriefing sessions in Amman and Vienna.

Draft reports submitted to UNIDO Office for Independent Evaluation are shared with the corresponding Programme or Project Officer for initial review and consultation. They may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions. The consultation also seeks agreement on the findings and recommendations. The evaluators will take the comments into consideration in preparing the final version of the report.

The evaluation will be subject to quality assessments by UNIDO Office for Independent Evaluation. These apply evaluation quality assessment criteria and are used as a tool for providing structured feedback. The quality of the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality (see Annex 4).

## Table of contents for the evaluation report

### Template of in-depth evaluation reports

#### I. Executive summary

- Must be self-explanatory
- Not more than five pages focusing on the most important findings and recommendations
- Overview showing strengths and weaknesses of the project

#### II. Introduction

- Information on the evaluation: why, when, by whom, etc.
- Information sources and availability of information
- Methodological remarks and validity of the findings
- Project summary (“fact sheet”, including project structure, objectives, donors, counterparts, timing, cost, etc)

#### III. Country and project context

This chapter provides evidence for the assessment under chapter IV (in particular relevance and sustainability):

- Brief description including history and previous cooperation
- Project specific framework conditions; situation of the country; major changes over project duration
- Positioning of the project (other initiatives of government, other donors, private sector, etc.)
- Counterpart organisation(s)

#### IV. Project Planning

This chapter describes the planning process as far as relevant for the assessment under chapter IV:

- Project identification (stakeholder involvement, needs of target groups analysed, depth of analysis, etc.)
- Project formulation (stakeholder involvement, quality of project document, coherence of intervention logic, etc.)
- Description of the underlying intervention theory (causal chain: inputs-activities-outputs-outcomes)
- Funds mobilisation

#### V. Project Implementation

This chapter describes what has been done and provides evidence for the assessment under chapter IV:

- Financial implementation (overview of expenditures, changes in approach reflected by budget revisions, etc.)
- Management (in particular monitoring, self assessment, adaptation to changed circumstances, etc.)
- Outputs (inputs used and activities carried out to produce project outputs)

- Outcome, impact (what changes at the level of target groups could be observed, refer to outcome indicators in project document if any)

## **VI. Assessment**

The assessment is based on the analysis carried out in chapter II, III and IV. It assesses the underlying intervention theory (causal chain: inputs-activities-outputs-outcomes). Did it prove to be plausible and realistic? Has it changed during implementation? This chapter includes the following aspects:

- Relevance (evolution of relevance over time: relevance to UNIDO, Government, counterparts, target groups)
- Ownership
- Efficiency (quality of management, quality of inputs, were outputs produced as planned?, were synergies with other initiatives sufficiently exploited? Did UNIDO draw on relevant in-house and external expertise? Was management results oriented?)
- Effectiveness and impact (assessment of outcomes and impact, reaching target groups)
- Sustainability
- If applicable: overview table showing performance by outcomes/outputs
- Assessment of gender mainstreaming
- Procurement issues

## **VII. Issues with regard to a possible next phase**

- Assessment, in the light of the evaluation, of proposals put forward for a possible next phase
- Recommendations on how to proceed under a possible next phase, overall focus, outputs, activities, budgets, etc.

## **VIII. Recommendations**

- Recommendations must be based on evaluation findings
- The implementation of the recommendations must be verifiable (indicate means of verification)
- Recommendations must be actionable; addressed to a specific officer, group or entity who can act on it; have a proposed timeline for implementation
  - Recommendations should be structured by addressees: UNIDO
  - Government and/or Counterpart Organisations
  - Donor

## **IX. Lessons learned**

- Lessons learned must be of wider applicability beyond the evaluated project but must be based on findings and conclusions of the evaluation



## UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

### TERMS OF REFERENCE FOR PERSONNEL UNDER INDIVIDUAL SERVICE AGREEMENT (ISA)

#### Independent Evaluation of the UNIDO Projects

“Enhancing investments to Iraq through industrial zone development”  
(TE/IRQ/10/006)

Title:	Senior International Evaluation Consultant
Main Duty Station and Location:	Home-based
Mission/s to:	Vienna, Austria and possibly one mission to Amman, Jordan
Start of Contract (EOD):	1 September 2014
End of Contract (COB):	31 November 2014
Number of Working Days:	21

#### ORGANIZATIONAL CONTEXT

The Office for Independent Evaluation is responsible for the independent evaluation function of UNIDO. It supports learning, continuous improvement and accountability, and provides factual information about result and practices that feed into the programmatic and strategic decision-making processes.

#### PROJECT CONTEXT

See evaluation terms of reference (attached).

