USAID-*TIJARA* PROVINCIAL ECONOMIC GROWTH PROGRAM

QUARTERLY PROGRESS REPORT

JANUARY – MARCH 2012

April, 2012

This report was produced for review by the U.S. Agency for International Development (USAID). It was prepared by The Louis Berger Group, Inc.

Contract No. 267-C-00-08-0050-00

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The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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I. ACRONYMS

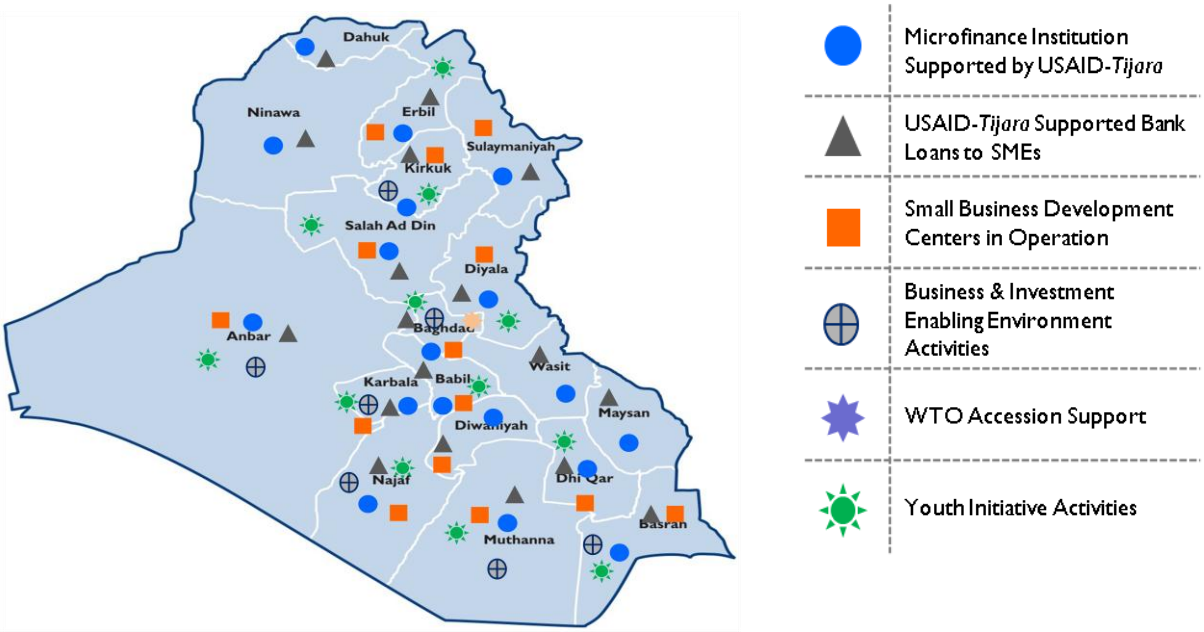
ACC	World Trade Organization Accession Document
ADS	Automated Directives System
BDS	Business Development Services
BIEE	Business & Investment Enabling Environment
BRP	Business Review Panel
CBI	Central Bank of Iraq
CGAP	Consultative Group Assisting the Poor
COMSEC	Council of Ministers Secretariat
COP	Chief of Party
COR	Council of Representatives
COTR	Cognizant Officer Technical Representative
DCOP	Deputy Chief of Party
DQA	Data Quality Assessment
ePRT	Embedded Provincial Reconstruction Team
EU	European Union
FAF	Foreign Assistance Framework
FOB	Forward Operating Base
FSS	Financial Self Sufficiency
GATS	General Agreement on Trade in Services
GATT	General Agreement on Trade and Tariffs
GCC	General Commission for Customs
GOI	Government of Iraq
ICBG	Iraq Company for Bank Guarantees
ICF-SME	Iraqi Company for Financing Small and Medium Enterprises
ICT	Information and Communications Technology
IDA	Industrial Development Authority
ILO	International Labor Organization
IMFI	Indigenous Microfinance Institution
IMFN	Iraqi Microfinance Network
INMA	USAID-*Inma* Agribusiness Program
IPR	Intellectual Property Rights
IR	Intermediate Result
IVGS	Iraqi Vulnerable Group Support
IYI	Iraqi Youth Initiative
LBG	Louis Berger Group
LPF	Loan Production Office
MA	Market Assessment
M&E	Monitoring and Evaluation
M&IM	Management and Information Management
MF	Microfinance
MFI	Microfinance Institution
MIS	Management Information System
MIM	Ministry of Minerals and Industry
MOT	Ministry of Trade
MOU	Memorandum of Understanding
MS	Micro Soft
MSME	Micro, Small, and Medium Enterprise
NA	Not Applicable

NBFI	Non-Bank Financial Institution
NIC	National Investment Commission
NGO	Non-Governmental Organization
OSS	Operational Self Sufficiency
PAT	Poverty Assessment Tool
PEG	Provincial Economic Growth
PCMS	Performance Classification and Monitoring System
PIC	Provincial Investment Commission
PDT	Performance Data Table
PIRS	Performance Indicator Reference Sheet
PMAC	Prime Ministers Advisory Commission
PMP	Performance Monitoring Plan
PMS	Performance Monitoring System
PMT	Performance Management Tool
PMTS	Performance Management Task Schedule
PPP	Public Private Partnership
PRT	Provincial Reconstruction Team
RF	Results Framework
RRI	Regulatory Reform Initiative
RRU	Regulatory Reform Unit
SBDC	Small Business Development Center
SO	Strategic Objective
SIGR	Special Inspector General for Iraq Reconstruction
SME	Small and Medium Enterprise
SMFC	Sustainable Microfinance Component
SPS	Sanitary and Phytosanitary
Sub-IR	Sub Intermediate Result
TA	Technical Assistance
TCN	Third Country National
TERF	Training Events Request Form
TRIPS	Trade Related Aspects of Intellectual Property Rights
UNDP	United Nations Development Program
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
USG	United States Government
USTR	United States Trade Representative
WB	World Bank
WTO	World Trade Organization
YEAF	Youth Entrepreneur Access to Finance
YEP	Youth Employment Promotion

