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IRAQ

***INMA* QUARTERLY REPORT**

JANUARY-MARCH 2008



Inma
AGRIBUSINESS PROGRAM

The *Inma* Agribusiness Program is made possible by the support of the American people through the United States Agency for International Development (USAID). *Inma* is implemented by a consortium led by the Louis Berger Group, Inc., under Contract No. 267-C-00-07-00500-00.



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Please do not circulate this report without due consideration of security issues in Iraq.

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ACRONYMS AND ABBREVIATIONS

AMIS	Agriculture Market Information System
BDFG	Business Development Funding Group
CERF	Central Emergency Response Fund
CERP	Commanders Emergency Response Program
COP	Chief of Party
CSP	Community Stabilization Program
CTO	Cognizant Technical Officer
DAC	District Area Council
DI	Iraqi Dinar
ePRT	Embedded Provincial Reconstruction Team
FAR	Federal Acquisition Regulations
FOB	Forward Operating Base
GCC	Gulf Cooperation Council (Bahrain, Kuwait,, Oman, Qatar, Saudi Arabia, UAE)
GOI	Government of Iraq
GRE	Graduate Record Exam
ICA	Irrigation Command Areas
ICAP	Iraq Command Areas
ICBG	Iraq Company for Bank Guarantees
NGO	Indigenous Non-Governmental Organization
IIFT	Inma Iraq Field Team
IPM	Integrated Pest Management
IRs	Intermediate Results
IT	Information Technology
JOF	Job Order Facilitator
JOM	Job Order Manager
JOS	Job Order System
LOP	Life of Project
LTTA	Long Term Technical Assistance
M&E	Monitoring and Evaluation
MIS	Market Information System
MND-SE	Multinational Division-Southeast
MOA	Ministry of Agriculture
MoWR	Ministry of Water Resources
NCD	National Capacity Development Program
NGO	Non-Governmental Organization
PDS	Public Distribution System
PERSUAP	Pesticide Evaluation Report and Safe Use Action Plan
PO	Purchase Order
PRT	Provincial Reconstruction Team
RFA	Request for Applications
RFP	Request for Proposals
SBDC	Small Business Development Council
TA	Technical Assistance
TOEFL	Test of English as a Foreign Language
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USG	United States Government
VCA	Value Chain Analysis
VSP	Veterinary Service Provider
YAO	Youth Activity Organization

This report covers the 3rd Quarter (January – March 2008) activities and deliverables of the USAID-funded Inma Agribusiness Program in Iraq. The report is structured to provide an update on the planned activities set forth in the approved Annual Work Plan, and it quantifies specific deliverables and outputs as projected in the approved Performance Monitoring Plan (PMP).

1. GENERAL INFORMATION

Project Name:	<i>Inma Agribusiness Program</i>
Project Objective:	The purpose of this contract to provide agricultural and business development services to USAID beneficiaries in strategic locations in Iraq to promote economic diversification and job generation, with an emphasis on the growth of the agriculture and agribusiness (“agro-food”) sectors in the provincial, regional and sub-regional economies.
Contract No:	267-C-00-07-00500-00
Contract Start Date	May 14, 2007
Contract End Date	April 30, 2010, two one-year options to extend to April 30, 2012
Project Start Date:	May 2007
Project End Date:	April 2012
Project Principals:	Charles Bell, Senior Vice President, The Louis Berger Group Inc.
On-Site Leadership	Herschel Weeks, Chief of Party Don Henry, Deputy Chief of Party - Operations Fred Mann, Deputy Chief of Party - Programs

3rd Quarter (January-March 2008) Developments:

The Cost-Plus-Fixed-Fee (CPFF) level of effort term contract (No. 267-C-00-07-00500-00) for the *Inma* Program was signed May 14, 2007. The period of performance of the contract is three years, May 14, 2007 through April 30, 2010, with two one year options to extend through April 30, 2012. The Louis Berger Group, Inc. has submitted a request to USAID for approval to exercise the options authorized under Contract Section F.2 for extension of the Period of Performance of the *Inma* Agribusiness Program two years from April 30, 2010, to April 30, 2012.

2. INTRODUCTION

Agriculture and agribusiness in Iraq support an estimated 27% of the population. The sector’s contribution to national income is second only to that of the oil industry. In recent decades, however, Iraq’s agricultural sector – once export-oriented and able to satisfy a large portion of the country’s food needs – has declined precipitously because of wars,

misguided policies, and economic sanctions. As a result, Iraq's productivity of cereal and high-value crops is reduced to a fraction of what it used to be.

The *Inma* Agribusiness Program is an integral part of the United States Government's National Economic Development (NED) Program with the overall goal to expand private sector economic opportunities. The NED Program approach is to stimulate economic growth to provide greater opportunities for the people of Iraq to engage in normal economic and social behavior, creating a climate for peace and stability.

The Louis Berger Group, Inc.'s Consortium was chosen to implement the *Inma* Agribusiness Program – a contract in support of USAID's Strategic Objective 8: Private Sector Economic Opportunities Expanded and, in particular, Intermediate Results 8.2: Increased Private Sector Agribusiness Development.

Through the *Inma* Agribusiness Program, Iraq can become able to satisfy most of its domestic food needs as well as export high-value products to other regions. A revitalized agricultural sector will:

- Bring prosperity to millions by restoring the capacity of rural agro-enterprises to produce, process, and market agricultural produce and
- Contribute to food security for the people of Iraq.

Inma is supporting the commercial operation of agribusiness in the areas of processing, marketing, and distribution of value added products. The principal areas of concentration will be in three commodity clusters: Annual Horticulture, Perennial Horticulture, and Livestock and Feed. These are referred to as clusters because there are a number of associated but independent industries that comprise the activities within each cluster. Each of the three commodity clusters will be implemented by a specialized team led by a senior technical manager, responsible for developing and implementing projects designed to contribute to the overall results framework.

The detailed activities of the work plan assume that the security situation in Iraq will improve and that we will have access to partners and beneficiaries; however, the reality of the current insurgency means that many Iraqi clients are in danger if they openly collaborate with the project. In order to accomplish the goals of this project, innovative methods will be used to reach, guide and monitor local partners.

3. PROGRAM IMPLEMENTATION

During the first year, the *Inma* Work Plan is focused on agribusiness development activities, demonstrations of improved marketing and market-responsive production oriented practices to increase value-added in current production within targeted product clusters. Feasibility and marketing studies contribute to value chain assessment and analysis to identify opportunities for targeted strategic investments. The *Inma* Team also is working towards gaining the confidence of the private sector. The success of *Inma* is contingent on building solid Iraqi partnerships with private sector actors to both implement activities and to become development partners. Private sector partners are expected to become major drivers and champions of specific anchor and ancillary enterprises within clusters and along targeted product value chains. These partners may include private business entrepreneurs, producers' associations, farmer-owned businesses, traders' associations, and other indigenous institutions.

Inma activities are being implemented using primarily four types of interventions:

1. Activities implemented directly by the Technical Assistance Teams with local partners in the private sector, local communities, local NGO's, and local governments.
2. Grants to local groups including businesses, farmer associations, NGOs and others as identified.
3. Training and capacity building supported through training local Iraqis in workshops, hands-on short-term training, and formal classroom training.
4. Feasibility review (and determination of appropriateness to Inma mandates and priorities) of Job Order proposals received from ePRT/PRT personnel and other authorized groups such as civil affairs military units. Those job orders determined to be economically feasible and within Inma mandates and priorities are designed and implemented directly by the *Inma* Team or through *Inma* provided funding and technical assistance support to a private sector partner who implements the approved activity with Inma oversight.

Over the last three months, *Inma* has sharpened its strategic focus and has taken proactive steps to emphasize with its partners, especially ePRTs and PRTs proposing activities, that Inma is a market led program. The project goal is to increase value added in the market place. Introduction of packing sheds, improvements in irrigation infrastructure, and construction of markets are not the expected project results. They are examples of "inputs" into producing the value added outputs and income and employment results that *Inma* seeks.

Selection of Inma project interventions for a targeted product is based initially on an analysis of the market demand and prices. The analysis helps identify what is needed throughout the market chain (from field to fork) and permits focus on "weak links" that if strengthened, will have the greatest impact on achieving intended results of employment and income increases.

3.1 GENERAL ACTIVITIES

3rd Quarter (January-March 2008) Developments:

1. Value Chain Assessments - Drawing on various approaches from in-house, and on staff experiences elsewhere, Inma has developed a summary framework and format for Value Chain Assessments (VCAs) for targeted products to assist in identifying and prioritizing anchor enterprise and ancillary interventions. Red meat was selected as the targeted product for initial application of this summary VCA framework and format. This resulting VCA document was shared with the *Inma* CTO and revised accordingly. Additional VCA summaries are being prepared as staff availability permits: (1) VCA for fresh vegetables is now with the Annual Horticulture Team Leader taking the lead; (2) Intermediate VCA for animal feeds also is being prepared with David Slusser taking the lead. As our program staff grows, and as more and better information and data are generated, we will move forward with more detailed analyses and documentation, and, as appropriate, update existing VCAs. VCAs will serve an ever-increasing pro-active role in guiding our program decisions for *Inma* interventions. Additionally, these summary VCA reports provide initial documentation of *Inma* utilization of VCA up to now, and will become an even more useful tool in the future to improve identification and prioritization of anchor enterprises for in-depth design of program

assistance, including choices for ancillary support activities, geographic focus areas, and course corrections.

2. ePRT and PRT as Local Partners – During the first two quarters of program implementation, *Inma* focused on Job Order applications from various groups and cooperating partners to identify project activities. Projects identified for further review and design through the Job Order System included: Balad Canning Factory; Taji/Abu Ghraib Vegetable Project; Anbar Mushroom Factory; Babil Feed Mill; Euphrates Fish Farm; Qada Packing Sheds Project; Summer Feed Grains (Maize) Project,; and the Winter Feed Grains (Wheat and Barley) Project. In the third quarter, and as anticipated in the program implementation plan and the first year annual work plan, this “reactive” approach was being phased down in favor of a more “proactive”, systemic approach based on Value Chain Analysis results and on recognition that higher program impacts can be achieved through a geographic area focus. As a result, activity interventions are more comprehensive and include a number of activities that together make synergistic contributions towards employment and income generation, and increased stability.

3. Grants to Loans – During the first three quarters of program implementation, *Inma* gained both experience and knowledge about constraints affecting agribusiness development and success. It has become clear that investing in agribusiness is constrained by the absence of lending institutions serving agribusiness financing needs, and by lack of adequate financing responsive to agribusiness opportunities. In order to provide assistance in this area, *Inma* will undertake an agribusiness financing support program using grant funds to assist private banks to develop capacity and expand their capital base for specialized agribusiness lending. A Request for Expressions of Interest, issued in March to all private banks operating in Iraq, will be followed by a Request For Application (RFA) for a Grants to Loans (GTL) Agribusiness Credit activity. The GTL activity will, through grants, establish appropriate agribusiness lending capacities, and augment resources available, within selected private bank partners to finance commercial agribusiness capital investments and working capital. Participating private banks may be Iraqi-owned, may have international partners, and may be Iraqi branches of international banks. The GTL activity has two major components:

- i. An Agribusiness Loan Facility through Private Commercial Banks operating in Iraq. The resources for agribusiness loan funding from *Inma* will total approximately \$50,000,000, with \$35,000,000 programmed for 2008-2010, and an additional \$15,000,000 for the optional two additional years of the *Inma* contract. Individual loans under GTL will be from \$250,000 to \$5,000,000. Larger loans may be eligible on a case-by-case basis, subject to comprehensive review and approval by USAID and *Inma* management. As part of this program, participating banks are expected to share risk by investing some of their own resources in each agribusiness loan
- ii. A Microfinance Program through International and Iraqi Micro-Finance Institutions (MFI). This activity will provide short-term loans of less than \$100,000 that will be oriented to providing seasonal credit for such uses as inputs, operational funds, or small value purchases. These loans usually will not have collateral as a requirement. Funds available for MFI will be approximately \$5,000,000 in the first phase and an additional \$5,000,000 in the optional two years for the *Inma* Program. Short-term (less than 18 months) loans of up to \$100,000 will be considered under this program. Agreement with participating MFIs will be in accordance with USAID regulations.

The amounts above represent only funds available for loans. The cost of operating these programs is additional. Estimated costs of operating the GTL and MFI activities, including

the optional two years is \$7,000,000 for the full four years. This cost includes a full time *Inma* GTL Activity Manager, a Sub-Contractor to provide loan application assistance, bank capacity building and loan management oversight, as well as costs of operations for MFIs providing micro-finance support.