The senior international evaluation consultant will act as a Team leader in this project evaluation according to the terms of reference. She/he will be responsible for the preparation of the evaluation report, including the coordination of inputs from other team members. This concerns in particular the overall assessment of evaluation issues in section IV of the ToR. The Team Leader will perform the following tasks:



<u>MAIN DUTIES</u>	<b>Concrete/ measurable Outputs to be achieved</b>	<b>Expected duration</b>	<b>Location</b>
<p>Review project documentation and relevant country background information (national policies and strategies, UN strategies and general economic data...); determine key data to collect in the field and prepare key instruments (questionnaires, surveys, logic models...) to collect these data through interviews and/or surveys during and prior to the field missions</p> <p>Assess the adequacy of legislative and regulatory framework in Iraq</p>	<p>List of detailed evaluation questions to be clarified; questionnaires/ interview guide; logic models; list of key data to collect, draft list of stakeholders to interview during the field missions</p> <p>Brief assessment of the adequacy of the country's legislative and regulatory framework</p>	3 days	Home-based
<p>Briefing with the UNIDO Office for Independent Evaluation, project managers and other key stakeholders from UNIDO HQ</p> <p>Preparation of the Inception Report</p>	<p>Interview notes, detailed evaluation schedule and list of stakeholders to interview during the field missions</p> <p>Division of evaluation tasks with the National Consultant</p> <p>Inception Report</p>	2 days	Home-based (telephone interviews)
<p>Provide guidance to the national evaluator and supervise her/his field surveys' findings and outcomes</p> <p>Conduct interviews of project counterparts/beneficiaries (telephone), the UNIDO project personnel and of any other relevant institutions/individuals (other UN agencies and programmes) in accordance with the evaluation terms of reference: analyse the information</p>	<p>Key evaluation's initial findings, draft conclusions and recommendations to stakeholders in the country at the end of the missions.</p> <p>Agreement with the National Consultant on the structure and content of the evaluation report</p>	6 days	Home-based

received from interviews	and the distribution of writing tasks		
Present overall findings and recommendations to the stakeholders at UNIDO HQ (incl. travel)	Presentation slides, feedback from stakeholders obtained and discussed	3 days	Vienna, Austria, UNIDO HQs
Prepare the evaluation report according to ToR  Coordinate the inputs from the National Consultant and combine with her/his own inputs into the draft evaluation report	Draft evaluation report	5 days	Home-based
Revise the draft project evaluation reports based on comments from UNIDO Office for Independent Evaluation and stakeholders and edit the language and form of the final version according to UNIDO standards	Final evaluation report	2 days	Home-based
<b>Total</b>		<b>21 days</b>	

## REQUIRED COMPETENCIES

### ***Core values:***

1. Integrity
2. Professionalism
3. Respect for diversity

### ***Core competencies:***

1. Results orientation and accountability
2. Planning and organizing
3. Communication and trust
4. Team orientation
5. Client orientation
6. Organizational development and innovation

### ***Managerial competencies (as applicable):***

1. Strategy and direction
2. Managing people and performance
3. Judgement and decision making
4. Conflict resolution

## MINIMUM ORGANIZATIONAL REQUIREMENTS

**Education:** Advanced university degree in developmental studies, international relations, engineering or other relevant discipline like with a specialization of evaluation of development projects in Iraq or post-crisis regions.

**Technical and Functional Experience:**

A minimum of ten years practical experience in the field of development projects, including evaluation experience at the international level involving technical cooperation in developing countries. Exposure to the needs, conditions and problems in developing countries.

**Languages:** Fluency in written and spoken English is required.

**Absence of Conflict of Interest:**

According to UNIDO rules, the consultant must not have been involved in the design and/or implementation, supervision and coordination of and/or have benefited from the programme/project (or theme) under evaluation. The consultant will be requested to sign a declaration that none of the above situations exists and that the consultants will not seek assignments with the manager/s in charge of the project before the completion of her/his contract with the Office for Independent Evaluation.



**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**

**TERMS OF REFERENCE FOR PERSONNEL UNDER INDIVIDUAL SERVICE  
AGREEMENT (ISA)**

**Independent Evaluation of the UNIDO Projects**

“Enhancing investments to Iraq through industrial zone development”  
(TE/IRQ/10/006)

Title:	National Evaluation Consultant
Main Duty Station and Location:	Home-based
Mission/s to:	One mission to Bagdad
Start of Contract (EOD):	1 September 2014
End of Contract (COB):	31 November 2014
Number of Working Days:	21

**ORGANIZATIONAL CONTEXT**

The Office for Independent Evaluation is responsible for the independent evaluation function of UNIDO. It supports learning, continuous improvement and accountability, and provides factual information about result and practices that feed into the programmatic and strategic decision-making processes.