Section I: Introduction

1. Background

This document presents the Quarterly Progress Report (QPR) for the period of January to March 2012 for the USAID-*Tijara*-Provincial Economic Growth Project (USAID Contract No. 267-C-00-08-00500-00). USAID-*Tijara* is a five-year project (with a base period of performance of three years with two extended years) funded by USAID and implemented by the Louis Berger Group. The program is intended to promote economic diversification, private sector development and job generation at provincial level and work with the Government of Iraq to help promote a market-based economy. The performance management framework as outlined in the PMP 2011-13 is based on LBG's contract with USAID/Iraq, which contributes to the Strategic Objective 8 "Private Sector Economic Opportunity Expanded" within USAID's Foreign Assistance Strategy.



The Government Performance and Results Act (GPRA) of 1993 established requirements for strategic planning and performance measurement for all USG agencies. In line with its contractual commitments, USAID-*Tijara* developed a PMP in early 2009. The main purpose of this exercise was to develop a framework for measuring progress towards the results identified during the base period (2008 to 2011) to achieve foreign assistance objectives. This PMP was revisited in April 2011 and following subsequent revisions, the PMP was formally approved in December 2011.

During the January to March 2012 period, USAID-*Tijara* continued to implement its project activities as outlined in the Annual Work Plan 2011 (Extended Year 1) and PMP 2011-2013. The purpose of this report is to inform personnel at all levels of the project on the key results and deliverables accomplished during the quarter.

This quarterly progress report is organized in the following manner:

- Section I portrays the general description of the report.
- Section II highlights the executive summary of the key results and impacts made during the reporting period.
- Section III describes the key outputs and activities carried out during the quarter.
- Section IV presents the progress made during the quarter in line with the PMP targets. USAID-*Tijara* is tracking progress using the quarterly and yearly Performance Data Table (PDT).

Section II: Executive Summary

Results Framework
USAID-*Tijara* is measuring and reporting results in line with the approved PMP 2011-13. Key accomplishments are highlighted below:

I. IRAQI VULNERABLE GROUP SUPPORT:

- USAID-*Tijara* hosted an inauguration ceremony of the Iraqi Vulnerable Group Support at the Chaldean Cultural Center in Erbil on March 27, which was attended by 140 participants.
- Loan disbursements reached $2,145,233 to 628 economically active vulnerable borrowers (14% women) including 72% from religious minority groups in Baghdad, Erbil, Dahuk, Kirkuk, Ninawa, and Sulaymaniyah provinces.
- The total microfinance loan disbursement reached US$2,021,900, of which 56% ($1,131,650) was disbursed from USAID-*Tijara* grant funds and the remaining from the MFI's own fund. This initiative has benefitted 617 vulnerable borrowers (14% women) including 73% from religious minority groups in Baghdad, Erbil, Dahuk, Kirkuk, Ninawa, and Sulaymaniyah provinces.
- USAID-*Tijara* assisted partner bank, Mosul Bank, provided SME lending valued at $123,333 to 11 displaced men in Ninawa and Dahuk provinces, of whom 29% were Christians, 2% Yazidis and the remaining Muslims.

II. PROVISION OF BUSINESS DEVELOPMENT SERVICES

BUSINESS DEVELOPMENT SERVICES

- USAID-*Tijara* hosted the 2012 SBDC Conference in Erbil, which was attended by more than 50 participants. The theme of the conference was "Strategies for Growth and Prosperity". The event offered the Iraqi small business centers an opportunity to discuss commercial revenue generation and future networking opportunities to continually help small businesses to achieve their goals of growth, innovation, increased productivity, management improvement and success.
- The project provided the SBDCs in Baghdad with performance-based grant valued at $29,140 to train security dealers in electronic trading thereby promoting investment in stock exchange. USAID-*Tijara* also provided the SBDC in Salah ad Din with a $22,175 grant to launch a document translation services and internet café. Early indications of success can be gauged as these SBDCs have doubled their income as they successfully operate their activities funded by USAID-*Tijara.*
- Project SBDCs conducted entrepreneurship courses for 131 participants, of whom 16 per cent were women. These courses offer a base for potential entrepreneurs to begin doing business and for existing business-people to improve their operational skills.

INTERNATIONAL TRADE AND WTO ACCESSION:

- The program finalized a Strategic Modernization Plan 2012-2015 for the General Customs Commission, Kurdistan Government. The plan includes key strategic management reforms, compliant trade and border management procedures, risk management systems and establishment of Customs Modernization Unit in Kurdistan.
- USAID-*Tijara* completed a report on Iraq's horizontal commitments that includes packaging of the twelve sectoral services commitments into Services Market Access Offer Offer (ACC5) required for Iraq's WTO accession.

- Drafted a report on WTO-compliant live animal regulations to support the Government of Iraq in its efforts to enact these regulations. This report outlines the regulations and the process involved in the import of cattle in Iraq.
- The Ministry of Trade formalized a private sector committee to specifically engage the private sector as a key stakeholder in the accession process.