Total estimated funding is \$67,000,000. It is estimated that these activities will inject a total of \$72,500,000 in additional financial resources made available to Iraqi agribusinesses and farmers (if one assumes a 25% match by Banks for these loans). Additionally, income from loan repayments will be rolled over into new agribusiness lending.

Major activities planned for the next quarter for the GTL grants to Loans Program start-up include:

- a. Bank Program Support will be provided using a sub-contractor. Conditions in Iraq do not permit expatriate advisors to freely visit institutions such as banks. For this reason, *Inma* will contract with an Iraqi firm to “mirror” *Inma*’s role on a day to day basis “in the field. The contractor will provide support and assist in development of grant/loan packages, including: (i) evaluation of the agribusiness operations requesting loans; (ii) data collection for development of the grant/loan packages presented to the banks; and (iii) review of the operations of the GTL program in the field to assure *Inma* that required controls and procedures are followed. The request for proposals (RFP) for this work is expected to be completed and issued by 30 May 2008. Award for this contract is expected by 15 July 2008.
- b. Dedication of an *Inma* Team member to manage the GTL Activity. Activity complexity and importance requires a full time, in-country *Inma* team member. This person will be a professional finance manager with experience in bank operations, loan management, and microfinance. She/he will also understand the requirements of agriculture financing and credit systems. This person is expected to be on board by 1 July 2008.
- c. Capacity-building activities are developed for participating banks. Each bank is likely to require specialized capacity-building for agribusiness lending. *Inma* will sub-contract with a local firm (with oversight by the *Inma* finance manager) to evaluate selected banks and identify areas where capacity-building is needed. *Inma* will develop specialized training interventions related to agribusiness lending. As soon as the sub-contractor identified above is in place, specific training and technical assistance will occur within the selected banks. Training activities are expected to commence 15 June or as soon as participating banks are identified and selected.

Relevant *Inma* program documents will be amended to incorporate the GTL activity, and will be submitted for approval next quarter. Specifically, amendments will be developed for *Inma*’s Implementation Plan, the Project Monitoring Plan, and the Grants Manual.

3.2 IMPLEMENTATION CONCENTRATION AREAS

Inma focuses on three sectors of agribusiness with associated commodity clusters: perennial horticulture, annual horticulture, livestock and feed. In order to be able to address the activities considering the limitations of staff, funding, and implementation time frames, high potential geographic focus areas are being selected for major operations. Selection of geographic focus areas is based on available resources and are identified using a combination of irrigation command areas, proximity to production and processing

agribusinesses, access to transportation systems, and willingness of farmers, traders, processors and others to participate in the program. Areas selected are significant in size providing the potential for large scale, commercial level production and market supply. All products supported have identified market potential and appear to be competitive in price and quality.

Interrelated operations are being developed and/or reinforced in the geographic focus areas. For example, feed production on farms using contract farmers, feed mills and feed depots in the area, feedlot operations close to feed mills; farmers and producers associations formed to grow, process and sell feed, and a transportation hub for loading and shipping feed, animals and other products to markets.

Since virtually all of Iraq agriculture requires irrigation, most of the irrigation, water resource management, and soil reclamation efforts will be across commodity groups and will support activities that depend on needs of specific irrigation command areas identified for value chain interventions.

3rd Quarter (January-March 2008) Developments:

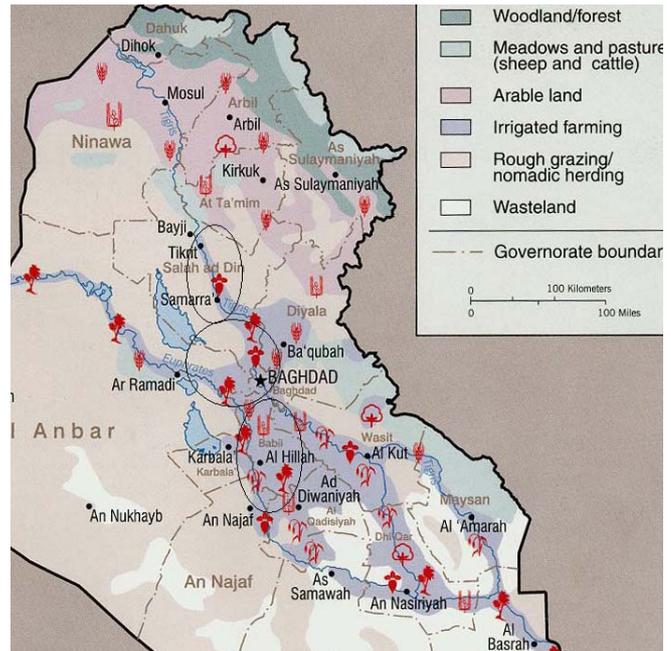
Notable achievements of the past quarter include the selection and development of two high potential geographic focus areas. *Inma* has identified the most fertile, productive areas that combine to support more than a third of Iraq's population, which makes them vital to Iraq's security, stability, and economic growth.

The selection of geographic focus areas for *Inma* activities allows the program to concentrate resources and achieve more measurable, sustainable results.

Moreover, the identification of priority geographic focus areas will facilitate *Inma's* strategic and market led approach, ensuring that investments made in any one element of a product value chain are maximized because other weaknesses along the value chain will also be addressed. Markets, especially, can be targeted for assistance to ensure that commodity assistance includes attention to processing and marketing.

By focusing and synergizing activities in one area, *Inma* and its collaborating partners have been able to more effectively and efficiently address numerous interrelated and co-productive cluster activities. Before selection as a Geographic Focus Area, the following criteria were established:

- Available resources identified using a combination of irrigation command areas;
- Proximity to production processing and agribusiness;
- Access to transportation systems;
- Willingness of farmers, traders, processors, and others to participate in the program;
- The geographic focus area selected is significant in size, providing the potential for large scale, commercial level production and market supply;
- All products supported in the area must have identified market potential and potential to be competitive with equivalent products already in the market.



The above strategic considerations have led the Inma Team to target support to commercial agribusiness operations along marketing value chains of three commodity clusters: Annual Horticulture, Perennial Horticulture, and Livestock and Feed. Assisted within each commodity sector are the associated, yet independent, industries that process, market, and distribute related value added products. Initial priority is given to the clusters at the harvest/post-harvest and wholesale levels in each product or product group marketing value chain. Two geographic focus areas have emerged: The Babil Governorate (from Isakandariya to Hilla) and Golden Crescent (encompassing the agricultural irrigation command areas located within Baghdad, Istaqlal, Taji, Abu Ghraib, and Tarmiya) for program focus as a result of collaboration with the ePRTs, PRTs, and Military security advances in areas identified with high agribusiness potential.

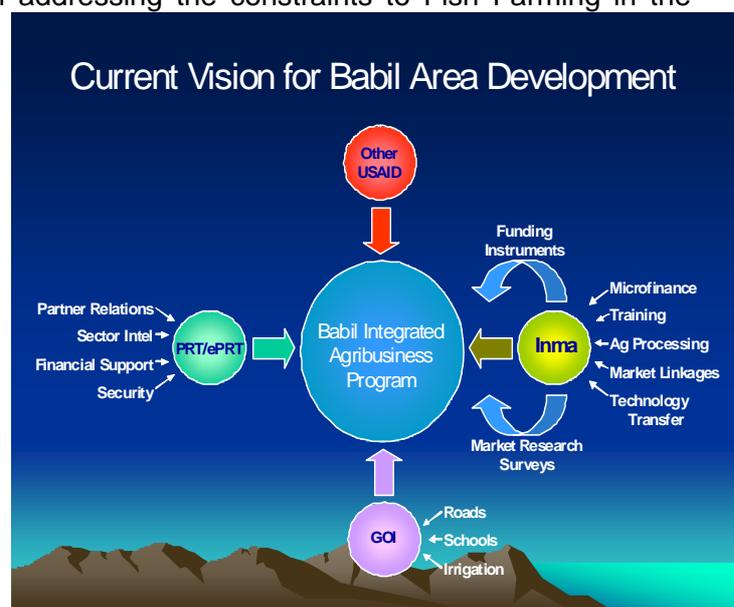
Inma is coordinating its efforts with a wide range of partners within each of the focus areas. These groups include, but are not limited to: USG partners such as the Military, ePRTs, and PRTs, Provincial Councils, local market councils, farmers associations, NGOs such as CHF, Community Stabilization Program (CSP), and other USAID funded projects, such as Tatweer and Izdihar/Tijara.

A. Babil Geographic Focus Area

The Babil Agribusiness Development Focus (ADF) Area Initiative combines the efforts of the *Inma* Agribusiness program with a number of partners, ie. Military, PRT, ePRT, Community Stabilization Program, microfinance, etc., in partnership, to revitalize carefully selected private agribusiness enterprises and associated cluster agribusiness operations (fish farms, markets, horticulture, feed mills, feed lots, etc) that are projected to have substantial immediate impacts on employment and economic growth.

The Babil ADF encompasses the rich agricultural flatlands lying between the Tigris and Euphrates Rivers, site of Iraq’s most concentrated irrigation canal network. Re-establishing modern fish production offers excellent potential for rapid response agricultural revitalization and expansion in the Babil region, and serves as an anchor industry product. Babil hosts nearly 70% of Iraq’s 1,893 licensed fish farms and a multitude of relatively new unlicensed farms. Only 500 of these farms are presently believed to be operating at all – almost all at very low or substandard production levels. The positive change in security conditions in North Babil and the urgent requirements to create immediate jobs in the next few months has generated extraordinary interest in addressing the constraints to Fish Farming in the North Babil region this year, instead of in 2009, as *Inma* had originally planned.

Inma’s work in Babil began with a PRT/military request to assist with rehabilitating the Euphrates Fish Farm (EFF), Iraq’s largest hatchery. Operating prior to *Inma* support at about one third capacity, the farm is an excellent entry point for affecting marketing value chains for a multitude of agribusiness activities in the Babil Governorate. Centrally located, the EFF provides a supply hub for fingerlings to fish farms in the surrounding area. The proposed interventions most directly affecting



the EFF operation include the need to ensure provision of adequate water flow, repair and upgrade of infrastructure, and introduction of upgraded live haul tanks for fingerling distribution and for transport to market. In Babil, Inma seeks to increase the value and quantity of fish in markets by rebuilding, repairing, and improving links in the fish market value chain. Inma's plan includes launch of a major testing/demonstration activities with 50-100 fish farms throughout Babil, thereby ensuring for participating farmers access to appropriate quality fish food, healthy fingerlings, adequate pond aeration, training, and technical support to address key value chain constraints in production, harvest, transport, and marketing of fish.

Inma's efforts will improve the capabilities of Fish Farmers to respond to value-added opportunities in the marketplace by addressing weaknesses in the fish marketing value chain that now obstruct effective flows of price signals from consumers to producers. Achievement of this goal should result in increased availability of improved quality fish for Iraqi consumers, while increasing value-added accruing to fish farmers and marketers. In addition to increased direct employment from improved and increased fish production, a significant employment multiplier effect will be achieved with improvements along the marketing chain, e.g, transport, cold storage, wholesale and retail market improvements, as well as through improvements and expansions to ancillary cluster enterprises, such as feed production, processing and marketing.

In the Babil and N. Babil area, current activities of *Inma* and partners are as follows:

- Euphrates Fish Farm (production of fingerlings)
- Micro-Grants for Fish Pond Preparation (US Military)
- Micro-Lending for Fish Farms (1500 donums demo farms, feed)
- Technical Assistance, Training, outreach (1500 donums demo farms)
- Irrigation and Drainage Canal Refurbishment (Military, CSP)
- Access to Quality Fish Feed and Fingerlings (1500 donums demo farms + Farmer Assoc.)
- Farmers' Market (military/USDA)
- Live Haul Transport Innovations Introduced (Military + *Inma equipment inputs*)

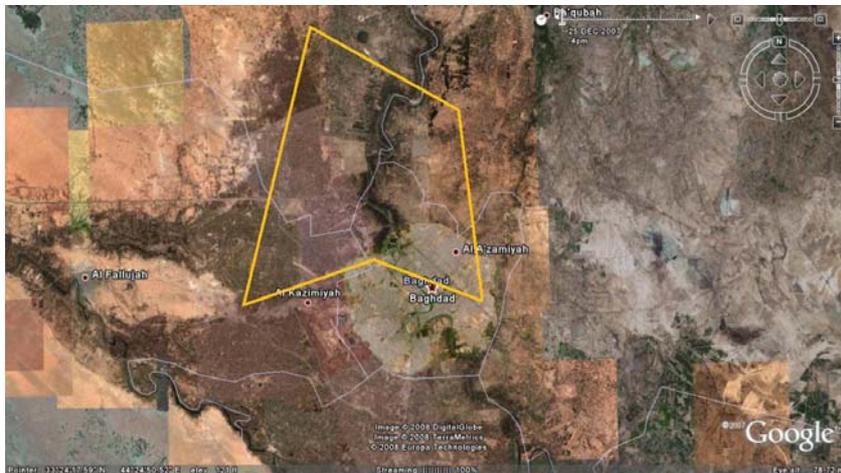
Additional Proposed *Inma* Activities:

- Feed Lot (Ruminants large/small)
- Feed Mill/Depot (fish, poultry – ruminants)
- Wholesale Market Infrastructure
- Vegetable and Fruit Packing Shed
- Farmer Services Enterprises (e.g.,fertilizer, seeds, equipment, technical and financial services, etc.).