**PROJECT CONTEXT**

See evaluation terms of reference (attached).

The senior international evaluation consultant will act as a Team leader in this project evaluation according to the terms of reference. She/he will be responsible for the preparation of the evaluation report, including the coordination of inputs from other team members. This concerns in particular the overall assessment of evaluation issues in section IV of the ToR. The Team Leader will perform the following tasks:

<u>MAIN DUTIES</u>	<b>Concrete/ measurable  Outputs to be achieved</b>	<b>Expected duration</b>	<b>Location</b>
<p>Review project documentation and relevant country background information (national policies and strategies, UN strategies and general economic data...); in cooperation with Team Leader: determine key data to collect in the field and prepare key instruments (questionnaires, logic models...) to collect these data through interviews and/or surveys during and prior to the field missions</p> <p>Assess the adequacy of legislative and regulatory framework in Iraq</p>	<p>List of detailed evaluation questions to be clarified; questionnaires/ interview guide; logic models; list of key data to collect, draft list of stakeholders to interview during the field missions</p> <p>Brief assessment of the adequacy of the country's legislative and regulatory framework</p>	3 days	Home-based
<p>Briefing with the evaluation team leader, UNIDO project managers and other key stakeholders</p> <p>Assist in setting up the evaluation mission agenda, coordinating meetings and site visits</p> <p>Assisting the Team leader in the preparation of the Inception Report</p>	<p>Interview notes, detailed evaluation schedule and list of stakeholders to interview during the field missions</p> <p>Division of evaluation tasks with the National Consultant</p> <p>Inception Report</p>	3 days	Home-based (telephone interviews)
<p>Conduct field mission</p> <p>Assist the senior international consultant in conducting the overall evaluation, including:</p> <ul style="list-style-type: none"> <li>- Undertake field surveys as required by the evaluation and in accordance with pre-defined terms of reference</li> </ul>	<p>Presentations of the evaluation's initial findings, draft conclusions and recommendations to stakeholders in the country at the end of the mission.</p> <p>Agreement with the International</p>	7 days (including travel days)	Bagdad, Iraq

<ul style="list-style-type: none"> <li>- Collect information and data to be communicated to the senior international consultant</li> <li>- Support the senior international consultant in preparing the inception and final evaluation reports; draft an executive summary in Arabic</li> <li>- Provide interpretation/ translation assistance as required by the evaluation</li> </ul>	Consultant and Team Leader on the structure and content of the evaluation report and the distribution of writing tasks		
Prepare inputs to the evaluation report according to ToR and as agreed with Team Leader	Draft evaluation report	6 days	Home-based
Revise the draft project evaluation reports based on comments from UNIDO Office for Independent Evaluation and stakeholders and edit the language and form of the final version according to UNIDO standards	Final evaluation report	2 days	Home-based
<b>Total</b>		<b>21 days</b>	

## REQUIRED COMPETENCIES

### **Core values:**

1. Integrity
2. Professionalism
3. Respect for diversity

### **Core competencies:**

1. Results orientation and accountability
2. Planning and organizing
3. Communication and trust
4. Team orientation
5. Client orientation
6. Organizational development and innovation

### **Managerial competencies (as applicable):**

1. Strategy and direction
2. Managing people and performance
3. Judgement and decision making
4. Conflict resolution

## MINIMUM ORGANIZATIONAL REQUIREMENTS

**Education:** Advanced university degree in developmental studies, international relations, engineering or other relevant discipline like with a specialization of evaluation of development projects in Iraq or post-crisis regions.

**Technical and Functional Experience:**

A minimum of five years practical experience in the field of evaluation of development projects, including evaluation experience at the international level involving technical cooperation in developing countries. Exposure to the needs, conditions and problems in developing countries.

**Languages:** Fluency in written and spoken English and Arabic is required.

**Absence of Conflict of Interest:**

According to UNIDO rules, the consultant must not have been involved in the design and/or implementation, supervision and coordination of and/or have benefited from the programme/project (or theme) under evaluation. The consultant will be requested to sign a declaration that none of the above situations exists and that the consultants will not seek assignments with the manager/s in charge of the project before the completion of her/his contract with the Office for Independent Evaluation.