BUSINESS AND INVESTMENT ENABLING ENVIRONMENT:

- The project facilitated strategic trade relations for three SOEs with regional and international organizations.
- The Information Systems Company signed a partnership agreement with ACT, a leading regional ICT service provider based in Lebanon. ACT is an agent for Microsoft, Oracle, Cisco Systems, EMC and Symantec. Partnership with ISC will achieve fruitful cooperation in the areas of information and communication technology and programming, and provide training and education services in IT and transfer knowledge.
- The State Industrial Design and Consultation Company (SIDCCO) formed a strategic partnership with the Shaw Group, a UK-based engineering company, to assist the SOE in the development of its engineering center and upgrade SOE's existing standards, systems and work practices.
- The General Systems Company signed a partnership agreement with Torres Advanced Enterprise Solutions, a US-based enterprise consulting company for the up-gradation of oil and electrical equipment and airfield maintenance/reconstruction.
- Drafted and discussed amendments to the articles of Companies Law No. 21 of 1997 and foreign company branch registration regulation No. 5 of 1989 with the Ministry of Trade, member of Shura Council and Economic Committee of the Council of Representatives in seeking their support in the new company registration law in Iraq. The amendments remove the requirement that foreign companies have a contract with the Iraqi government in order to do business in Iraq, thereby facilitating the business registration process in the country.
- The Ministry of Trade signed an order to establish Company Registration Offices in Karbala, Basrah and Ninawa. This initiative will facilitate the registration of companies in the provinces, thereby easing the business and investment environment.
- Finalized the Investor Guide for Karbala and Basrah Provinces and submitted them to the respective Provincial Investment Commission for review and feedback.
- Conducted an Economic Assessment and submitted a draft report to USAID.

II. EXPANSION OF COMMERCIAL LENDING THROUGH MICROFINANCE INSTITUTIONS AND BANKS

SUSTAINABLE MICROFINANCE:

- Microfinance institutions (MFIs) clientele grew by 10% and outstanding portfolio by 5%.
- Since 2003, Iraq's microfinance industry has disbursed more than 377,380 microloans (18% women) valued at $892 million. Iraq's microfinance industry currently has 88,958 clients, over 17,715 of whom are women, with an outstanding loan portfolio of $134 million.
- Microfinance loans disbursed by partner microfinance institutions have thus far facilitated the creation of 210,048 direct jobs and 105,024 indirect jobs.
- During the quarter, micro loans worth more than $2.237 million were disbursed to over 3,000 poor clients, 17% of whom are women. This year, partner MFIs will disburse $5.5 million to clients from the poorest segments of Iraqi society.

- Drafted a memorandum of understanding (MOU) in conjunction with the CBI and NGOs Directorate to provide joint oversight of the microfinance industry in Iraq.
- USAID-*Tijara* provided technical assistance to the Iraqi Microfinance Network (IMFN) in the submission of its formal registration application to the NGO Directorate. With registration, USAID-Tijara may assign the role of supporting the microfinance industry in Iraq to the network.
- A total of 83% of partner MFIs have attained operational self sufficiency (OSS) while 75% have attained financial self sufficiency (FSS).

SME DEVELOPMENT AND BANK LENDING:

- During the reporting period, project supported lending led to the creation of around 1,100 new jobs and the generation of $19.23 million in local investment by 915 SMEs, most of which had never received bank credit before.
- During the quarter, 867 enterprises obtained $18.69 million in bank financing, resulting in the creation of 373 direct and 622 indirect jobs.
- Under the phase II of the SME Incubation Program, USAID-*Tijara* introduced a variety of new credit tools and mechanisms that resulted in 48 SMEs receiving loans valued at $548,000 which enabled the creation of over 100 jobs. Detailed portfolio assessment and gap analyses were conducted for Baghdad Bank and North Bank. These banks are enabling smaller SMEs to access bank financing for the first time. North Bank and Iraqi Middle East Bank were assisted to develop their credit risk management policy and procedures and a new product, thus giving SME new financing options.
- ICF-SME showed an eight per cent improvement in its sustainability index while ICBG indicated six percent improvement in its sustainability index.

III. YOUTH INITIATIVE

IRAQI YOUTH INITIATIVE:

- 1,100 youths between the ages of 18 and 35 benefitted from the program, which enabled the creation of 540 full-time jobs
- To ensure the initiative's success, more than $0.954 million was disbursed to 283 youth who needed financial assistance to start a business.
- A total of 348 youth participated in employability skills training and 176 (37 % women) of them secured apprenticeships. Over 232 (37 % of the total apprentices) previously unemployed young Iraqis today have permanent jobs because of the program and more jobs are expected in the coming months.

Section III: Quarterly Progress

A. IRAQI VULNERABLE GROUP SUPPORT

DELIVERABLES / MILESTONES / EVENTS/ QUANTIFIABLE OUTPUT

- In order to formally mark the initiation of USAID's commitment to support the vulnerable population of Iraq, USAID-*Tijara* hosted an inauguration ceremony of the Iraqi Vulnerable Group Support at the Chaldean Cultural Center in Erbil on March 27. The event included a keynote speech from the Head of the Chaldean Dioceses in Erbil, the ceremonial signing of IVGS operating agreements between the Iraqi Company for Financing Small and Medium Enterprises (ICF-SME) and three participating banks and distribution of loans. Around 140 participants including senior representatives from eight Iraqi minority groups, Kurdistan Regional Government Officials, Central Bank of Iraq, and IVGS partner banks and microfinance institutions attended the ceremony.