B. Golden Crescent Geographic Focus Area

The Golden Crescent ADF area encompasses one of the most progressive and modern areas of agribusiness industries found in Iraq and the closest to Baghdad, the largest market center in the country. Opportunities in the area cover the value chains of all three Inma sectors: Annual Horticulture, Perennial Horticulture, and Livestock & Feed. As recently as 2007, citizens in the area were focused on survival rather than cultivating crops. Farm markets had become rare or non-existent and only frequented by the most desperate of shoppers. Input supply became rare or non-existent and irrigation systems were in disrepair. Farmers were subjected to influence-peddling and intimidation by extremist groups that could replace lost farm income in exchange for nearly any demands made. In the past few months, a relatively permissive environment has developed in which the embedded

provincial reconstruction teams have been able to engage leaders to cooperate with coalition forces to begin rebuilding. Current implementation partners include Baghdad ePRT 3, Baghdad ePRT 5, Baghdad ePRT 2, US Army Camp Taji (two brigades), Baghdad Provincial Council, local market councils, farmers associations, and business entrepreneurs.



Inma began implementation in the area with a request from Baghdad ePRT 5 to assist with providing new technology to growers that formed twelve associations from the Abu Ghraib to Taji, known originally as the “Iron Horse” Vegetable project. The project is the first step in a three year joint strategic plan between ePRT 5 and Inma to

identify regional agriculture value chains for sustainable production, procurement, processing, and distribution. Local market council leaders have requested additional projects, including the Tae Greenhouse project and the first of many Qada Packing sheds. These projects are strategically located adjacent to the Abu Ghraib vegetable production areas and continue to strengthen the vegetable value chain from production to wholesale and retail markets in Baghdad.

In the Golden Crescent ADF area, the New Baghdad (“9” Nissan) Retail market project began at the request of the Baghdad District Area Council members and Baghdad ePRT 2 for the opening of a market (already constructed at a cost of over \$1 million in 2004 by the International Relief & Development-IRD a USAID contractor). The objective is to have a safe market where local vendors can sell fresh fruit and vegetables acquired from local growers and wholesalers. The market was never occupied for various reasons and had fallen into a state of disrepair. The Inma implementation plan calls for renovation and revitalization of wholesale and retail markets; the demand for higher quality fresh fruits and vegetables should increase significantly in the improved markets, which are the most important factors in determining the success of any national fresh fruit or vegetable agribusiness value chain intervention. Furthermore, Inma assisted in the formation of an NGO, NINMA, which will provide the market’s management and specific training for development and implementation of food safety management systems for ensuring produce safety and quality in the Baghdad food chain.

Several activities are being implemented or are in the final design stage:

- Taji – Abu Ghraib Vegetable Improvement Project
- Al-Tae Farms Training and Demonstration Greenhouses
- Rabee Fresh Fruit & Vegetable Packing “Shed”
- New Baghdad Retail Market

Additional planned activities in the design stage are:

- Lower Rashidiya Irrigation System Restoration
- Introduction of new perennial fruit tree genetics
- Fresh Fruit & Vegetable Packing Sheds

- Livestock Feed Lots
- Regional Refrigerated Transportation Enterprise
- Date Processing and Packaging Facility
- Baghdad Market Information System

3.3 SECTORS/COMMODITY GROUPS

Inma is supporting commercial operation of agribusiness development in the areas of processing, marketing, and distribution of value added products. The program is assisting to revitalize and expand modern agribusinesses with commercial supporting input systems. As set forth in the Implementation Plan, the Inma Team has refined the technical components of the program to focus on three commodity clusters (sector focus areas) which include: Perennial Horticulture, Annual Horticulture, and Livestock and Feed.

Significant progress in each of *Inma's* three program sector focus areas is described below according to major project activities set forth in the Annual Work Plan and PMP.

The Inma Project Map (Appendix B) and Inma Project Matrix Table (Appendix C) provide detail regarding Inma Projects. Further information regarding each program cluster area is described below.

3.3.1 PERENNIAL HORTICULTURE

Perennial agriculture in Iraq is characterized by deciduous orchards, such as apples and walnuts in the northernmost areas, shifting into grapes, pomegranates, and figs centrally, transitioning quickly into predominantly date production that stretches centrally on to the southern region of Iraq – occupying over 200,000 hectares.

Except for dates, perennial crops do not represent major market segments, although these crops are important sources of farmer income. They generate a substantial number of jobs, and, if better managed, could add significantly to profitability of agribusinesses. These crops are labor-intensive and provide income and employment to families in rural areas much of the year. For many farmers involved with these crops, income from fruit is or could become a significant part of their income.

Dates traditionally were a significant export product until the first Gulf War. Other crops, such as grapes and pomegranates, are in high demand in local and regional markets and have good export potential in the medium and long-term. Additionally, Inma will focus on production of potentially lucrative crops, such as apples, citrus, figs, stone fruit, and berries, primarily for the domestic market, at least until production can competitively meet quality standards suitable for export.

3rd Quarter (January-March 2008) Developments:

A. Highlights

Inma's analyses over the quarter of conditions and prospects for Iraq's date industry suggest that initial projections for date industry revival were too optimistic.

Inma completed major studies, analyses, and consultations with date industry leaders. Findings are summarized in: "Date Sector Report and Value Chain Development Program," prepared by Rocky Walsborn of Agland Investment Services, January 15, 2008; "Iraqi Date Industry Marketing and Post-Harvest Issues," prepared by Amer Jabarin, PhD and Faraoun A. Hussain, PhD, January 2008, and "Iraq – a Strategy for Dates," January 2008.

Study Conclusions: Iraq at one time was the number one exporter of dates in the world. Worldwide date production has increased exponentially over the last three decades. Starting in 1965 at about 1.85 million tons, it reached 2.7 million tons in 1985 and 7.0 million tons in 2005. The industry turning point occurred in the early 1980's, during, and immediately after the Iraq-Iran conflict. This conflict disrupted the worldwide date supply, creating shortages in the lucrative EU market and in the fast-growing Asian market. The gap in supply and the consequent drastic rise in prices prompted other countries, notably Saudi Arabia, Tunisia, Algeria, UAE, Pakistan, and Israel to invest heavily in expanding date palm cultivation to target the EU and Asian markets. Although Iran rejoined the global export market in the late 1980s, Iraqi date production continued to be affected by the boycott imposed after the 1991 invasion of Kuwait.

Iraq has the best climate in the world for certain varieties of dates, giving the country a comparative advantage in industrial dates. Nevertheless, existing conditions and market developments make returning Iraq to its former position in the market a daunting if not impossible goal for Inma: Iraqi date quality has declined considerably; international phytosanitary standards present substantial barriers to export to the EU market; investors can earn a very high return (25%) as brokers exporting the lowest quality dates for industrial purposes; and Iraq's competitors in the region benefit from extraordinary government subsidies.

The result is that in Iraq today private investors have no incentive to improve quality in the value chain. In fact, *Inma's* analyses concluded that to restore the date sector to its former position, it will take hundreds of millions of dollars in investment, which can only come from investors who believe there is a future for the date sector.

Next Quarter Activities:

Inma will convene in Erbil in May or June a Date Marketing Workshop for date producers, date processors, date farmer associations, and date market brokers, to review market research findings and to discuss priorities for realistic programs for the date sector, including post-harvest and marketing techniques and best practices. The workshop will provide a forum to exchange information and facilitate contacts and future information exchange should private investors wish to move forward with investment in the date sector.

B. Annual Work Plan Activities Status

In addition to the above highlights, please find below a summary of Inma 3rd Quarter program progress in achieving planned Perennial Horticulture Cluster activities set forth in the Annual Work Plan matrix.

***It must be noted that our Value Chain Analysis to date indicates the need to adjust all deliverables for dates (see next quarter activities above).

Major Activities –

- Partner Outreach.
 - **Basra date association identified as well as 3 additional potential business partners**

Marketing and Related Development --

- Conduct a value chain analysis of the market sector using implementing partners.

- **Value Chain Analysis of the Market Sector is completed. Baseline validated and verified (Also LOP benchmark)**
- Identify and contract implementing partner to conduct a value chain analysis of date sector and other perennial fruit, specifically pomegranates and citrus.
 - **Value chain analysis of date sector and other perennial crops completed.**
- Identify areas of focus, both in dates and in fruits.
 - **Major production areas of focus, both in dates and in fruits identified.**
- Determine baseline and Monitor project assisted value chain for results of activities.
 - **Initial partners selected and baseline for dates completed**
- Develop a system to track value chain analysis in major target areas.
 - **System developed to track value chain income changes.**
- Conduct a full marketing study to determine quality requirements, phyto-sanitary requirements, prices, marketing channels, buyers, and traders for domestic and export markets. Develop implementation plan for improving date production and marketing. (Also LOP benchmark).
 - **Completed for dates**
- Subcontract a partner to conduct and upgrade a periodic marketing study for both dates and fruits including export markets.
 - **Not yet completed**
- Implementing Partner selected, initial format of pricing data determined and media selected for delivery of pricing information.
 - **Completed**
- A selected implementing partner will develop multiple plans to facilitate the export of dates and date products to international buyers. Subcontract partner to develop a plan.
 - **Not started. Value Chain Analysis indicates the need to adjust this deliverable.**

Development of New Products and Value Added Services –

- Define marketing grades and standards.
 - **Marketing grades and standards developed.**
- Identify date products that will add value to Iraqi dates.
 - **Date products that will add value to Iraqi dates identified.**
- Develop a range of products to meet demand of buyers and sellers.
 - **Analysis completed.**
- Identify appropriate packaging technology and source of packaging materials.
 - **Appropriate packaging technology and source of packaging materials identified.**
- Develop/Rehabilitate modern grading, sorting, and packaging plant system.

- **Assessment of grading, sorting, and packaging plant system completed. Plan developed.**
- Identify shortfalls in the grading, sorting, and packing system.
 - **Plan for the improvement of grading, sorting, and packing development.**
- Develop Financing opportunities and products for business expansion.
 - **Financing partners and opportunities identified. (Also LOP benchmark).**
- Identify other sources of finance.
 - **In progress**
- Provide training that will include grades and standards, food processing, value chain analysis, branding, development of business plans, packaging, marketing, and finance.
 - **Development of general training module completed. Can be modified for dates.**
- Issue subcontract to develop and implement training programs. Inventory and evaluation complete. (Also LOP benchmark).
 - **Not started for dates**

Procurement and Distribution –

- Inventory and evaluate current production and processing equipment.
 - **Inventory and evaluation complete.**
- Purchase equipment required. Commence purchase of equipment. (Also LOP benchmark).
 - **Not started**
- Conduct an Assessment of existing infrastructure, equipment, and capacities for harvesting, processing, and storage processes for date and other perennial fruit.
 - **Assessment completed**
- Contract implementing partner to survey and report the status of project assisted equipment.
 - **Not started**

Production, Reproduction, and Harvesting –

- Assess current production practices and develop a plan for improving production.
 - **Assessment completed**
- Issue a subcontract to implementing partner to assess current production practices.
 - **Completed**
- Implementing partner prepares IPM plan for dates.
 - **Plan completed**

- Demonstrate proper pruning, pollination, and harvesting of dates.
 - **Not started.**
- Demonstration program created and implemented by project partner.
 - **Demonstration program plan is completed**
- Improve propagation techniques, including gathering of sets (vegetative reproduction) from desired varieties on commercial nurseries operated by private sector entrepreneurs and producer associations. Identify techniques and have nursery development work plan in place. (Also LOP benchmark).
 - **Not started**
- Through an implementing partner, identify organization or businesses with the capabilities to propagate perennials. Organizations or businesses with capabilities to propagate perennials identified.
 - **Not started**
- Improve production through soil analysis guidance of fertilization. Course of action decided for the selected project areas. (Also LOP benchmark).
 - **Not started**
- Identify a process to sample best soil and elicit recommendations to help farmers improve production.
 - **Process to sample/test soil to improve production identified.**
- Identify implementing partners to identify the requirements in setting up a pollen bank to improve date production
- Training programs including propagation, water management, pruning, soil analysis, fertility, pollination, harvesting, infrastructure investment, farm business management, machinery, association management, IPM, post harvest processing.
 - **Assessment of the needs for training completed. (Also LOP benchmark).**
- Identify implementing partner to develop training plans and schedule for performing the training.
 - **Ongoing**

3.3.2 ANNUAL HORTICULTURE

In 2005, there were over 400,000 hectares of vegetables planted with gross receipts exceeding \$2 billion, with eight primary crops dominating 80% of the area. The value earned per hectare is well below the average value received in neighboring countries. The majority of the crops are planted on very small plots of land in areas or geographic “clusters” that have competitive advantages over less desirable locations. Vegetable production is concentrated in the central and southern provinces with a lesser amount planted in the north.