### Checklist on Evaluation Report Quality

Report quality criteria	UNIDO Office for Independent Evaluation Assessment notes	Rating
<b>Report Structure and quality of writing</b>		
<p>The report is written in clear language, correct grammar and use of evaluation terminology. The report is logically structured with clarity and coherence. It contains a concise executive summary and all other necessary elements as per ToR.</p>		
<b>Evaluation objective, scope and methodology</b>		
<p>The evaluation objective is explained and the scope defined.</p> <p>The methods employed are explained and appropriate for answering the evaluation questions.</p> <p>The evaluation report gives a complete description of stakeholder's consultation process in the evaluation.</p> <p>The report describes the data sources and collection methods and their limitations.</p> <p>The evaluation report was delivered in a timely manner so that the evaluation objective (e.g. important deadlines for presentations) was not affected.</p>		
<b>Evaluation object</b>		
<p>The logic model and/or the expected results chain (inputs, outputs and outcomes) of the object is clearly described.</p> <p>The key social, political, economic, demographic, and institutional factors that have a direct bearing on the object are described.</p> <p>The key stakeholders involved in the object implementation, including the implementing agency(s) and partners, other key stakeholders and their roles are described.</p> <p>The report identifies the implementation status of the object, including its phase of implementation and any significant changes (e.g. plans, strategies, logical frameworks) that have occurred over time and explains the implications of those changes for the evaluation.</p>		
<b>Findings and conclusions</b>		



<p>The report is consistent and the evidence is complete (covering all aspects defined in the ToR) and convincing.</p> <p>The report presents an assessment of relevant outcomes and achievement of project objectives.</p> <p>The report presents an assessment of relevant external factors (assumptions, risks, impact drivers) and how they influenced the evaluation object and the achievement of results.</p> <p>The report presents a sound assessment of sustainability of outcomes or it explains why this is not (yet) possible.</p> <p>The report analyses the budget and actual project costs.</p> <p>Findings respond directly to the evaluation criteria and questions detailed in the scope and objectives section of the report and are based on evidence derived from data collection and analysis methods described in the methodology section of the report.</p> <p>Reasons for accomplishments and failures, especially continuing constraints, are identified as much as possible.</p> <p>Conclusions are well substantiated by the evidence presented and are logically connected to evaluation findings.</p> <p>Relevant cross-cutting issues, such as gender, human rights, and environment are appropriately covered.</p>		
<b>Recommendations and lessons learned</b>		
<p>The lessons and recommendations are based on the findings and conclusions presented in the report.</p> <p>The recommendations specify the actions necessary to correct existing conditions or improve operations ('who?' 'what?' 'where?' 'when?').</p> <p>Recommendations are implementable and take resource implications into account.</p> <p>Lessons are readily applicable in other contexts and suggest prescriptive action.</p>		

Rating system for quality of evaluation reports

A number rating 1-6 is used for each criterion:

Highly Satisfactory = 6

Satisfactory = 5

Moderately Satisfactory = 4

Moderately Unsatisfactory = 3

Unsatisfactory = 2

Highly Unsatisfactory = 1

and unable to assess = 0

## **UNIDO Procurement Process**

### **Generic Approach and Assessment Framework**

#### **1. Introduction**

This document outlines an approach and encompasses a framework for the assessment of UNIDO procurement processes, to be included as part of country evaluations as well as in technical cooperation (TC) projects/programmes evaluations.

The procurement process assessment will review in a systematic manner the various aspects and stages of the procurement process being a key aspect of the technical cooperation (TC) delivery. These reviews aim to diagnose and identify areas of strength as well as where there is a need for improvement and lessons.

The framework will also serve as the basis for the “thematic evaluation of the procurement process efficiency” to be conducted in 2015 as part of the ODG/EVA work programme for 2014-15.

#### **2. Background**

Procurement is defined as the overall process of acquiring goods, works, and services, and includes all related functions such as planning, forecasting, supply chain management, identification of needs, sourcing and solicitation of offers, preparation and award of contract, as well as contract administration until the final discharge of all obligations as defined in the relevant contract(s). The procurement process covers activities necessary for the purchase, rental, lease or sale of goods, services, and other requirements such as works and property.

Past project and country evaluations commissioned by ODG/EVA raised several issues related to procurement and often efficiency related issues. It also became obvious that there is a shared responsibility in the different stages of the procurement process which includes UNIDO staff, such as project managers, and staff of the procurement unit, government counterparts, suppliers, local partner agencies (i.e. UNDP), customs and transport agencies etc..

In July 2013, a new “UNIDO Procurement Manual” was introduced. This Procurement Manual provides principles, guidance and procedures for the Organization to attain specified standards in the procurement process. The Procurement Manual also establishes that “The principles of fairness, transparency, integrity, economy, efficiency and effectiveness must be applied for all procurement transactions, to be delivered with a high level of professionalism thus justifying UNIDO’s involvement in and adding value to the implementation process”.

To reduce the risk of error, waste or wrongful acts and the risk of not detecting such problems, no single individual or team controls shall control all key stages of a transaction. Duties and responsibilities shall be assigned systemically to a number of individuals to ensure that effective checks and balances are in place.