The Archbishop Bashar Warda, Chaldean Archdiocese of Erbil at the inauguration ceremony of IVGS

- USAID-*Tijara* signed an agreement with the International Organization for Migration (IOM) on March 06 at the UN premise in Baghdad. This MOU outlines the roles and responsibilities of both parties in terms of mutual exchange of information, referral system, training and awareness raising for maximizing the program's outreach and impact.
- USAID-*Tijara* met with US Ambassador Peter Bodde to update him and his staff on the IVGS progress. The meeting was also attended by the Managing Director of Mosul Bank and the General Manager of Al-Thiqa microfinance institution. The Ambassador reiterated his support for the Initiative and emphasized the need to target more women borrowers to be served under the initiative.
- The loan disbursements under the Iraqi Vulnerable Group Support reached $2,145,233 to 628 vulnerable borrowers (14% women) including 72% from the religious minority groups in Baghdad, Erbil, Dahuk, Kirkuk, Ninawa, and Sulaymaniyah provinces.
- The total microfinance loan disbursement reached to $2,021,900 out of which 56% ($1,131,650) was disbursed from the USAID-*Tijara* grant funds while the remaining was disbursed from the MFI's own fund. The initiative has benefitted a total of 617 vulnerable borrowers (14% women) including 73% from the religious minority groups in Baghdad, Erbil, Dahuk, Kirkuk, Ninawa, and Sulaymaniyah provinces.
- USAID-*Tijara* assisted partner bank, Mosul Bank provided SME lending valued at $123,333 to 11 internally displaced persons in Ninawa and Dahuk provinces of which 91% were Christians and the remaining were Muslims.
- USAID Field Coordinator, Mr. Haiz Faruk Abdulla and Program Officer, Ms. Wala Ali visited partner microfinance institute, Al-Thiqa on March 12 in Erbil to review

implementation of the Iraqi Vulnerable Groups Support (IVGS) initiative. The delegation examined the outreach mechanism of Al-Thiqa and the results of the loans disbursed. To date, Al-Thiqa has disbursed more than $2 million to over 613 vulnerable groups' members which include 1.122 million from USAID-*Tijara* grants.

USAID-Tijara team updating the US Ambassador Peter Bodde on the implementation status of the IVGS initiative at the US Consulate in Erbil

- A three-member delegation from USAID/Iraq comprising of Russ Bauer, Private Enterprise Officer, Walter Doetsch, Senior Development Advisor and William Quick, Economic Officer visited North Bank in Erbil to review the progress of the USAID-*Tijara* SME Bank Lending Incubation Unit and to learn more of the challenges being confronted by the private banks and their borrowers in Kurdistan/Iraq.
- Partner microfinance institution, Izdiharona, with headquarters in Sulaymaniyah, formally inaugurated a new branch office in Baghdad on March 17 to provide financial access to vulnerable population of Iraq. The opening was graced by USAID-*Tijara* COR, Mr. Ali Al-Hussainy who also distributed cheques among the borrowers.
- The Iraqi Company for Financing Small and Medium Enterprises (ICF-SME) signed Operating Agreements with three banks namely Ashur Bank, Mosul Bank and Iraqi Middle East Investment Bank to roll out the IVGS initiative. These banks will service potential borrowers in five provinces through their network of 14 branches
- Throughout the quarter, USAID-*Tijara* held meetings with the IVGS implementing partners; Ashur Bank, Mosul Bank and Iraqi Middle East Investment Bank and partner MFI Al-Thiqa to evaluate potential vulnerable group at partner organizations, conduct an evaluation of partner preparedness to rollout IVGS activities and highlight IVGS operating procedures and timeline.
- Prepared and translated publicity material for the Iraqi Vulnerable Group Support (IVGS) initiative.

TRAINING

- USAID-*Tijara* conducted orientation training on lending process for nine SME bankers (seven men, two women) from six private banks on March 05 in Erbil. The training focused on strengthening practical skills for identification of potential borrowers and ensuring compliance with operating procedures and reporting requirements related to the program.

Loan officers from six partner banks being oriented on the IVGS lending process in Erbil

B. BUSINESS DEVELOPMENT SERVICES

ONGOING TASK AREAS / ACTIVITIES

The BDS team is currently focusing on the following activities:

- Strengthening and capacity building of eight SBDCs.
- Providing technical assistance and support to eight of SBDCs participating in the Iraqi Youth Initiative.
- Providing technical support to the IVGS program.
- Following up with participants enrolled in all SBDC training courses and collecting data on program results and impacts on a regular basis. The impact beneficiary report is prepared on a quarterly basis.
- Providing the SBDCs with the technical guidance needed to update and implement their work plans.
- Helping SBDCs formulate ideas for fee-generating services and strategies for achieving financial sustainability.
- Advising SBDC directors on grant proposal requirements for applying for funding support under the USAID-*Tijara* Small Grants Program.
- Working with the SBDC executive directors to help them use self-assessment diagnostic tools as management aids to improve their internal operations in areas such as reporting on revenue generating activities, institutional capacity building, financial budgeting, outreach and communication.
- Updating the SBDC website, designed to be a platform for promoting the SBDCs in Iraq, showcasing their activities, as well as adding valuable material that is relevant to the SBDC network.