The bulk of the harvested annual fruits & vegetables are marketed and distributed to local markets in bags or loosely packed on trucks with very little attention given to sorting, grading and packaging for optimum quality standards. Traders along the value chain do not value or

understand market value-added opportunities or quality considerations of the principal crops grown.

This sector provides thousands of rural and urban jobs. Growers, traders, packers and vendors provide employment to a significant amount of local rural populations, as well as to many urban workers. There are prospects for expanding employment opportunities, creating better paid jobs and new enterprises in handling, processing and distribution of crops produced and sold throughout the country. Increasing competitiveness of agribusiness enterprises will be achieved by introducing value-added production along the value chain. Value-added products not only will compete with imports but will outperform them in the domestic market for much of the year, given relatively minor changes along the value chain.

Inma's basic approach for implementation of this agribusiness cluster is a market driven approach to improve competitiveness, foster the increase of grower profits, and thus increase employment in geographic areas that have unique competitive and comparative advantages in production, procurement, processing and distribution of higher quality and quantity of fresh and processed annual horticultural crops.

Markets are the most important factors in determining the success of any fruit, vegetable, or flower agribusiness enterprise. Markets should guide all decisions made by growers, packers, and shippers within the value chain. These decisions range from determining the most marketable crops for production, to deciding how to best deliver quality produce to consumers at a profit, and how to deliver product to the market in a form that results in maximum sales and value added. However, contrary to popular belief, marketing activities to meet market demand does not begin after a crop is produced. Market alternatives need to be considered before planting takes place on the farms.

3rd Quarter (January-March 2008) Developments:

A. Highlights

Iron Horse Taji-Abu Ghraib Vegetable Project – The activity promotes utilization of new varieties of high yielding, hybrid seeds, as well as the introduction of “best practices” in post-harvest handling techniques, processing, and packaging through technical training programs and commercial demonstrations.

Provision of high performance vegetable seed and greenhouse plastic has a three-fold goal: first, to catalyze increased membership in the twelve area Farmers' Associations and to strengthen their identity as a viable and reliable vehicle for self help; second, to provide a demonstrable increase in regional farm income that will spur further momentum in developing stronger markets and create an environment that encourages conflict reduction; and, finally, as a first step in a three-year strategic plan to identify regional value-added agriculture chains for sustainable production and processing. The Strategic Plan includes local governments and NGO partnerships for additional horticultural production through outreach development, supplying improved crops to support value-added processing efforts, and development of packing plants and facilities leading to value-added marketing opportunities.

During the last quarter, the plan for improved seed varieties and greenhouse installation was completed and approved for funding. During this quarter, seed and plastic sheeting was successfully delivered by three battalions from Camp Taji under the direction of Baghdad ePRT#5 to approximately 900 farmers and planting commenced in mid-December. Record

setting cold temperatures in mid-January delayed germination and damaged some crops under plastic. However, more seasonable temperatures since have allowed normal growth to resume. A Farmers' Training Program has been launched, including course work in farm business management, post harvest grading, packaging, and marketing.

Baghdad Markets: 9 Nissan – Inma has established a collaborative effort between the Baghdad District Advisory Councils “DAC,” Military, and Baghdad PRTs to intervene in two distinct markets: one wholesale/retail market and one retail-only market. Rehabilitation of these markets will build the demand for the products of small and medium-sized farms as well as promote economic diversification and job generation in the agribusiness sector. The market will also provide an important source of daily commodity price data and market intelligence.

For the “9” Nissan Market (wholesale/retail), *Inma's* goal is to establish a clean and secure market with modern facilities such as power and cold storage. There will be over 700 new retail produce businesses directly created and, indirectly, over 1,000 jobs in additional service enterprises. An implementation strategy has been designed. Inma is facilitating the establishment of an NGO to manage market operations.

The “9” Nissan Market was constructed at a cost of \$1 million in 2004 by International Relief & Development (IRD), a USAID contractor, as a safe market where local vendors could sell their fresh fruit and vegetables acquired from local growers and/or wholesalers. For various reasons, the market was never occupied and has been in a state of disrepair.

Renovation work has been in progress since March, led by Inma, and includes inputs by the Baghdad Provincial Reconstruction Team 2 (ePRT), CSP (Community Stabilization Program/International Relief & Development), DAI, District Council of 9 Nissan, Representative of Baghdad Provincial Council, and the Civil Affairs Office of the U.S. Army.

It is anticipated that demand for fresh fruits and vegetables will increase significantly in the improved market. There soon will be over 700 new retail produce businesses created and, indirectly, additional service enterprises created downstream, employing over 1000 men and women.

In addition, Inma assisted in formation of a private NGO known as the NINMA to manage the market, and to implement food safety management systems for ensuring safety and quality of produce in the Baghdad food chain.

Hameedyah Mushroom Farm – An assessment and business plan has been completed. The factory is the only commercial mushroom production facility in Iraq. The target market is primarily within a radius of 100 km of Baghdad. Distribution in that market can reach at least 11 million potential customers. Products will be sold primarily to wholesalers and other key players in these markets. The total capital requirement to restart production is USD 998,287, to be provided from the following sources: (i) \$375,000 in cash from Hameedyah Mushroom Farm, and (ii) \$623,287 in the form of a grant from the *Inma* Agribusiness Program. The Hameedyah funds will be used to provide three months of working capital for salaries and other key expenses such as safety wear, tools, and other materials. The *Inma* funds will be used to secure a four month supply of key inputs, procure equipment to restore the physical plant, and rehabilitate important parts of the production line.

Qada Packing Sheds – Current fresh fruit and vegetable packaging facilities in Iraq are inadequate and post-harvest losses are high (up to 40%). The growers generally lack post-harvest skills and technologies and they are required to transport their products to markets located long distances from their farms. Therefore, it is advantageous for local growers to

develop packing infrastructure at farm production areas near major market centers such as Baghdad.

The project will demonstrate advanced post harvest handling technologies by establishing five packing sheds at farm production sources in the Baghdad and other governorates. The adoption of modern post harvest handling technologies by local growers will not only address the strategic shortfall of quality fruits and vegetables, but also contribute to future job prospects for a large part of the rural workforce, as well as improved farm incomes.

The project is to be implemented using the contract-grower system. *Inma* will facilitate contracts to minimize farmer and investor risks. Additionally, the packing shed enterprises are expected to arrange for production credit and loans to participating growers. The project and facility design has been completed, and the local partnership search is underway.

Al Taei Greenhouse Enterprise – In order to provide year-round high quality fresh produce to the Adhamiya and Baghdad markets, this project involves the construction of six greenhouses (approximately 2781 m² with drip irrigation). The initiator of this proposal, Sheik Faiq Al Taei, owns the land on which the greenhouses will be constructed. Furthermore, he has access to the “Army” irrigation canal which provides sufficient water flow. An above ground water tank will be constructed as a backup system in times of limited electricity. During the hours that electricity is generated, the pumps will fill the above ground tanks. The flow of gravity will allow water to proceed to the greenhouses in the event that power cannot be generated. Back-up power will consist of a small generator. Drip irrigation will be used. The markets have already been identified and are currently being supplied with seasonal produce.

The added protection that greenhouses provide will lead to production of higher quality crops that enable local growers to be more competitive against imports, while simultaneously increasing efficiency of water use. It is evident that for the vegetable industry to prosper and grow in Iraq, there is a need to implement current horticulture production best practices. This project will be the foundation for development of clusters of greenhouses in the Rabi community. *Inma* plans to intervene in implementation of additional greenhouse operations in the area.

Additionally, *Inma* will provide technical training programs for greenhouse managers including commercial demonstrations utilizing new varieties, improved planting systems, harvest, sorting, grading and packing. Managers of Al-Taei Greenhouses will provide technical training to other greenhouse operators throughout the Rabi/Adhamiya area.

Balad Canning Factory -- The Balad Canning Factory is reportedly the second largest food processing factory in Iraq. The factory directly employed both Sunni and Shia, more than 1,100 male and female (15-20%) workers, from all over Balad Qada'a and neighboring Diyala. Indirectly the factory generated demand for inputs and outputs that employed Iraqis from the entire region -- local estimates are ten times the number directly employed, including more than 30 wholesale buyers from Salah ad Din, Baghdad, Diyala, Basra, Hilla, Kirkuk, Kut, and Karbala, and more than 50 wholesale suppliers from Diyala, Salah and Din, Baghdad, Anbar, Babil, Mosul, and Irbil.

Based on the results of an initial factory assessment followed by a more thorough assessment in cooperation with *Inma*, the BCF has (i) developed a plan for revitalizing the major factory production systems (clean water, power, steam, and sewage treatment); (ii) carried out a needs assessment for each of the factory's eleven product lines. The assessment results indicate that the condition of the factory and the cost for revitalization are

significantly more than originally estimated, requiring BCF to secure additional support beyond Inma. The total estimated assistance requested from Inma is \$5,057,631.

The Balad Canning Factory Revitalization Plan calls for a two-phased approach to begin in April 2008. Phase I goal is to establish a solid foundation for subsequent product line start-up and improvement, including revitalization of water, power, and steam systems, as well as related infrastructure. A combined strategy that leverages funding from USAID, as well as the U.S. military has been developed. The Military will support Clean-up, Preparation, and Site Refurbishment (\$97,000) and Water System Treatment Rehabilitation (\$150,000). Inma will support Sewerage, Power, and Steam Systems Rehabilitation and provide support for working capital.

Phase II will focus on initial product line startup to provide revenue for future expansion and revitalization. Initial lines to begin operations are a combination of basic products that require minimal inputs, power and steam (in order to generate a business income flow), to be followed as soon as possible by selected agricultural product lines. An engineering assessment on all product lines has been completed and bills of quantity and scopes of work for each have been generated as required to bring them up to optimum production.

B. Annual Work Plan Activities Status

In addition to the above highlights, please find below a summary of Inma 3rd Quarter program progress in achieving planned Annual Horticulture Cluster activities set forth in the Annual Work Plan matrix.

Major Activity –

- Determine baseline and monitor value of fruit and vegetable sales. Baseline determined and priority crops selected.
 - **Completed**
- Actively seeking partners using intermediaries, PRTs, and other information sources.
 - **Completed/On-going**
- Evaluate and perform preliminary selection of potential partners.
 - **Completed/On-Going.**
- Issue subcontract to provide management analysis of potential partners, to meet contract requirements of USAID. Subcontractor selected and contract executed.
 - **Inma has determined that Inma Staff are best qualified to complete this task. Task On-Going.**

Marketing and Related Development –

- Complete description of the annual horticulture value chain. Description of annual Horticulture value chain complete.
 - **Analysis in process.**
- Require all partners to monitor and issue quarterly reports on results of activities upon the value chain.
 - **Quarterly report required. Updates and reports are provided periodically (more frequently than quarterly) from implementing partners.**
- Market information system being developed. Preliminary system up and running.