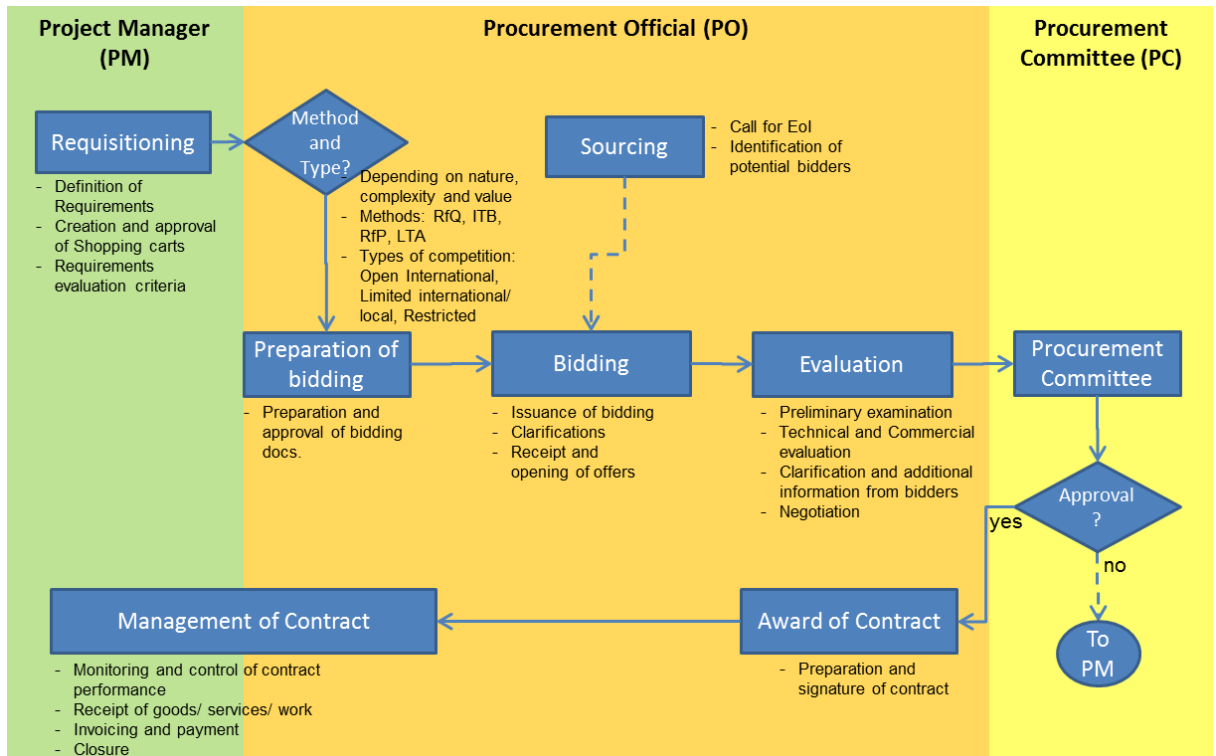
In UNIDO, authorities, responsibilities and duties are segregated where incompatible. Related duties shall be subject to regular review and monitoring. Discrepancies, deviations and exceptions are properly regulated in the Financial Regulations and Rules and the Staff Regulations and Rules. Clear segregation of duties is maintained between programme/project management, procurement and supply chain management, risk management, financial management and accounting as well as auditing and internal oversight. Therefore, segregation of duties is an important basic principle of internal control and must be observed throughout the procurement process.

The different stages of the procurement process should be carried out, to the extent possible, by separate officials with the relevant competencies. As a minimum, two officials shall be involved in carrying out the procurement process. The functions are segregated among the officials belonging to the following functions:

- Procurement Services: For carrying out centralized procurement, including review of technical specifications, terms of reference, and scope of works, market research/surveys, sourcing/solicitation, commercial evaluation of offers, contract award, contract management;
- Substantive Office: For initiating procurement requests on the basis of well formulated technical specifications, terms of reference, scope of works, ensuring availability of funds, technical evaluation of offers; award recommendation; receipt of goods/services; supplier performance evaluation. In respect of decentralized procurement, the segregation of roles occur between the Project Manager/Allotment Holder and his/her respective Line Manager. For Fast Track procurement, the segregate on occurs between the Project Manager/Allotment Holder and Financial Services;
- Financial Services: For processing payments.

The figure below presents a preliminary “Procurement Process Map”, showing the main stages, stakeholders and their respective roles and responsibilities. During 2014/2015, in preparation for the thematic evaluation of the procurement process in 2015, this process map/ workflow will be further refined and reviewed.

## UNIDO Procurement Process Map



### 3. Purpose

The purpose of the procurement process assessments is to diagnose and identify areas for possible improvement and to increase UNIDO's learning about strengths and weaknesses in the procurement process. It will also include an assessment of the adequacy of the 'Procurement Manual' as a guiding document.