DELIVERABLES / MILESTONES / EVENTS / QUANTIFIABLE OUTPUT

- USAID-*Tijara* hosted the 2012 SBDC Conference in Erbil from February 27 to 29 which was attended by more than 50 participants. The theme of the conference was “Strategies for Growth and Prosperity”. Senior representatives from nine USAID-*Tijara* supported SBDCs and senior officials from the Ministry of Youth, U.S. Department of Agriculture, USAID Iraq Access to Justice Program, UNDP and Iraq Middle Market Development Fund attended the conference. The event offered the Iraqi

Mr. Adnan Al Sarraj, Deputy Minister of Youth acknowledging the significant impact of TOT workshops provided by the USAID-Tijara supported SBDC in Baghdad during the 2012 SBDC Conference held from February 27 to 29 in Erbil

small business centers to discuss commercial revenue generation and future networking opportunities to continually help small businesses to achieve their goals of growth, innovation, increased productivity, management improvement and success.

- The USAID-*Tijara* program supported Marketing and Printing Centers run by SBDCs in Muthanna and Dhi Qar provinces have reached break-even operations. These activities, combined with their business newsletters and training programs have put them in a sound financial footing and greatly increased their prospects for achieving financial sustainability.

SBDC Directors from Dhi Qar and Muthanna at the Regional Women 's Conference hosted by the US General Consulate

- SBDCs in Dhi Qar and Muthanna participated in a panel discussion at the Regional Women's Conference hosted by the US General Consulate in Basrah. The SBDCs featured their achievements in the Iraqi Youth Initiative, highlighting the significant percentage, around 37%, of females benefitting from USAID-*Tijara's* entrepreneurial assistance.

- The Najaf Chamber of Commerce, a partner SBDC in Najaf, participated in the Najaf International Trade Fair attended by more than 100 international companies, business owners, government officials, NGO leaders and traders. This event provided an opportunity for the SBDC to discuss investment opportunities with both foreign and local investors, government officials and businessmen in the province.

- The director of Women Empowerment Organization, partner SBDC in Erbil, shared existing and future plans during separate meetings held with Russ Bauer, Private Enterprise Officer and Ali Al-Hussainy, COR USAID-*Tijara.*

- Provided SBDC in Salah ad Din province with performance based grants to launch a document translation services and internet café and and in Baghdad to train security dealers in electronic trading, respectively. These grants will enable partner SBDCs to diversify their income sources and improve their operational sustainability.

- USAID-*Tijara* provided technical assistance to the SBDCs in Muthanna, Dhi Qar and Basrah in preparing a joint grant proposal for the establishment of an employment services network and livelihoods program. The proposed project aims at capacity building of these SBDCs by synergizing their efforts as well as generating additional revenues to render business development services in the Southern part of Iraq.

- USAID-*Tijara* supported partner SBDC in Dhi Qar presented the implementation of the Iraqi Youth Initiative to the Danish Refugee Council and the director of the Migration and Displaced Department who showed keen interest to provide financial assistance to the SBDC.

- Reviewed and finalized annual budgets, business plans and action plans with the SBDCs and monitored the progress of eight grant agreements and deliverables for revenue-generating programs being implemented by the SBDCs in Muthanna, Dhi-Qar, Baghdad, Salah ad Din and Erbil.

- Supported SBDCs in Muthanna, Salah ad Din and Karbala provinces to organize business forums where officials from the Chamber of Commerce, Provincial Investment Commissions, members of the Provincial Council, local businessmen and university representatives discussed steps towards promoting trade facilitations in these provinces.
- Supported the Printing and Marketing Center of SBDC in Samawa in winning a 25 million Iraqi Dinar contract with the University of Samawa for their annual printing needs.
- Assisted SEDO with their Performance Grant request to increase BDS income and meet market demands by providing Document Translation Services and an Internet Café. The combination of the internet café and translation services are expected to generate revenues that will contribute in a major way to enabling SBDC to sustain its operations and its client outreach.

Chairman of the Muthanna PIC addressing government officials, private business owners and university economics professors at the Samawa Business Forum

- Provided technical assistance to Women Empowerment Organization (WEO), a non-profit organization operating an USAID-*Tijara* supported Small Business Development Center in Erbil and the Northern provinces to develop and review their business plans for 2012.
- Five graduates of “How to Start a Business” in Dahuk were approved for loans totaling $25,000 to start businesses following signing of a Memorandum of Understanding between SBDC Women Empowerment Organization (WEO) and USAID-*Tijara* partner MFI, Bright Future Foundation.
- The director of USAID-*Tijara* supported partner SBDC in Erbil presented a four-year proposal to the UNDP and the Erbil Provincial Council Steering Committee to assist women to start small and medium sized enterprises through a “Women's Business Skills” program.
- Supported the SBDCs in Salah ad Din and Karbala to organize business forums that helped in promoting trade facilitation in these provinces.

TRAINING

- Supported the SBDC in Dhi Qar to conduct a training of trainers course for 17 (13 men, four women) of the Ministry of Youth trainers who will be conducting “How to Start a Business” workshops. The Deputy Minister of Youth while distributing certificates among the participants lauded the inspiring efforts made by USAID-*Tijara* in promoting entrepreneurship skills among Iraqi youth.
- Supported the SBDC in Baghdad to conduct a training course on electronic trading which was attended by 26 securities brokers, of which nine were women. This trade liberalization initiative of the partner SBDC not only provides business services in the province but also generates additional revenue for the SBDC.
- Project SBDCs conducted business and entrepreneurship courses for 131 participants, of whom 16 per cent were women. These courses offer a base for potential entrepreneurs to begin doing business and for existing business-people to improve their operational skills.