- **Anka daily price collection system in place. Nation-wide wholesale prices provided daily.**
- Issue subcontract to undertake market assessment. Report issued.
 - **No contracts will be issued; Inma staff are undertaking the assessment and survey.**
- Issue subcontract to undertake assessment of the wholesale market infrastructure. Report issued.
 - **Internal and Military reports are available on all wholesale markets and deemed adequate for project identification and development purposes.**
- Select markets for revitalization demonstration. Select subcontractor and implement improvements in one market. Subcontractor selected and contract executed.
 - **1st market selected; project is being implemented by NINMA (local association). Additional market, Al-Rasheed wholesale Market, identified for rehabilitation to be implemented with a grant to a local association.**
- Select site for first packing shed. Select subcontractor and build packing shed. Subcontractor selected and contract executed.
 - **Site selected. Grantee (Corporation) selected who will build. Engineering plans completed internally by Inma engineer.**
- Develop training program plan and materials. Identify training program partner. Training program developed.
 - **Plan completed and being implemented by Inma staff and contracted trainers.**
- Develop plan for the creation of an inter-province produce transportation system. Subcontractor selected and begins overall evaluation for the wholesale transportation system.
 - **Evaluation complete. Assessment and evaluation completed. Implementation plan under development. Grantee/Borrower tentatively identified.**
- Develop a business plan and identify sources of capital for a vertically integrated tomato enterprise in Basra. Feasibility study commences.
 - **Business plan completed. Feasibility Study completed. Business Plan completed. Request for assistance received and on hold until GTL program in place.**
- Assist in the selection and training of a management team for a tomato paste factory. Procure the necessary equipment and supplies. Assist in identifying enterprise management Team. Provide training in business development for management team.
 - **Balad Canning Factory project under implementation.**
- Procure the necessary equipment and supplies.
 - **In process as part of Balad Canning Factory project.**
- Select area for a vertically integrated fruit and vegetable enterprise and conduct feasibility study. Area selected.
 - **Taji Area Packing Shed project identified and potential grantee selected. Feasibility Stud and Business Plan development underway.**

Production and Harvesting –

- Establish baseline of existing production based upon GOI reports. Establish demonstration plots and initiate training. Begin establishing demonstration plots and training initiated.
 - **Demonstration Farms established and training initiated.**
- Perform evaluation of current irrigation infrastructure, determine needs, and develop plan for alternative irrigation systems. Selection of irrigation command areas. Irrigation renovation plans developed.
 - **Lower Rashidiyah Irrigation System renovation pilot project proposal developed with MoA, Military, Inma, and MWR .**
- Develop a training program and issue subcontract to conduct training. Training program developed. Sub-contract issued.
 - **Underway (carried out by Inma staff).**

Development of New Products, Varieties and Value Added Services –

- Develop plans for the introduction, marketing, and distribution of new products. Introduce one new product. Product development plan for the introduction of new processed products created.
 - **New vegetable hybrids introduced. Balad Canary plans to introduce new product lines in Phase II.**
- Update grades and standards in cooperation with processors. Individual processors and processor associations identified for collaboration on grades and standards.
 - **Packing Sheds at “9” Nissan Market and at the farm gate in Taji Abu Ghraib will add value to vegetables to be sold at the wholesale market.**
- Develop and initiate training programs to ensure understanding of new grades and standards.
 - **Being implemented at farm gate and at retail market.**

Develop Reliable Grower Input Supply Distribution System –

- Undertake input supply chain evaluation and assessment.
 - **Not started due to security restrictions.**
- Provide financing and technical assistance to a wholesale supplier in a selected irrigation command area. Financing identified.
 - **Not started.**

Technical Assistance –

- Hire Horticultural production expert. **Hired.**
- Hire Horticulture marketing expert. **Hired.**
- Hire Water Management expert. **Hired.**
- Hire Post-Harvest expert. **Being recruited.**
- Hire Business Development Expert. **Hired.**

3.3.3 LIVESTOCK AND FEED

The livestock and feed sector is comprised of several important agribusiness clusters which, due to the demand for livestock products such as high-value meat cuts and halal processed products, have the potential to thrive and be quite profitable. Promising areas include production and marketing of feeds, forages, and development of feed mills; lamb fattening; cattle production (beef and dairy); fish farming; and poultry production. Secondary products such as wool and hides, and dairy products such as yogurt and cheese also may be included.

The end of project target is to have ten feed mills operating at a capacity of 25,000 tons of feed each to reach Inma goals. Over 2000 hectares of fish ponds will be operating with low but adequate technology to produce at least 300% above the unit production of fish per pond over what it is today. Dairy and poultry operations will receive full attention in years 2-3 as electricity becomes more widely available and reliable. These operations require ready access to inexpensive reliable electric power. Public reliable electricity is not available now in most of the country, but is expected to be more reliably available in the third year of the program.

Feed Lots - The process of reaching the goals of increasing meat consumption by 100% will necessitate Inma to move on many fronts at the same time. It is only in this way that the 10 commercial feed lots will be operational in the three years time span of this project. In addition, the project will enhance the quality and availability of veterinarian services available to feed lots, as well as improved sourcing of animals. Inma will address fish marketing in a similar manner..

Feed Mills – the Inma project will have helped establish feedlots that are producing finished cattle and sheep. Linked to these feedlots Inma will bolster feed mills to supply a wide range of feed products for the feedlots as well as for fish and poultry farms and other sub-sectors of the national livestock industry. After our first year, we will have pinpointed at least four of the target of ten feed mill enterprises to work with in different regions of Iraq. They will also be close to the areas selected to establish sources of new raw materials needed for formulated balanced feed rations. These raw materials include oilseed corps for protein, maize, and sorghum for energy, plus fodder crops such as alfalfa.

Commercial Size Operation – Inma will help develop the feed industry by first working with larger operators that will quickly benefit from investments in animal feed and fodder production. These farmers will have significant land holdings that provide opportunity for feed-fodder production on a scale that justifies mechanized production. Inma will train these farmers to produce feed grains and fodder at lower costs to allow them to compete with imports and recapture the domestic market.

Inma will determine the size of farming enterprises that can make the transition to commercial feed and livestock production through the use of value-chain analysis and business plan development in selected provinces. Along with this value chain analysis, large scale field crop demonstrations for soybeans, maize, sorghum, sugar beet, hay, and alfalfa will be conducted with at least 300 farmers who can offer at least ten donums each of land to participate in the demonstrations. This will constitute the critical mass necessary for demonstrating production year-round – not just in one season – in order for other farmers to see that the technologies and cultural practices recommended are doable and that farmers can make money cultivating these new crops.

We also need to show that there is strong market demand for such crops. In addition, Inma needs to demonstrate that both feed production and feedlot operations can be done profitably year around in rural areas with good connection to the major urban markets.

3rd Quarter (January-March 2008) Developments:

A. Highlights

Fish Production – In Babil, *Inma* is increasing the ability of Fish Farmers to produce for a competitive market by assisting with strengthening of the fish value chain links beginning with the market. A fully functioning, efficient production and marketing chain will increase availability of superior quality fish in the market and also provide increased employment opportunities for the Fish production Industry and industries associated with Fish production (producers of feed, transporters, processors, marketers). The expected result will be an increased Fish supply and expanding markets reaching well beyond the 2008 season.

In Babil, *Inma* is implementing a plan to work with 50-100 selected Fish Farmers to transfer technical knowledge on fish feeding, pond management, harvesting techniques, transport methods, and marketing. *Inma* has initiated a plan to provide training to selected Demonstration Fish Farms, using an intensive outreach model of assistance. Market improvements and assistance in understanding market standards, market pricing, and how to produce for those standards are the principal concepts to be applied, through training and technical outreach efforts. This will help farmers to produce fish that are superior in quality and competitive in domestic markets.

Feed Grain: In this quarter *Inma*, in coordination with PRT in Al-Anbar province has completed a feed grain (maize) establishment promotional activity with successful results. Through the *Al-Anbar Feed Grains Promotion Project* seasonal employment was generated, yields increased, and selling prices increased. Final harvest yield from 46 farmers totaling 295.5 donums (approximately 74 hectares) was 30% more than the previous crop yield when farmers used traditional cultivation techniques.

Wheat and Barley Planting --The Anbar/Diyala Wheat and Barley Fall Planting Project is ongoing.

Feed Lots – Projects are under analysis and development with PRTs, ePRTs, and other partners to demonstrate the value of utilizing higher protein rations in general and of alfalfa in particular. The project will establish alfalfa hay as a high value crop stimulating local alfalfa production and markets. The effectiveness of good nutrition along with fundamentals of proper management in meat production will be demonstrated.

During the quarter, *Inma* proceeded with actions required for selection of one or more contractors for construction of several *Feedlots for Sheep and Beef Fattening*.. A bidder's meeting was conducted with all potential contractors at the *Inma* office.

Dairy Assessment - Also in the Anbar region, a dairy assessment was conducted in conjunction with the Al-Anbar PRT and presented to the Al-Anbar Provincial Council – Agricultural Committee. The report addressed the feasibility of a 300 cow dairy production center, with the goal of reestablishing the dairy industry in Anbar, providing locally produced dairy products, and local jobs. The report concluded that although the production center would not be profitable for the first five years, and most likely longer, there were several different concepts and approaches that should be considered

Meat Processing -- A survey and report were completed on the practices of butchers in the Diyala Province. The *Diyala Butcher's Focus Group* presented several significant findings, and will serve as an invaluable point of reference for future activities.

Value Chain Analysis - Value Chain Assessments (VCA's) for fish, red meat, dairy and animal feeds are completed or in initial draft form.

Babil Feed Mill – Project under assessment.

B. Annual Work Plan Activities Status

In addition to the above highlights, please find below a summary of Inma 3rd Quarter program progress in achieving planned Livestock and Feed activities set forth in the Annual Work Plan matrix.

Major Activity –

- Implementing Partners evaluated, selected, and assisted. Groups identified.
 - **In process.**

Marketing and Related Development –

- Complete description of the commercial livestock/feed markets in the 5 targeted areas. Description of livestock/feed market complete.
 - **Survey planning and testing initiated.**
- Identify existing standards for meat value chain.
 - **Not yet initiated.**
- Market information system being developed.
 - **Work underway.**
- Training program designed and testing program implemented.
 - **Work initiated.**
- Modernize meat marketing based upon prior analysis.
 - **Data and information gathering underway.**

Feedlot Operators –

- Conduct an inventory of feedlot enterprises supplying the 5 selected urban areas. Report of current feedlot operations completed. 5 enterprises selected for assistance.
 - **Inventory completed in the North.**
- Support and assist the 5 selected feedlots with the best infrastructure, equipment, materials, and training.
 - **Assistance program in design stage for the North.**
- Provide training to feedlot managers in feedlot operation and business management. Training courses designed. Trainers and candidates selected.
 - **Training plan under development.**

Feed Mill Operators –

- Implement a contract to do an inventory of existing commercial feed mills operators in selected regions. Contractor identified and begins the inventory of existing commercial feed mills in selected regions.
 - **Completed directly by Inma in the North Erbil region.**
- Identify and assist six feed mills in key regions to increase their levels of operation and quality of feed.
 - **Not done yet.**
- Marketing oil seed meal for livestock.
 - **Not this year.**
- In-country training of key technical and management personnel of selected feed mills.
 - **Not done.**
- Arrange for in-country feed analysis service from an established facility and capability to formulate livestock feed rations. Contractor selected to set up feed analysis system.
 - **1st Quarter, Year Two.**

Fodder and Feed Grains Production –

- Implement systematic procedure for selecting six priority regions with high potential for livestock and feed production near the major urban areas.
 - **Survey data collection activity designed and testing initiated.**
- Hybrid corn – summer planting – Anbar. Evaluate the performance of the maize planted in Anbar.
 - **Done.**
- Fall planting – wheat and barley – Anbar and Dyala governorates.
 - **Planting completed. Harvest to begin in June.**
- Oilseed Crops – Spring planting.
 - **Underway.**
- Alfalfa, bersim, and hay planting, production, and harvesting.
 - **End of 4th Quarter of Year One**
- Provide training in the field level on time of cutting and post harvesting management.
 - **Not done.**
- Issue sub-contract and conduct field demonstrations and workshops to disseminate knowledge about improved cultural practices and better varieties of feed grains and forage crops. Partner identified for the sub-contract.
 - **Underway for wheat and barley project.**

Livestock Production –

- Set up Veterinary Service Providers (VSP) in select districts.
 - **Work will proceed with Feed Lots.**

- Train VSP's in artificial insemination and procure and distribute equipment and materials through them.

Next Year.

- Distribute basic animal health and nutrition supplies through VSP's.
 - **Not done.**
- Assist Fish Farm owners with improved marketing.
 - **Will be done when grow-out is complete.**

Technical Assistance –

- Baseline survey and monitoring experts in the following areas: 1 for slaughter houses; 1 for household food expenditures; livestock inventories, forage production, feed grain production. Report on the baseline of the slaughter houses completed by experts. **Initial work underway for feed grain production.**
- Hire Feedlot management and operations expert. **In process.**
- Hire Feedmill management and operations expert. **Not done.**
- Hire Animal Nutritionist. **In process.**
- Hire Animal breeder. **No.**
- Hire Fish Production Expert. **Hired.**
- Hire Animal Health Expert. **Not required.**
- Hire Meat processing and marketing expert. **No.**
- Hire Poultry scientist. **In process.**
- Hire Agricultural economist. **Yes.**
- Hire Forage production. **Not yet.**
- Hire Agricultural Extension for TOT. **Not required.**
- Hire Agribusiness/Finance Expert. **No.**
- Hire Feed Grain/Oilseeds Expert. **No.**

3.3.4 CROSS CUTTING ACTIVITIES

3.3.4.1 JOB ORDER SYSTEM

In order to process project support requests from ePRTs/PRTs operating in Iraq's provinces, Inma has devised a "Job Order System" (JOS) that is posted on the Inma website portal and is easily accessible to participating groups. The Job Order System is a tool to help sponsors

organize proposal ideas at an early stage for rapid consideration by the Inma Team. The Inma Team devised the Job Order System as a tool to track larger numbers of project proposals and applications for Inma support.

