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Weaving a New Fabric of Small-Scale Agro-Industries in Northern Iraq



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FOOD AND AGRICULTURE
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The “Community Livelihoods and Micro-Industry Support Project in Rural and Urban Areas of Northern Iraq” was financed by the European Union through the United Nations Development Group – Iraq Trust Fund.

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UNIDO and FAO in Northern Iraq: A Grass-Roots Campaign for Economic Recovery

The impact of crisis and open conflict in many parts of the world has become a major concern for national governments and international policy-makers. In an environment of turmoil, the rapid deterioration of human security in general and a marked increase in the vulnerability of the weakest are inevitable. The social and economic fabric of communities and families is damaged and productive capabilities are diminished. Frequently, these pressures lead to the dislocation of large numbers of people.

Iraq's recent history of wars, sanctions, isolation and rampant sectarian violence has imposed a devastating toll on the quality of life and the prospects for human development. Despite its considerable natural resources and growth potential, Northern Iraq is one of the country's poorest regions with most of its population of over 5 million lacking access to basic services and sustainable incomes.

Over the last two decades, conflict has led to the destruction of infrastructure and the near collapse of the general education and vocational training systems. Surviving support institutions are plagued by insufficient funds and trained manpower. Furthermore, the young are among the most seriously affected due to a lack of



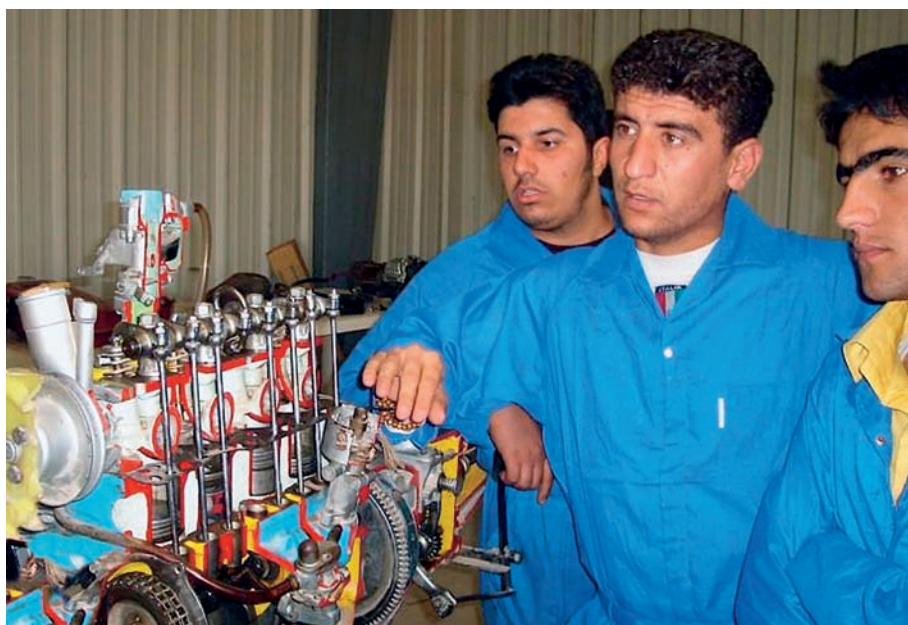
marketable skills and of means to initiate income generating activities. These dire educational and economic realities exacerbate the widespread poverty, food insecurity, out-migration and criminality.



The fate of recovery efforts in post-crisis situations is largely determined by the degree of success in making the transition from the initial emergency and relief stage to rehabilitation and reconstruction and ultimately to development. The new political situation in the country has brought hope to Northern Iraq. It has created opportunities to develop support programmes aimed at enabling the local population to rebuild and sustain their livelihoods.

The United Nations Industrial Development Organization (UNIDO) and the Food and Agriculture Organization of the United Nations (FAO) have recently completed an ambitious joint project to revitalize the small-scale agro-industries sector in two of Northern Iraq's governorates, Erbil and Sulaymaniyah. The *"Community Livelihoods and Micro-Industry Support Project in Rural and Urban Areas of Northern Iraq"* was designed to be a key player in the overall UN assistance strategy in Iraq. By adopting as a core objective the creation of employment and entrepreneurial opportunities for vulnerable population groups such as the young, women and displaced persons, the project was in tune with two major national development priorities of the Government of Iraq: revitalizing the private sector and improving livelihoods.

Concerted Action with Local Partners Both UNIDO, largely through its Agri-Business Development Branch, and FAO have provided extensive assistance in post-crisis environments in recent years. One such intervention was another joint project which benefited some 1,500 households in the Thi-qar Governorate of Southern Iraq by helping in the establishment of small-scale enterprises. This experience has strengthened the conviction of the two UN agencies that close cooperation with national partners and the full engagement of crisis-affected communities are largely responsible for the success of such initiatives. Moreover, in Iraq, security constraints make reliance on national project staff and local expertise indispensable. The project in Northern Iraq benefited from the



effective involvement of the regional government's Ministry of Agriculture and Ministry of Industry in assessing local needs and resources, in laying out the project strategy, and in field implementation and progress monitoring.