The review is intended to be useful to managers and staff at UNIDO headquarters and in the field offices (project managers, procurement officers), who are the direct involved in procurement and to UNIDO management.

### 4. Scope and focus

Procurement process assessments will focus on the efficiency aspects of the procurement process, and hence it will mainly fall under the efficiency evaluation criterion. However, other criteria such as effectiveness will also be considered as needed.

These assessments are expected to be mainstreamed in all UNIDO country and project evaluations to the extent of its applicability in terms of inclusion of relevant procurement related budgets and activities.

A generic evaluation matrix has been developed and is found in Annex B. However questions should be customized for individual projects when needed.

## 5. Key Issues and Evaluation Questions

Past evaluations and preliminary consultations have highlighted the following aspects or identified the following issues:

- Timeliness. Delays in the delivery of items to end-users.
- Bottlenecks. Points in the process where the process stops or considerably slows down.
- Procurement manual introduced, but still missing subsidiary templates and tools for its proper implementation and full use.
- Heavy workload of the procurement unit and limited resources and increasing “procurement demand”
- Lack of resources for initiating improvement and innovative approaches to procurement (such as Value for Money instead of lowest price only, Sustainable product lifecycle, environmental friendly procurement, etc.)
- The absence of efficiency parameters (procurement KPIs)

On this basis, the following evaluation questions have been developed and would be included as applicable in all project and country evaluations in 2014-2015

- To what extent does the process provide adequate treatment to different types of procurement (e.g. by value, by category, by exception...)
- Was the procurement timely? How long the procurement process takes (e.g. by value, by category, by exception...)
- Did the good/item(s) arrive as planned or scheduled? If no, how long were the times gained or delays. If delay, what was the reason(s)?
- Were the procured good(s) acquired at a reasonable price?
- To what extent were the procured goods of the expected/needed quality and quantity?
- Were the transportation costs reasonable and within budget. If no, please elaborate.
- Was the freight forwarding timely and within budget?. If no, please elaborate.
- Who was responsible for the customs clearance? UNIDO FO? UNDP? Government? Other?
- Was the customs clearance handled professionally and in a timely manner? How many days did it take?
- How long time did it take to get approval from the government on import duty exemption?
- Which were the main bottlenecks / issues in the procurement process?
- Which good practices have been identified?
- To what extent roles and responsibilities of the different stakeholders in the different procurement stages are established, adequate and clear?
- To what extent there is an adequate segregation of duties across the procurement process and between the different roles and stakeholders?

- **Evaluation method and tools**

These assessments will be based on a participatory approach, involving all relevant stakeholders (e.g. process owners, process users and clients).

The evaluation tools to be considered for use during the reviews are:

- **Desk Review:** Policy, Manuals and procedures related to the procurement process. Identification of new approaches being implemented in other UN or international organizations. Findings, recommendations and lessons from UNIDO Evaluation reports.
- **Interviews:** to analyze and discuss specific issues/topics with key process stakeholders
- **Survey to stakeholders:** To measure the satisfaction level and collect expectations, issues from process owners, user and clients
- **Process and Stakeholders Mapping:** To understand and identify the main phases the procurement process and sub-processes; and to identify the perspectives and expectations from the different stakeholders, as well as their respective roles and responsibilities
- **Historical Data analysis from IT procurement systems:** To collect empirical data and identify and measure to the extent possible different performance dimensions of the process, such as timeliness, re-works, complaints

An evaluation matrix is presented in Annex A, presenting the main questions and data sources to be used in the project and country evaluations, as well as the preliminary questions and data sources for the forthcoming thematic evaluation on Procurement process in 2015.

### Evaluation Matrix for the Procurement Process

No.	Area	Evaluation Question	Indicators <sup>25</sup>	Data Source(s) For Country / Project Evaluations	Additional data Source(s) For Thematic Evaluation of procurement process in 2015.
	<b>Timeliness</b>	- Was the procurement timely? How long the procurement process takes (e.g. by value, by category, by exception...)	(Overall) Time to Procure (TTP)	<ul style="list-style-type: none"> <li>Interviews with PMs, Government counterparts and beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>Procurement related documents review</li> <li>SAP/Infobase (queries related to procurement volumes, categories, timing, issues)</li> <li>Evaluation Reports</li> <li>Survey to PMs, procurement officers, beneficiaries, field local partners.</li> <li>Interviews with Procurement officers</li> </ul>
		- Did the good/item(s) arrive as planned or scheduled? If no, how long were the times gained or delays. If delay, what was the reason(s)?	Time to Delivery (TTD)	<ul style="list-style-type: none"> <li>Interviews with PM, procurement officers and Beneficiaries</li> </ul>	
		- Was the freight forwarding timely and within budget? If no, please elaborate.			
		- Was the customs clearance timely? How many days did it take?		<ul style="list-style-type: none"> <li>Interviews with PMs, Government counterparts and beneficiaries</li> </ul>	
		- How long time did it take to get approval from the government on import duty exemption	Time to Government Clearance (TTGC)	<ul style="list-style-type: none"> <li>Interviews with beneficiaries</li> </ul>	
	<b>Roles and</b>	- To what extent roles	Level of clarity of	<ul style="list-style-type: none"> <li>Procurement Manual</li> </ul>	<ul style="list-style-type: none"> <li>Procurement related</li> </ul>