3rd Quarter (January-March 2008) Developments:

During the quarter, *Inma* began refining its operational approach. Experience with several key “anchor” agribusiness enterprises (described in section) at the request of ePRTs and PRTs, has permitted *Inma* to support key points on value chains that have resulted in the development of additional links and greater geographic focus for program interventions. As a result, *Inma* has begun to respond less to ad hoc, one-off job order requests from collaborating partners, and more on activities *Inma* proactively identifies through consultation with local community leaders, farmers associations, and other local partners consulted with in collaboration with ePRTs and PRTs. The activities selected for support are subject to a rigorous, systemic analysis of value chain constraints that must be addressed to realize optimum program investment results.

3.3.4.2 DELIVER AGRICULTURE INFORMATION TO FARMERS AND FOOD PROCESSORS

In the transition from planning and administrative controls on the economy towards greater reliance on the market, accurate information on agricultural prices, quantity of products, and the quality of products in the wholesale markets will play a fundamental role in determining the structure and performance of agricultural production and marketing. Wholesale prices are of greatest interest for trading and marketing purposes.

3rd Quarter (January-March 2008) Developments:

Agricultural Market Information System (AMIS) - Inma has succeeded in reestablishing and maintaining continuity through the support of ANKA in the collection of data for the Agriculture Market Information System. During the quarter, Inma contracted a Marketing Specialist to develop and set up an Agricultural Market Information System (AMIS) to collect and disseminate marketing information to provide farmers, private sector entrepreneurs, and public sector policy makers with timely and reliable data on wholesale prices, quality, and quantity of products in the wholesale markets for the main agricultural products and inputs, as well as constraints that may impact on decisions.

3.3.4.3 TRAINING

3rd Quarter (January-March 2008) Developments:

Master's Degree Program - The Master's Degree Program has been forced to alter stipulations in order to help students prepare and take required tests (TOEFEL and GRE). Of the students who submitted applications few, if any, met the rigorous requirements for graduate work in the U.S. Among other solutions under consideration, one option would allow students to learn English for 6 months prior to program entry.

Training of Counterpart Organizations - Coupled with the Iron Horse –Vegetable Crop Improvement Project Inma plans to provide technical training programs, aimed to exponentially increase the farmer's productivity and provide a substantial increase in the project-selected farmers' income. A Small-Agribusiness Management Training Course in Baghdad will be provided for 50 carefully selected Trainers of Trainers (TOT) who will disseminate their acquired information to 900 farm units.

The training programs will include commercial demonstrations utilizing new varieties of seed, information on improved planting systems, and 'best practices' techniques in harvesting, grading, sorting, and packing. This project targets over 900 farms, where each farm unit may contain more than 10 members and employ over 4000 people throughout the value chain, including; owners, operators, farm laborers, shippers, packers, brokers, wholesalers, and retailers.

3.3.4.4 DOMESTIC AND FOREIGN PARTNERSHIPS

Inma has continued to expand its base of local partners. Our local partner activity resulted in performing due diligence for more than 30 companies during this quarter. The adjacent Table provides a summary.

SUMMARY

TOTAL NUMBER OF POTENTIAL LOCAL PARTNERS	91
NUMBER OF PARTNERS WORKING IRAQ-WIDE	35
NUMBER OF NON GOVERNMENTAL ORGANIZATIONS (NGO)	35
NUMBER OF PRIVATE COMPANIES (PC)	55
NUMBER OF SURVEYOR/EVALUATOR PARTNERS	12
NUMBER OF SURVEYOR/EVALUATOR & TRAINING PARTNERS	25
NUMBER OF SUPPLIER PARTNERS	17
NUMBER OF CONTRACTOR & SUPPLIER PARTNERS	19
NUMBER OF CONTRACTOR PARTNERS	16
NUMBER OF MICROFINANCE PARTNERS	2

3.3.4.5 IRRIGATION, WATER MANAGEMENT, & SOIL RECLAMATION

With the exception of the Kurdish North that can produce rain fed winter grains such as wheat and barley, virtually all of Iraq agriculture requires irrigation. Thus in *Inma* most of the irrigation, water management, and soil reclamation effort will be a cross commodity group support activity that will depend on the needs of the specific irrigation command areas identified for the value chain interventions. The irrigation support effort will involve all three commodity groups and the various types of irrigation systems found in their areas. Within these areas, *Inma* will undertake rehabilitation of the irrigation and drainage canal network and work with the farmers on the maintenance and operations of the individual field canals. Where necessary and within these irrigation command areas, *Inma* will undertake salinity reclamation work for project-assisted farmers. In addition, *Inma* will provide consulting services to the PRT on different irrigation and water management issues

Since's *Inma* objective is to foster the private agribusiness sector, *Inma* will not normally become involved in maintenance of the public sector canal and drain network. The primary involvement of *Inma* in the surface irrigation areas will be in support of communities identified for value chain enterprise support. In these areas, *Inma* will assist the farmers to optimize their irrigation management within the limits their delivery systems will allow. *Inma* will assist target communities with training on effective maintenance and operation of field canals and drains primarily through facilitated small group discussions.

3rd Quarter (January-March 2008) Developments:

Lower Rashidiya Irrigation - *Inma*, ePRT Baghdad 3, Army, Tattweer, MoWR and MoA team leaders have designed a pilot program for system restoration. As an integral part of the Golden Crescent Geographic Focus Area, *Inma*'s role will be in the development of programs that support agribusiness activities in the pilot project area and provide technical support and training accordingly.

4. PERFORMANCE MONITORING

The Inma Agribusiness Program focuses on long term and sustainable results critical to building and maintaining stability, security, and prosperity in Iraq. Through capital and infrastructure investment, training, market systems, and introduction of varieties and technologies, the results of Inma include creation of thousands of jobs within the target Commodity Group complexes, and millions of dollars in additional sales revenue, including a doubling of gross sales revenue for many crops. The vision for the Inma Agribusiness Program is to establish the foundation for a viable and profitable commercial agribusiness sector that provides food security for the people of Iraq with opportunities for significant job creation and new business opportunities.

The following Mission Level and Performance Indicators provide a high level analysis of the Inma Program. Inma, to date, has completed one post-winter crop project. Projects begun or soon to begin include winter wheat and barley, seasonal vegetables, the rehabilitation of two factories, the re-establishment of viable fish-farming in the Hillah-Babel area, the rehabilitation of a major wholesale/retail market in Baghdad, the establishment of a viable market information system and the introduction of commercial greenhouses and area-wide grading and packing sheds. The fruit and date season remains months away. Without the completion of the activities, including training, within these projects, it is too early to measure the results associated with them. Many of the numbers for these Indicators will not be available until next quarter when some of these activities come to completion.

4.1 MISSION LEVEL INDICATORS

3rd Quarter (January-March 2008) Developments

Mission Level Indicators		FY 2008							FY 08 Actual	% Actual of Target
Indicator	Measure	FY 07 Baseline	Q1	Q2	Q3	Q4	FY08 Target			
SO8.0--Indicator 1: Increase of total gross sales of program assisted enterprises	Number \$	0	43650	0	0	0	50000000	43650	0%	
SO8.0--Indicator 2: Increase employment in the agricultural/agribusiness sectors	Number	0	138	1494	0	0	5000	1632	33%	
SO8.2e.1—Percentage of program-assisted businesses benefiting from the value chain analyses	%	0	0	0	0	0	20%	0	0%	
SO8.2e.2—Percentage of program-assisted businesses benefiting from market intelligence	%	0	0	0	0	0	20%	0	0%	
SO8.2e.3—Percentage of program-assisted businesses benefiting from cluster formation	%	0	0	0	0	0	20%	0	0%	
SO8.2e.4—Percentage of program-assisted businesses with Iraqi and/or international partners	%	0	0	0	0	0	2%	0	0%	

SO8.2e.5—Number of new business ownership relationships formed involving program-assisted businesses	Number	0	0	0	0	0	3	0	0%
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Inma's program objectives address the following intermediate results (IRs) designated by USAID:

- IR8 : Private Sector Opportunities Expanded**
- IR8.2a: Increase Crop Diversity and Livestock Production;**
- IR8.2b: Deliver Agricultural Information Systems;**
- IR8.2c: Sustainable Programs for Soil Reclamation and Water Resources;**
- IR8.2d: Increase Competitiveness of Agribusiness Enterprises; and**
- IR8.2e: Increase Domestic and Foreign Partnerships**

4.2 PERFORMANCE INDICATORS

3rd Quarter (January-March 2008) Developments

SO 8—Private Sector Opportunities Expanded

Indicator 1—Increase of total sales of program assisted enterprises (given in US\$ millions)

Too early to measure. Awaiting completion of growing season(s) to determine. Sales from 2a.1, 3, 4, 5, 6, 7, 8. and 9 to boost actual towards target.

Indicator 2—Increase in employment in the agriculture/agribusiness sectors

Too early to measure. Awaiting completion of growing season(s) to determine. Employment from 2a.1, 3, 4, 5, 6, 7, 8. and 9 to boost actual towards target.

SO8.2a—Increase crop diversity/livestock productivity

SO8.2a.1—Percentage of program trainees who say they have used their knowledge and skills to improve their productivity and can give examples

Too early to measure. Awaiting completion of growing season(s) to determine. Training curricula and materials complete. Training to commence April, 2008.

SO8.2a.2—Percentage of program assisted farmers selling produce through improved market linkages

Too early to measure. Awaiting completion of growing season(s) to determine. Meanwhile, linkages being put in place through renovation and opening of New Baghdad market and the establishment of area-wide grading and packing sheds.

SO8.2a.3—Percentage of program-assisted farmers who participate in an outgrower scheme (contract farmers) and can document that they are getting more income from their crops or livestock production

Demand for feed grains from 2a.7 expected to spur growth in feed grains production. Too early to measure. Awaiting completion of growing season(s) to determine. Inma to request a reordering of this indicator as not all assisted farmers will participate in outgrower schemes. Percentage targets are

attainable but the number of farmers participating must be significantly reduced. Fish farming is a modified outgrowing scheme but too early to measure. Awaiting completion of growing season to determine.

SO8.2a.4— Percentage increase in gross sales of local red meat in five selected urban markets

Red meat value chain analysis determined sufficient consumer demand for red meat for sales to double if supply is available. To increase supply, feed lots are being introduced. First Inma supported beef to market beginning of May, 2009. See 2a.5 for reason for time lag. Inma to request change in target for FY08 but remains confident EOP target obtainable.

SO8.2a.5—Weekly production by commercial feedlots

An RFP for the establishment and operation of up to 20 feedlots is currently on the street. Bidders conference held last week in March, 2008. Close of RFA in end-April, 2008. Award of sub-contract(s) by end of May, 2008. First feedlot(s) may be operational by september, 2008. Eight further months (end of April, 2008) before first beef ready for market. Weekly output thereafter. Inma to request change in target for FY08 but remains confident EOP target obtainable.

SO8.2a.6—Total kilograms of fish from program assisted farms doubles (100%)

Survey of fish farmers and ponds in Hilahl/Babel area complete. Fish Farmer Associations identified. Sub-contract with Euphrates Fish Farm (EFF) in place for delivery of 6,000,000 carp fingerlings (40-50gm) by June 30, 2008. Sufficient water pumping capacity at EFF in place and operating. Efforts underway to place all 6,000,000 fingerlings. Transfer from EFF to farmers beginning around June 1, 2008. Construction of transfer tanks and trailers (agreed to by the military) to transfer fingerling to grow-out ponds, and mature fish to market. Steps underway for MFIs lending to provide farmers production credit to buy feed and other production inputs. FY08 target uncertain but Inma remains confident EOP target obtainable, subject to achievement of current commitments by US Military.

SO8.2a.7—Ten feed mills each produce 25,000 tons/year

Inma will seek to revise this IR to read ten rather than twelve feed mills. There was some last minute confusion in the preparation of the PMP where the number of feed mills is given as ten in one section and twelve in another of the PMP. Inma wishes to commit to ten. Numerous small feed mills currently identified and operating. Demand created for feed from livestock feedlots and fish farms is seen as sufficient to encourage production and expansion of current mills. Inma to provide credit for such expansion through GTL activities through participating MFIs and Banks. Inma to request change in target for FY08 but remains confident EOP target obtainable, subject to achievement of current commitments by other partners.