C. INTERNATIONAL TRADE AND WTO ACCESSION

DELIVERABLES / MILESTONES / EVENTS / QUANTIFIABLE OUTPUT

Customs Reforms:

- USAID-*Tijara* finalized a Strategic Modernization Plan 2012-2015 for the General Customs Commission, Kurdistan Government that has brought a paradigm shift from revenue collection to a comprehensive economic growth concept within the Kurdistan Government. This plan sets forth key strategic management reforms, compliant trade and border management procedures, risk management systems and establishment of customs modernization unit in Kurdistan.
- Drafted a report on WTO-compliant live animal regulations to support the Government of Iraq in its efforts to enact these regulations. This report outlines the regulations and the process involved in the import of cattle in Iraq.
- As part of the ongoing efforts to assist the Ministries of Health and Agriculture in organizational management, capacity development and service delivery, USAID-*Tijara* held discussions for collaborated trainings with USAID-Inma program to promote HACCP awareness within the two Ministries.
- Prepared training material and risk management lesson plans to be used to equip managers at the General Commission of Customs for the anticipated training in April.
- Preliminary meeting held with representatives of various chambers of commerce to plan a private sector public awareness workshop.

Activities Related to the Goods Offer:

Representatives of the Goods Offer Committee during a workshop to finalize the Initial Goods Offer for submission to the WTO

- USAID-Tijara finalized the Initial Goods Offer for submission to the WTO in a three-day consultative workshop with the Goods Offer Committee of the Ministry of Trade in Erbil with participation of eight participants (seven men and one woman). The document will be submitted after approval from the Minister of Trade.
- Held discussion with key representatives from the WTO Unit-Ministry of Trade and the Private Sector Development Directorate to engage the private sector in the WTO accession process. The Ministry of Trade has recently got the approval and formalized a private sector committee to specifically engage the private sector as a key stakeholder in the accession process.
- Presented the component's work plan for 2012 during a consultative meeting with the key representatives from the WTO Unit-Ministry of Trade. The ministry showed keen interest in the plan and expressed its commitment for the implementation of program activities.

- As a follow-up to the recommendations made in Animal Health Workshop held in December 2011, a high level delegation of international technical organizations including the president of World Organization for Animal Health (OIE) have been invited to meet with the senior officials of Ministry of Agriculture and Ministry of Health. This visit would help in enforcing a regulatory system of internationally accepted animal health regulations in Iraq.
- Developed a brochure to raise public awareness of Iraq's WTO Accession bid on agriculture issues.
- USAID-*Tijara* provided technical support to the WTO Unit in the Ministry of Trade for their meeting to be held with USAID/DOS on February 02 2012. During the meeting, the compliant Goods Offer including the "Currently Applied Rate" will also be shared.

Activities Related to the Services Offer:

- Completed a report on Iraq's horizontal commitments that includes packaging of the twelve sectoral services commitments into Services Market Access Offer Offer (ACC5) required for Iraq's WTO accession.

TRAINING:

- USAID-*Tijara* held a three-day workshop for 15 participants on Strategic Planning and Leadership for senior customs manager of the KRG. The workshop focused on implementing administrative reforms for customs that may serve as a model for other government ministries.

D. SUSTAINABLE MICROFINANCE

ONGOING TASK AREAS /ACTIVITIES

- USAID-*Tijara* continues to strengthen its partnership with the NGO Directorate to create an enabling environment for an inclusive microfinance sector in Iraq.
- The outstanding portfolio of micro-loans for the entire Iraqi microfinance industry as of the end of March 2012 was $134,525,575 to 88,958 clients. During the quarter, microfinance loans facilitated the creation of 5,590 direct jobs and 2,795 indirect jobs. Microfinance loans disbursed by partner microfinance institutions have thus far facilitated the creation of 210,048 direct jobs and 105,024 indirect jobs.
- Microfinance institutions (MFIs) clientele grew by 10% and outstanding portfolio by 5%.

DELIVERABLES / MILESTONES / EVENTS / QUANTIFIABLE OUTPUT

- USAID-*Tijara* drafted a Memorandum of Understanding between the CBI and the NGO Directorate to ensure ongoing oversight of the microfinance institutions in order to maintain the necessary continued progress and contribution to the finance sector.
- The burgeoning microfinance industry in Iraq, aimed at providing quality financial services to its clients, has transformed its focus on addressing the plight of the poorer segments of the society. In order to maximize the impact on poor clients, USAID-*Tijara* extended loans worth more than $2.237 million serving nearly 3,702 poor clients, more than 17 percent of which are women.
- Mrs. Liqaa Mahdi, member of the Iraqi Parliament, appreciated the Solidarity Group Lending (SGL) initiative being implemented by partner microfinance institution, Al Takadum during her visit to the office of the MFI. The delegation comprising of Sheikh Hameed Ahmed Hashim, Head of Fallujah Local Council and Mr. Adnan Hussein, Mayor of Fallujah, committed to provide their support to enhance access to finance to the poor communities.

Mrs. Liqaa Mahdi with the Council Officials and the Mayor in Fallujah during her visit at partner MFI, Al Takadum

- Two partner microfinance institutions Al-Tadhamun and Al-Bashaer reviewed and approved their strategic business plans. USAID-*Tijara* continued to focus on development of the Iraqi microfinance industry through strengthening the corporate governance process among partner MFIs and attaining operational and financial sustainability among these institutions.
- Completed the operational assessment of partner microfinance institution Amalkom. USAID-*Tijara* made recommendations to guide Amalkom in its efforts to acquire funding to support the expansion of its operations and to improve its institutional performance and sustainability.

- The COR of USAID-*Tijara* discussed outreach and impact of microfinance on the poor clients of partner microfinance institution Al-Mosaned during its board meeting held on March 28 in Erbil.
- Partner microfinance institution Tallafar Economic Development Centre reviewed the internal auditors report and institutional performance during its board meeting held in Ninawa on March 24.