<sup>25</sup> These indicators are preliminary proposed here. They will be further defined and piloted during the Thematic Evaluation of UNIDO procurement process planned for 2015.

No.	Area	Evaluation Question	Indicators <sup>25</sup>	Data Source(s) For Country / Project Evaluations	Additional data Source(s) For Thematic Evaluation of procurement process in 2015.
	<b>Responsibilities</b>	and responsibilities of the different stakeholders in the different procurement stages are established, adequate and clear?	roles and responsibilities	<ul style="list-style-type: none"> <li>• Interview with PMs</li> </ul>	<ul style="list-style-type: none"> <li>• documents review</li> <li>• Evaluation Reports</li> <li>• Survey to PMs, procurement officers, beneficiaries, field local partners.</li> <li>• Interviews with Procurement officers</li> </ul>
		- To what extent there is an adequate segregation of duties across the procurement process and between the different roles and stakeholders?		<ul style="list-style-type: none"> <li>• Procurement Manual</li> <li>• Interview with PMs</li> </ul>	
		- How was responsibility for the customs clearance arranged? UNIDO FO? UNDP? Government? Other?		<ul style="list-style-type: none"> <li>• Procurement Manual</li> <li>• Interview to PMs</li> <li>• Interviews with local partners</li> </ul>	
		- To what extent were suppliers delivering products/ services as required?	Level of satisfaction with Suppliers	<ul style="list-style-type: none"> <li>• Interviews with PMs</li> </ul>	
	<b>Costs</b>	- Were the transportation costs reasonable and within budget. If no, please elaborate.		<ul style="list-style-type: none"> <li>• Interviews with PMs</li> </ul>	
		- Were the procured goods/services within the expected/planned costs? If no, please	Costs vs budget	<ul style="list-style-type: none"> <li>• Interview with PMs</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation Reports</li> <li>• Survey to PMs, procurement officers, beneficiaries, field local partners.</li> <li>• Interviews with Procurement officers</li> </ul>



No.	Area	Evaluation Question	Indicators <sup>25</sup>	Data Source(s) For Country / Project Evaluations	Additional data Source(s) For Thematic Evaluation of procurement process in 2015.
		elaborate			
	<b>Quality of Products</b>	- To what extent the process provides adequate treatment to different types of procurement (e.g. by value, by category, by exception...)		<ul style="list-style-type: none"> <li>• Interview with PMs</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation Reports</li> <li>• Survey to PMs, procurement officers, beneficiaries, field local partners.</li> <li>• Interviews with Procurement officers</li> </ul>
		- To what extent were the procured goods of the expected/needed quality and quantity?.	Level of satisfaction with products/services	<ul style="list-style-type: none"> <li>• Survey to PMs and beneficiaries</li> <li>• Observation in project site</li> </ul>	
	<b>Process / workflow</b>	- To what extent the procurement process fit for purpose?	Level of satisfaction with the procurement process	<ul style="list-style-type: none"> <li>• Interviews with PMs, Government counterparts and beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement related documents review</li> <li>• Evaluation Reports</li> <li>• Survey to PMs, procurement officers, beneficiaries, field local partners.</li> <li>• Procurement related documents review</li> <li>• Evaluation Reports</li> <li>• Survey to PMs, procurement officers, beneficiaries, field local partners.</li> <li>• Interviews with Procurement officers</li> </ul>
		- Which are the main bottlenecks / issues in the procurement process?		<ul style="list-style-type: none"> <li>• Interviews with PMs, Government counterparts and beneficiaries</li> </ul>	
		- Which part(s) of the procurement process can be streamlined or simplified?		<ul style="list-style-type: none"> <li>• Interview with PMs</li> </ul>	