SO8.2a.8— Gross sales of targeted fruits and vegetables

Too early to measure. Awaiting completion of growing season(s) to determine. Taji/Abu Ghraib Growers Project, a joint Inma/GOI/US Military effort, expected to increase yield and quality of crops. Al Tae Farms/Greenhouses expected to do the same. The Re-opening of Hameedyah Mushroom Factory expected to provide major impact. Mushrooms, a fungus, are considered a vegetable for the purposes of project performance measurement.

SO8.2a.9— Gross sales of dates in project assisted areas

Re-opening of Balad Canning Factory expected to provide major impact with the increased demand for dates for production of date paste and date syrup. As harvest for dates is August/September/October, Inma may request change in target for FY08 but remains confident EOP target obtainable.

SO8.2b—Deliver country agriculture-related information systems to farmers and food processors

SO8.2b.1—Percentage of program-assisted farmers who say they have used the information systems to improve their knowledge and skills and can give examples

Too early to measure. Awaiting completion of growing season(s) to determine.

SO8.2b.2—Percentage of program-assisted farmers who use improved technology document that they are getting more income from their crops

Too early to measure. Awaiting completion of growing season(s) to determine.

SO8.2b.3—Market Information System providing daily wholesale and international pricing of all agricultural commodities in all the primary markets across Iraq

A contract for the gathering of market information in all the principal markets of all the governates in place since October, 2007. Daily information on wholesale prices radio broadcast in Basra only at this time and e-mailed to list of subscribers throughout country. A weekly summary is given of wholesale prices of dry goods, animal products and agricultural inputs. Plans are in place to expand radio broadcasting of pricing, to provide text messaging to traders and a weekly newspaper summary of all prices, and to survey the main agricultural governates at the district level to determine agricultural land usage so reports can be better tailored and focused.

SO8.2c—Deliver sustainable technical programs for soil reclamation and water resources management

Inma will seek a revision to this IR eliminating those elements relating to soil reclamation. Inma, with the approval of USAID/Iraq, seeks to jump start the moribund agricultural sector in Iraq. It is not focused on the reclamation of soils or land but in the most efficient use of the agricultural resources currently available. As such, Inma feels soil reclamation should not be an area for which it is held accountable.

SO8.2c.1—Program-assisted farmers who say they are benefiting from the water resources provided to them

Too early to measure.

SO8.2c.2—Program-assisted government officials and NGOs representatives who say they have knowledge and skills on canal reconstruction and repair

Too early to measure.

SO8.2c.3—Percentage of government officials responsible for water management in the program-assisted areas who say they use the water management data system

Too early to measure.

SO8.2c.4—Percentage of program-assisted farmers who say they have learned new technologies and methodologies

Too early to measure.

SO2.8c.5—Number of project assisted irrigation command areas improved served by large canals and drains.

None to report to date.

SO8.2c.6—Number of project assisted irrigation command areas improved based on direct pumping from the river into field canals.

One to date, reflected in PMP Report. Euphrates Fish Farm with renovation/replacement of four pumps each capable of delivering 4000 cubic meters of water per hour.

SO8.2c.7—Number of project assisted irrigation command areas improved based on well irrigation

None to report to date.

SO8.2c.8—Number of hectares laser leveled for better irrigation within command irrigation areas.

For the reason stated in the beginning of this IR, Inma will seek to remove this Sub-IR indicator from the program.

SO8.2c.9—Percentage of hectares of program assisted areas with soil saline concentration suitable for viable and sustainable agricultural use.

For the reason stated in the beginning of this IR, Inma will seek to remove this Sub-IR indicator from the program.

SO8.2d—Increase competitiveness of agribusiness enterprises

SO8.2d.1—Percentage of program-assisted association members who say they are benefiting from the association services provided to them

Too early to measure.

SO8.2d.2—Percentage of program-assisted association members trained to understand markets and farming profitability

Too early to measure.

SO8.2d.3—Percentage of program-assisted trainees who say they have used their new knowledge and skills and can give examples

Too early to measure.

8.2d.4—Increase the value of financial resources raised by program assisted enterprises (in US\$ millions)

Too early to measure. The grants to Loan program is expected to contribute significantly to this indicator.

SO8.2e—Increase domestic and foreign partnerships to improve the commercial success of new and existing Iraqi agribusiness

SO8.2e.1—Percentage of program-assisted businesses benefiting from the value chain analyses

Too early to measure.

SO8.2e.2—Percentage of program-assisted businesses benefiting from market intelligence.

Too early to measure.

SO8.2e.3—Percentage of program-assisted businesses benefiting from cluster formation

Too early to measure.

SO8.2e.4—Percentage of program-assisted businesses with Iraqi and/or international partners

Too early to measure.

SO8.2e.5—Number of new business ownership relationships formed involving program-assisted businesses

Too early to measure.

4.2.1 PERFORMANCE INDICATORS SUMMARY

FOCUS 1—Perennial

FY 2008

Indicator	Measure	FY 07 Baseline	FY 2008				FY08 Target	FY 08 Actual	% Actual of Target
			Q1	Q2	Q3	Q4			
SO8.2a.8—Percentage growth in gross sales of targeted fruits and vegetables	%	TBD	0	0	0	0	10%	0	0%
SO8.2b.3—Market Information System providing daily wholesale and international pricing of all agricultural commodities in all the primary markets across Iraq		None						System start up	

FOCUS 2—Annual

FY 2008

Indicator	Measure	FY 07 Baseline	FY 2008				FY08 Target	FY 08 Actual	% Actual of Target
			Q1	Q2	Q3	Q4			
SO8.2a.9—Gross sales of dates increase	%	TBD	0	0	0	0	25%	0	0%

FOCUS 3—Livestock and Feeds

FY 2008

Indicator	Measure	FY 07 Baseline	FY 2008				FY08 Target	FY 08 Actual	% Actual of Target
			Q1	Q2	Q3	Q4			

SO8.2a.4—Percentage increase in gross sales of local red meat in five selected urban markets	%	0	0	0	0	0	20%	0	0%
SO8.2a.5—Weekly production of head for market by commercial feedlots	Number	0	0	0	0	0	250	0	0%
SO8.2a.6—Total kilograms of fish from program assisted farms doubles (100%)	%	0	0	0	0	0	25%	0	0%
SO8.2a.7—Production by commercial feedlots: number of feed mills	Number	0	0	0	0	0	5	0	0%
SO8.2a.7a—Production by commercial feedlots: tons of animal feed/mill/year	Number	0	0	0	0	0	10000	0	0%

FOCUS 4—Cross-cutting Issues

FY 2008

Indicator	Measure	FY 07 Base-line				FY 08				% Actual of Target
		Q1	Q2	Q3	Q4	Target	Actual	Target		
SO8.2a.1—Percentage of program trainees who say they have used their knowledge and skills to improve their productivity and can give examples	%	0	0	0	0	20%	0	0%		
SO8.2a.2—Percentage of program assisted farmers selling produce through improved market linkages	%	0	0	0	0	20%	0	0		
a) Number of program assisted farmers	Number	0	46	1052	0	1800	1098	61%		
SO8.2a.3—Percentage of program-assisted farmers who participate in an outgrower scheme (contract farmers) and can document that they are getting more income from crops or livestock production	%	0	0	0	0	20%	0	0%		
SO8.2b.1—Percentage of program-assisted farmers who say they have used the information systems to improve their knowledge and skills and can give examples	%	0	0	0	0	10%	0	0%		
SO8.2b.2—Percentage of program-assisted farmers who use improved technology document that they are getting more income from their crops	%	0	0	0	0	15%	0	0%		
SO8.2c.1—Program-assisted farmers who say they are benefiting from the water resources provided to them	Number	0	0	0	0	1000	0	0%		

SO8.2c.2—Program-assisted government officials and NGOs representatives who say they have knowledge and skills on canal reconstruction and repair	Number	0	0	0	0	0	50	0	0%
SO8.2c.3—Percentage of government officials responsible for water management in the program-assisted areas who say they use the water management data system	%	0	0	0	0	0	10%	0	0%
SO8.2c.4—Percentage of program-assisted farmers who say they have learned new technologies and methodologies	%	0	0	0	0	0	15%	0	0%
SO2.8c.5—Number of project assisted irrigation command areas improved served by large canals and drains.	Number	0	0	0	0	0	1	0	0%
a) Kilometers of main and secondary canal cleaned;	Number	0	0	0	0	0	5	0	0%
b) Control structures within the canal renovated including installation of measuring devices;	Number	0	0	0	0	0	2	0	0%
c) Secondary canal diversions renovated with measuring devices installed;	Number	0	0	0	0	0	2	0	0%
d) Field canal inlets renovated and equipped with control structures:	Number	0	0	0	0	0	5	0	0%
e) Field canals operated and maintained by the producers;	Number	0	0	0	0	0	5	0	0%
f) Farm inlets installed in field canals	Number	0	0	0	0	0	100	0	0%
SO8.2c.6—Number of project assisted irrigation command areas improved based on direct pumping from the river into field canals.	Number	0	0	1	0	0	1	1	100%
a) Low lift pumping units renovated or replaced;	Number	0	0	4	0	0	5	4	80%
b) Field canals operated and maintained by the producer;	Number	0	0	4	0	0	5	4	80%
c) Farm inlets installed in the field canals.	Number	0	0	0	0	0	100	0	0%
SO8.2c.7—Number of project assisted irrigation command areas improved based on well irrigation	Number	0	0	0	0	0	1	0	0%
a) Low lift pumping units renovated or replaced;	Number	0	0	0	0	0	5	0	0%
b) Farmers assisted in obtaining locally manufactured drip equipment with accessories.	Number	0	0	0	0	0	50	0	0%
SO8.2c.8—Number of hectares laser leveled for better irrigation within	Number	0	0	0	0	0	0	0	#DIV/0!

command irrigation areas.									
SO8.2c.9—Percentage of hectares of program assisted areas with soil saline concentration suitable for viable and sustainable agricultural use.	%	0	0	0	0	0	20%	0	0%
SO8.2d.1—Percentage of program-assisted association members who say they are benefiting from the association services provided to them	%	0	0	0	0	0	15%	0	0%
SO8.2d.2—Percentage of program-assisted association members trained to understand markets and farming profitability	%	0	0	0	0	0	15%	0	0%
SO8.2d.3—Percentage of program-assisted trainees who say they have used their new knowledge and skills and can give examples	%	0	0	0	0	0	10%	0	0%

5. OPERATIONS

Local security issues continue to delay both local staff and subcontractors over the period. This reflects the realities of implementing a program during a military offensive with intense political pressure and directives. The political pressures include regional focus directives from USAID, as well as access limitations due to the military activities and violence in targeted areas. In order to better operate under such constrained environments, for many cases it is essential for Inma to set up autonomous local delivery of grants, subcontracts, and monitoring capacity.

Due to the necessity of local partners to minimize contact with the USG, Inma is not always able to provide the level of oversight, including audit and/or monitoring of activities to the degree typical in a USAID program in every location. To the maximum extent feasible, Inma incorporates into local contracting the requirements established by USAID and a determination on whether local partners are able to meet those requirements.

The following is an overview of Inma Program Operations.

5.1 MOBILIZATION OF PERSONNEL

The Inma team was pleased to mobilize Dr. Fred Mann as DCOP – Programs. Dr. Mann has tremendous experience developing agricultural programs around the world and his vast knowledge and experience will greatly benefit the Inma team. Prior to Dr. Mann’s arrival, Mr. Al Merkel returned to the field to fill in as Acting DCOP – Programs. Ms. Patricia Buckles also joined the field team as STTA to develop the technical services to the program team and assist in the development of regional programs. Additional expatriates to mobilize to the field included:

- Mr. William Scott, Agribusiness Marketing Consultant, STTA – Bill provides input on the date strategy as well as specific technical programs

- Mr. Craig Carlson, Project Manager/Market Information Specialist, STTA transferring to LTTA – Craig develops approached to market information systems as well as developing business plans for several projects
- Ms. Shehnaz Atcha, Program Development Specialist, STTA – Shehnaz works on business plans, market information systems, packaging of programs, as well as support to the programs and operations teams
- Mr. Eric Richardson, Monitoring and Evaluation Specialist, STTA – Eric returned to the field to update the PMP and establish the monitoring and evaluation system

5.2 PROCUREMENT

- Completed subcontracts valued at \$3.590 million for project related grant/subcontract activity
- Advertised and completed solicitation and purchased IT software and hardware valued at \$400,000

5.3 BAGHDAD PROGRAM OFFICE

The Baghdad Progra Office continues to support overall program implmentetaion and coordination with USAID and the LBG corporate office. Significant activity for the past quarter includes:

- Install of new Administration procedures for Travel and record keeping.
- Prepared new month end reporting formats for USAID Invoicing.
- Reviewed use of Erbil Compound for future program activities.
- Purchased IT equipment valued at \$400,000. Off the shelf items have been delivered.
- Surveyed Inma senior program, administration and finance heads for input to design a master common drive electronic file structure for Inma.
- Designed web based time sheet system for Inma field staff. System will go live after testing and approval from LBG head office.
- Developing an electronic M&E tracking system for monitoring projects results. System is scheduled to be completed and ready for testing in the next quarter.
- Established a Survey mapping center to service cross cutting and program department.
- Conducted a survey of 455 Babil Governorate Fish Farms, 9 Feed Mills, and 20 enterprises which market fish in the Babil Governorate.
- Recruited, hired and conducted orientation of 18 new local staff and 2 new expat staff for a total of 66 local staff and 26 expat staff.