Microfinance practitioners discuss the roll out of the solidarity group lending at a training workshop held in Erbil

- In order to comply with OIG's recommendations, USAID-*Tijara* has awarded eight grants for the poverty alleviation. In this regard, USAID-*Tijara* conducted a training workshop in Erbil with its implementation partners where thirty four staff members from five implementing partner microfinance institutions including Al-Aman, Al-Takadum, Al-Mosaned, Tallafar Economic Development Centre and Bright Future Foundation participated. The subject-matter of the workshop was solidarity group lending methodology to be used as an implementation tool for the poverty lending. MFIs will disburse $5 million among poorest segments of Iraqi society.
- USAID-*Tijara* facilitated the Iraqi Microfinance Network (IMFN) to submit its formal registration application to the NGO Directorate after re-registration of eight MFIs. With the registration of this network, the baton of supporting the microfinance industry in Iraq will be transitioned to the Network. The program also facilitated the Iraqi Microfinance Network (IMFN) to hold its General Assembly meeting with representation of all 12 partner MFIs on 11 January 2012.
- Partner microfinance institution Al-Takadum launched two new satellite offices at Al Obaidi and Rawa in Anbar province bringing the total number of microfinance service outlets to 107 throughout Iraq. The increasing number of service points is indication of developing a sustainable outreach path for the Iraqi microfinance industry.
- Supported partner microfinance institution Tallafar Economic Development Centre (TEDC) to successfully complete a market survey for the expansion of client outreach to the poor and women in the Ninawa province. The survey revealed feasibility of group guarantees and group based lending methodology as service delivery mechanisms that will help the MFI achieve the goal of financial sector inclusiveness. Tallafar Economic Development Center disbursed its first poverty loan (solidarity group lending) in Sinjar district of Ninawa province.
- Partner microfinance institution Al-Takadum launched an outreach campaign for its microfinance program in Rumanah City, Anbar province targeting 40 widows to enable them to access loans in order to engage in income generating projects and create jobs.
- Partner MFI Al-Tadhamun agreed to resume lending operations in Al-Shirqat district of Salah ad Din province and to intensify its efforts in monitoring key strategic performance indicators during its board meeting on January 07 in Erbil.
- Partner MFI, Al-Aman designed a new loan product targeting the unemployed Iraqi youth. The product, developed in collaboration with a local bank and a car dealership, allows youth to acquire vehicle for commercial purposes and effectively contribute to curbing unemployment in the country.

- Partner microfinance institution Tallafar Economic Development Centre and Al-Tadhamun reviewed and approved internal audit reports during board meetings held on January 28 and February 11 respectively. USAID-*Tijara* continues to focus on development of the Iraqi microfinance industry through strengthening the corporate governance process among partner MFIs.

Board members of Al Tadhamun microfinance institution discussing on the importance of monitoring for improved performance of the MFI

TRAINING

- Six staff members from three partner microfinance institutions including Al Takadum, Al-Bashaer and Al-Mosaned attended an international Sanabel training on "Making Microfinance Work – Managing for Improved Performance" hosted by the Microfinance Network of Arab countries from January 14 to 24 in Amman, Jordan. The training equipped the participants with skills necessary to improve the MFI's performance.
- Partner microfinance institution Al-Takadum facilitated a training session on poverty lending for their 14 loan officers (13 men, one woman) on March 03. This training helped the loan officers to diversify the outreach to the poor and women in Anbar.
- Fifteen participants from six partner microfinance institutions attended training on 'Management Information System (MIS) Upgrade' facilitated by USAID-*Tijara* from March 11 to 13 in Erbil. The training also focused on the use of the Blacklist system using the microfinance web platform. Participants were provided with in-depth understanding of the new functionalities of the Loan Performer Software (LPF) to ensure implementation of transparent and internationally accepted standards for financial analysis and reporting.
- USAID-*Tijara* supported partner microfinance institution, Al Aman to conduct training in internal microfinance pillars for its newly recruited loan officers on March 17 in Kirkuk. The training was also attended by two deputy executive managers and a loan supervisor and familiarized them with the microfinance pillars of good management.
- USAID-*Tijara* conducted training on social indicators for 31 microfinance practitioners from eleven MFIs on February 05. The workshop was also attended by representatives from the US Embassy and key implementers of select US-funded entrepreneurship programs for widows and female-headed households. The workshop provided an opportunity to sensitize partner MFIs on reporting on vulnerable indicators through use of management information systems.
- Conducted a training workshop on strategic business planning for 22 microfinance practitioners from seven partner MFIs on February 14 to 16 in Erbil. The workshop provided an opportunity to partner MFIs on developing their five-year business plans with key focus on financial analysis and budgeting, promoting innovative microfinance products and enhanced outreach to the poor and women.

Reaching out to the poor through the Solidarity Group Lending

Ghazi (left) with his group members Khalid and Aqeel

Ghazi Abed runs a carpentry business in a small town in the Diwaniyah province which helps him to sustain himself and his family of three dependents. As much as he wanted to improve his livelihood he could not increase his income owing to the lack of equipments for advanced production. His neighbor Khaled Hussein Mkharreb, too in the same business, could not generate enough from his business to support his family. Moreover, having to pay the required collateral to get a bank loan deterred them from applying for financial support.

Ghazi first heard of the Solidarity Group Lending – a loan product by USAID-*Tijara* that enables groups to be collective recipients of loans – from the Amolkom loan officers who were spreading the word. He with his neighbor Khaled approached another friend, Aqeel Ghazi Fdala, owner of a bakery, to apply for the poverty loan. The trio was most impressed with the fast process and easy repayment procedures that came with the lending system.