## Annex E: Participants in Study Tours

#	Name	Institution	Title	Number of study tours attended
1	Dr. Sami Al-Kassperous	Ministry of Planning	Deputy Minister for Technical Affairs	3
2		Ministry of Planning	Deputy Director General	3
3	Dr. Hameed Al-Anbari	Prime Minister's Advisory Commission	Adviser, Head of the Reconstruction and Services Department	3
4	Dr. Abdulhussein Al-Anbaki	Prime Minister's Advisory Commission	Economic Adviser	1
5	Mr. Saadi Al-Shawy	Ministry of Industry and Minerals	Deputy Director General, Industrial Development Directorate	1
6	Mr. Munaf Al-Khateeb	Ministry of Industry and Minerals	Officer, Industrial Development Directorate	1
7	Dr. Ekram Al-Aqeel	National Investment Commission	Director General of the Economic Department	1

8	Mr. Ammar Hasan	National Investment Commission	Officer, Economic Department	1
9	Dr. Ferhang Jalal	Prime Minister's Office	Economic Adviser	1
10	Mr. Ranj Noori	Kurdistan Regional Government, Council of Ministers	Director General/Head of the Planning Department	3
11	Mr. Sabah Salih Mahdi Al-Qaysi	Ministry of Finance	Director General of the Free Zone Authority	2
12	Mr. Husaam Laftah Al-Asdy	Ministry of Finance	Responsible for Investment, Free Zone Authority	1
13	Mr. Aras Raof Arif Salih	Kurdistan Regional Government, Ministry of Trade and Industry	Director General, Industrial Improvement Department	1
14	Mr. Nizar Naser Hussein	National Investment Commission	Deputy Director General of the Legal Department	2
15	Mr. Luay Yaseen Fahad	National Investment Commission	Manager of the Vice-Chairman Office	2
16	Mr. Mohammed Hameed Abdulmajeed	Ministry of Industry and Minerals	Manager of the Industrial Zone Department	1
17	Mr. Mohammad Al-Humairi	Ministry of Industry and Minerals	Director General of the Industrial Development Directorate	2

18	Mr. Mueen Al-Hassan	Basra Governorate	Deputy Governor	1
19	Mr. Abbas Naser Majeed	Ministry of Transportation	Deputy Director General of the Legal Department	1
20	Mr. Sameer Abdulrazzaq Hussein	Ministry of Transportation	Director General of the Planning Department	2
21	Mr. Majid Al-Farttoosy	Iraqi Federation of Industries	Head of the Basra Branch	1
22	Mr. Dheyaa Naji Rashid AL-BAGHDADI	Ministry of Municipalities and Public Works	Director General - General Directorate of Municipalities	1
23	Mr. Salar Mohammed Ameen AMEEN	Iraqi National Investment Commission	Vice-Chairman	1
24	Mr. Abbas Jebur Obada OBADA	Governorate of Najaf	First Deputy Governor	1
25	Mr. Mohammed Taher Najm NAJM	Governorate of Basra	First Deputy Governor	1
26	Mr. Hussein Ali Ahmed AHMED	Iraqi Federation of Industries	Chairman of the Board	1

## **Annex F: Bibliography**

OECD (2002), Evaluation and Aid Effectiveness: OECD Development Assistance Committee, (OECD - Evaluation and Aid Effectiveness Series).

OECD (2012), Evaluating Peacebuilding Activities in Settings of Conflict and Fragility: Improving Learning for Results, (DAC Guidelines and References Series, OECD Publishing).

UNIDO (2010), Thematic Evaluation: UNIDO Post-crisis projects, (UNIDO Evaluation Group).

Thematic Evaluation of UNIDO's Post-Crisis Interventions, Third Draft Report (July 2014)  
UNIDO (2013) Independent Evaluation Report Combined Independent Evaluation of: Enterprise Development through Information Communication Technology (EDICT) and Investment Promotion for Iraq (IPI), (UNIDO Evaluation Group).

UNIDO (2013), Independent Country Evaluation: IRAQ, (UNIDO Evaluation Group).

### **Key Primary Sources**

Republic of Iraq National Development Plans 2010-2014 and 2012-2016, Ministry of Planning

United Nations Development Assistance Framework, Iraq 2011-2014

Project Document TE/IRQ/10/006: Enhancing investments to Iraq through industrial zone development.

Inception Report: Enhancing investments to Iraq through industrial zone development, (September 2011)

UNIDO (2013), Independent midterm Evaluation IRAQ Enhancing Investments to Iraq through IZ Development, (UNIDO Evaluation Group).  
Minutes of Projects Steering Committees

Six monthly Project Progress Reports for 2012 to 2013

Pre and Feasibility studies for the development of IZs in Najaf and Basra  
Mapping and analysis of the existing industrial zones in Iraq (Transtec 2012)

Final Private Sector Needs Assessments

ToR for PSC, technical working groups and High Level Committee on the Development of IZ in Iraq (Draft)