5.4 WASHINGTON SUPPORT OFFICE

The home office continues to work to improve responsiveness to field funding requirements. The team worked on standardized funding documentation, improved review processes, and improved planning for the funding pipeline. As part of this process, the home office presented USAID with an Extension Action Memo which requested approval to exercise the options authorized under Section F.2 of Contract No. 267-C-00-07-00500-00 for extension of the Period of Performance of the Inma Agribusiness Program two years from April 30, 2010 to April 30, 2012.

Ongoing Tasks / Activities

- Recruitment and mobilization of US and TCN staff
- Partner management for contracts, budgets and recruitment
- Contracts and invoicing
- Ongoing contract and invoicing discussions with USAID/Iraq CO
- Disbursement and invoicing
- Administrative support

6. COMMUNICATIONS

3rd Quarter (January-March 2008) Developments:

Design of Program Identity Materials - General information brochures were produced and printed in both English and Arabic. The of 4-page PR folders contain basic information about Inma's focus on clusters and value chain development. One thousand were printed in each language. Templates were designed and produced for branding all Inma training materials. These will be easily customized for various training topics.

Inma's Arabic language calendars were so popular that a second 1000 were printed in January and distributed to PRTs, the Iraqi Ministry of Agriculture and Iraqi Agriculture Universities and will soon become prizes at an Agriculture Fair hosted by PRTs. The 2009 edition has already been drafted and is being circulated for potential additions/corrections. The entire calendar in English and Arabic has been made available for download and printing on the Inma website.

The PR team also produced inexpensive pens and keychains bearing the Inma logo for distribution throughout Iraq. Embroidering the Inma logo on baseball caps will be complete within the next month or two, well before the upcoming Inma's Erbil Agricultural Fair in November. Banners and flyers are also being designed for that event.

Continuous Update of Inma Web site (www.inma-iraq.com) - The *Inma* website is continuously updated with press releases, feature articles, new links and photographs. The website will shortly be adding a section which will list employment opportunities and solicit CVs for general recruitment.

Presentations and Publishable Material -

- A number of "success stories" have been drafted and placed on the website.
 - "Cultivating Change at Um Qasr" 18 March 2008
 - "Water Resources Unlock Flow of Peace and Prosperity", 15 March 2008
 - "Milkman Delivers", 9 March 2008
 - "Not just Fishing", 2 February 2008
 - "Modern Greenhouses Increase Agriculture Productivity", 12 February 2008
 - "New Baghdad Market Brings New Opportunities" 29 January 2008
 - "Al Anbar Reaping Maize Bounty", 24 December 2007
- After receiving clearance from USAID, two stories were posted on the U.S. Department of Defense "DefenseLink" website and were subsequently picked up and posted on several other internet sites.

Farm Business Revival Holds Key to Anbar's Economic Recovery
RAMADI, Iraq, Jan. 22, 2008

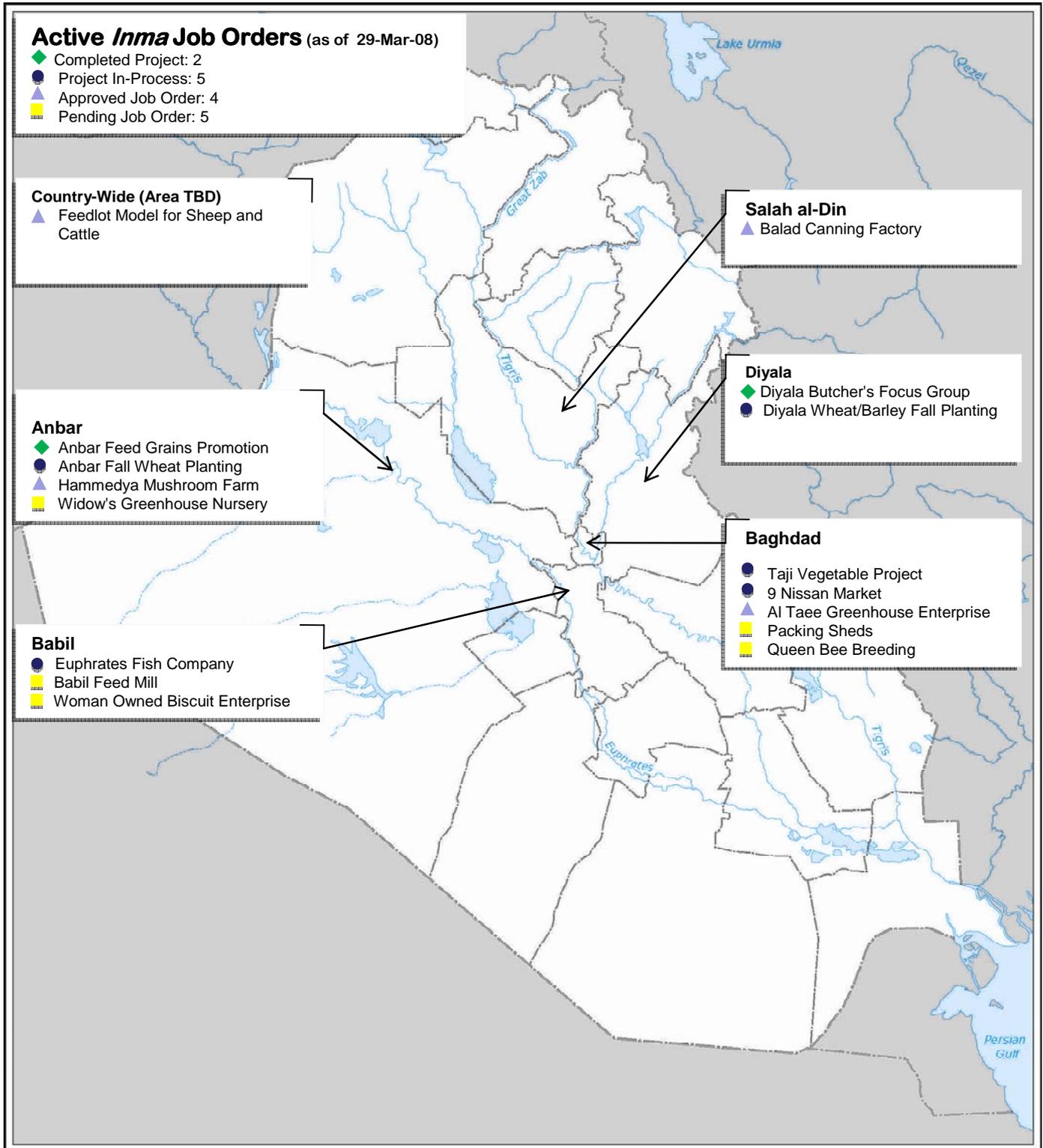
Groups Work to Kindle Commerce at New Baghdad Market
BAGHDAD, Jan. 29, 2008

APPENDICES

Appendix A: Project Map

Appendix B: Project Matrix

APPENDIX A: PROJECT MAP



Number of Job Orders that are Awaiting Further Information: 107

Anbar: 7	Missan: 2	Tameen: 13
Babil: 13	Muthanna: 1	Thi-Qar: 5
Baghdad: 6	Najaf: 13	Wassit: 7
Basarah: 5	Salah ad-Din: 10	
Diyala: 1	Sulaymaniyah: 16	
Diwaniya: 4	Qadisiya: 2	



Inma
AGRIBUSINESS PROGRAM

APPENDIX B: PROJECT MATRIX

Province	Project Name	Organization	Date Submitted	Date of Reply	Sector	City	Status	Description
Anbar	Al-Anbar Feed Grains Promotion Project	PRT Anbar	04-Jul-07	10-Jul-07	Livestock and Feed	Ramadi	1 Project Completed	Introducing new varieties of corn and other feed grains in order to bolster the supply of feed for the livestock sector.
Anbar	Anbar Fall Wheat Planting	PRT Anbar	14-Aug-07	27-Nov-07	Livestock and Feed	Ramadi	2 Project In-Progress	Planting fall wheat to bolster the area's supply of livestock feed.
Anbar	Widow's Greenhouse Nursery	PRT Anbar	30-Jul-07	26-Aug-07	Annual Horticulture	Ramadi	4 Pending Application	Build a greenhouse nursery that is operated by women.
Anbar	Anbar Dairy Assessment	PRT Anbar	14-Sep-07	29-Sep-07	Livestock and Feed	Ramadi	1 Project Completed	Develop the value-chain for dairy and assess the feasibility of a dairy enterprise.
Anbar	Hameedyah Mushroom Farm	Anbar PRT	30-Dec-07	30-Dec-07	Annual Horticulture	Ramadi	3 Approved Application	Revitalize the Hameedyah Mushroom enterprise through capital investment and technical assistance.
Babil	Euphrates Fish Company	PRT Babil	01-Sep-07	02-Sep-07	Livestock and Feed	Hilla	2 Project In-Progress	Renovation and revitalization of a privately-owned fish farm enterprise.
Babil	Queen Bee Breeding and Honey Production Enterprise	PRT Babil	28-Nov-07	28-Nov-07	Livestock and Feed	Hilla	4 Pending Application	This project seeks funding for business growth and expansion of the privately-owned Arabic Beekeeping Company.
Babil	Um Hiba Biscuit Enterprise	Inma Technical Staff	25-Nov-07	25-Nov-07	Other	Hilla	4 Pending Application	The owner of a small, privately-owned enterprise that produces biscuits seeks Inma funds for business expansion. The business is owned and operated by a woman who in turns employs mainly women.
Babil	Babil Feed Mill	Inma Technical Staff	11-Dec-07	11-Dec-07	Livestock and Feed	Hilla	4 Pending Application	This project will revitalize the current production and marketing capacities of the Babil Feed Mill which provides feed to local fish and poultry farms.
Baghdad	Ironhorse – Taji/Abu Ghraib Vegetable Crop Improvement	ePRT Baghdad 5	03-Nov-07	03-Jan-08	Annual Horticulture	Taji/Abu Ghraib	2 Project In-Progress	Provide new vegetable seed varieties and technical assistance to local farmers as a part of the ePRT Baghdad 5 strategic plan for the area.
Baghdad	"9 Nissan" Fruit & Vegetable Retail Market Revitalization	ePRT Baghdad 2 – Camp Loyalty	24-Nov-07	24-Nov-07	Annual Horticulture	Baghdad	3 Approved Application	Revitalization of the fruit and vegetable markets in the 9 Nissan area of operation in Baghdad.
Baghdad	Packing Sheds	Inma Technical Staff	08-Jan-08	08-Jan-08	Annual Horticulture		4 Pending Application	Establish an integrated vegetable packing shed in the Baghdad area for locally grown produce to be sold in local markets.
Baghdad	Queen Bee Breeding	Inma Field	31-Jan-08	31-Jan-08	Cross-Cutting	Baghdad	4 Pending Application	This project seeks funding for business growth and expansion of the Iraqi Beekeeper's Association.
Baghdad	Al Tae Greenhouse Enterprise	Inma Technical and PRT	25-Sep-07	25-Sep-07	Annual Horticulture	Baghdad	3 Approved Application	This project aims to establish greenhouses in order to supply local markets year-around with produce.
Diyala	Diyala Butcher's Focus Group	PRT Diyala	30-Jul-07	30-Jul-07	Livestock and Feed		1 Project Completed	Survey and report on the practices of butchers in the Diyala province.
Diyala	Diyala Wheat and Barley Fall Planting Program	PRT Diyala	01-Oct-07	01-Oct-07	Livestock and Feed		2 Project In-Progress	Planting fall wheat to bolster the area's supply of livestock feed.
Salah al-Din	Balad Canning Factory	Salah ad-Din PRT	31-Dec-07	31-Dec-07	Annual Horticulture	Balad	3 Approved Application	Provide funding and technical assistance in order to revitalize the Balad Canning Factory which has several food processing lines.
Throughout Iraq	Feedlots for Sheep and Beef	Inma Technical Staff	12-Dec-07	12-Dec-07	Livestock and Feed	Throughout Iraq	3 Approved Application	Establish fully operational beef and sheep feedlots to show the feasibility of feedlot enterprises in Iraq.