The project groundwork consisted of training 65 local trainers in various technical, enterprise development and management areas both in Iraq and abroad (Jordan, Spain, Syria). The project also rehabilitated and equipped vocational training centres at strategic locations: Bahrka, Kasnazan, Erbil City Centre, Qushtappa, Shaqlah, Salahaddin, Koisnjaq and Rawanduz in the Erbil Governorate, and Sulaymaniyah City Centre, Bakrajo, Tanjaro and Shekh Mand in the Sulaymaniyah Governorate. At these and other locations, end beneficiaries were trained in a wide range of technologies from

weaving, tailoring and leather product manufacturing to woodworking, metalworking, agro-mechanics and vehicle repair to dairy processing, beekeeping, fruit and vegetable processing, packaging, food safety and quality control.

One fundamental task of the project was to facilitate access to income generating activities by providing suitable technology and supplies to production groups and hundreds of individual beneficiaries. From lathes and looms to tool kits, food processing equipment and sewing machines, technology transfers accounted for approximately 35% of the project's total funding. The funding consisted of US\$5.8 million provided by the European Union through the United Nations Development Group – Iraq Trust Fund, and a US\$500,000 contribution in kind from the Government of Iraq. To optimize the impact of such substantial technology transfers, the project also devoted a number of activities to facilitating market access and development.

Helping Where Help Is Needed Most A defining feature of the project was the direct assistance provided to beneficiaries regarded as most vulnerable in this post-crisis environment. Based on beneficiary selection criteria agreed upon by all project stakeholders, the project primarily targeted women (particularly those who were the sole or main providers of their households), displaced persons and returnees,



and villagers with very low incomes. The geographic distribution of training activities reflected local handicraft and food-processing traditions, local resources, and market access considerations. In total, some 2,000 households in 22 rural and urban areas benefited from training in food and non-food technologies. In addition, the project improved significantly the skills – and thereby the employment prospects – of several hundred young people from the two governorates. During the later stages of project implementation, all vocational coaching was closely monitored. This process included a training relevance survey which covered both end beneficiaries and trainers.

Encouraging survey data have recently been supported by more compelling evidence of project impact – glimpses into the tangible difference the project has made in the lives of individuals and their families. One such success story is that of Baffren Sadiq Hamadamin of Mamzawa, a small village in the immediate vicinity of Erbil. Since her husband could no longer work due to a disabling injury, she took courses in tailoring and, with additional project support (incentive fees, sewing kits, interior renovation services) opened a small shop in her house. Her diligence as well as her newly acquired skills were soon rewarded with a steady stream of orders. To expand her business, she trained her daughter and a neighbour who are now her partners. With an average daily income of about US\$30, the time when her family often depended on food handouts is no more than a bad memory





for Baffren Sadiq Hamadamin. The story of Ahmed Hassan Ali of Hanara, a village some 25km from Erbil, is similar. Trained in welding and provided with tools by the project, he bought additional equipment and set up a workshop in his house. Now he can handle just about any metalworking job for his customers, and a good day's work brings him over US\$50, which goes a long way in supporting a family of eight.

Community Development through Production Groups Another project challenge was to ensure the operational effectiveness – and consequently the viability – of agro-industrial micro-enterprises by pooling them into producer partnerships. Eight business associations, called production groups, in food processing and other agro-industries were established in Erbil and Sulaymaniyah. Together with these clusters, the project management developed business plans that pursued improved efficiencies in the use of available resources as well as better and more profitable access to markets. Beyond the direct economic benefits rendered to the initial participants, the production groups became showcases capable of enhancing the awareness of local communities regarding project opportunities. At higher levels of participation in the future, these partnerships are likely to play an important role in the development of their communities.



They will be in a position to extend a helping hand to new returnees by providing employment opportunities, will engage an increasing number of households in a variety of sustainable activities that generate auxiliary incomes, and will drive the development of their communities as well as contribute to the overall economic recovery of the region.

High Marks for Project Performance In an independent assessment conducted by a consultancy company (ScanTeam) shortly before its completion, the project received high marks for management effectiveness, efficiency of project practices, efforts to promote national engagement, and progress towards meeting project objectives. A recent survey of a 20% sample of project-trained trainers revealed that over 90% believed that they had acquired the skills needed to provide effective training and mentoring services. Most significantly, an evaluation of post-training performance by end beneficiaries has concluded that over 85% have become self-employed and enjoy substantial increases of their incomes. Moreover, there are strong indications that the project has helped improve the quality of life and the economic prospects of the most vulnerable population groups in the two governorates.



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