Businesses of all three friends significantly improved with increase in productivity due to the availability of advanced equipments and tools respective to each trade. Thanks to the SGL, each beneficiary reported an average increase of $100 from their sales every month.

This is just one of the many success stories attesting USAID-*Tijara's* all-out efforts toward

New Microfinance Loans Disbursed Per Month, By Province, All Grantees (2012)

As of March, 2012

New Loans Disbursed per Month, by Governorate, all Grantees (2012)									
			January	February	March	1st Qtr 2012	1st Qtr Monthly Avg	YTD '12	Monthly Average
#	GOVERNORATE								
1.	Anbar	$ value	$1,716,250	$1,481,000	$1,592,400	$4,789,650	$1,596,550	**$4,789,650**	$1,596,550
		# loans	804	$829	1,572	3,205	1,068	**3,205**	1,068
2.	Babil	$ value	$1,409,620	$1,463,654	$1,390,100	$4,263,374	$1,421,125	**$4,263,374**	$1,421,125
		# loans	641	638	665	1,944	648	**1,944**	648
3.	Baghdad	$ value	$2,906,830	$3,077,205	$2,996,875	$8,980,910	$2,993,637	**$8,980,910**	$2,993,637
		# loans	920	$996	958	2,874	958	**2,874**	958
4.	Basra	$ value	$1,461,175	$1,358,560	$1,384,200	$4,203,935	$1,401,312	**$4,203,935**	$1,401,312
		# loans	401	332	344	1,077	359	**1,077**	359
5.	Dhi-Qar	$ value	$606,800	$569,000	$592,900	$1,768,700	$589,567	**$1,768,700**	$589,567
		# loans	145	$152	152	449	150	**449**	150
6.	Diyala	$ value	$972,200	$1,022,068	$1,153,200	$3,147,468	$1,049,156	**$3,147,468**	$1,049,156
		# loans	302	$348	368	1,018	339	**1,018**	339
7.	Dohuk	$ value	$617,900	$818,144	$728,900	$2,164,944	$721,648	**$2,164,944**	$721,648
		# loans	186	$242	204	632	211	**632**	211
8.	Erbil	$ value	$918,800	$1,003,800	$1,026,495	$2,949,095	$983,032	**$2,949,095**	$983,032
		# loans	274	$298	266	838	279	**838**	279
9.	Karbala	$ value	$1,192,740	$1,295,250	$1,076,140	$3,564,130	$1,188,043	**$3,564,130**	$1,188,043
		# loans	483	$655	532	1,670	557	**1,670**	557
10.	Kirkuk	$ value	$1,811,575	$1,930,591	$1,604,042	$5,346,208	$1,782,069	**$5,346,208**	$1,782,069
		# loans	662	$684	632	1,978	659	**1,978**	659
11.	Missan	$ value	$89,600	$162,500	$169,500	$421,600	$140,533	**$421,600**	$140,533
		# loans	61	$97	98	256	85	**256**	85
12.	Muthana	$ value	$520,800	$368,900	$488,850	$1,378,550	$459,517	**$1,378,550**	$459,517
		# loans	144	$113	145	402	134	**402**	134
13.	Najaf	$ value	$838,300	$1,483,450	$1,423,170	$3,744,920	$1,248,307	**$3,744,920**	$1,248,307
		# loans	339	$706	659	1,704	568	**1,704**	568
14.	Ninewah	$ value	$1,453,350	$1,589,500	$1,596,850	$4,639,700	$1,546,567	**$4,639,700**	$1,546,567
		# loans	578	$672	681	1,931	644	**1,931**	644
15.	Qadisiya	$ value	$562,500	$721,700	$595,200	$1,879,400	$626,467	**$1,879,400**	$626,467
		# loans	255	$299	287	841	280	**841**	280
16.	Salah Ad Din	$ value	$453,200	$389,500	$458,500	$1,301,200	$433,733	**$1,301,200**	$433,733
		# loans	206	$193	252	651	217	**651**	217
17.	Suleimaniya	$ value	$2,190,719	$2,467,880	$1,961,422	$6,620,021	$2,206,674	**$6,620,021**	$2,206,674
		# loans	758	767	645	2,170	723	**2,170**	723
18.	Wasit	$ value	$753,200	$938,250	$857,600	$2,549,050	$849,683	**$2,549,050**	$849,683
		# loans	469	$538	499	1,506	502	**1,506**	502
GRAND TOTAL		$ value	$20,475,559	$22,140,952	$21,096,344	$63,712,855	$21,237,618	**$63,712,855**	$21,237,618
		# loans	7,628	8,559	8,959	25,146	8,382	**25,146**	8,382

E. SME DEVELOPMENT & BANK LENDING

ONGOING TASK AREAS / ACTIVITIES

The component continued to provide:

- SME Banking: Training and technical assistance to partner banks to increase the quality and variety of their lending and service delivery to SMEs nationwide throughout their branch network, while increasing profits and lowering risks.
- Support to ICBG: Training and technical assistance to improve ICBG operational and risk management controls, and profitability, in offering loan guarantees to banks to cover up to 75% of risk on loans to SMEs.
- Support to ICF-SME: Technical assistance to ICF-SME to maintain its unique loan capital management and loan monitoring function and to raise its loan capital resources to fund new SME loan programs throughout Iraq.

SME Banking Highlights	March 2012 Only***		March 2012, Outstanding		March 2012, Cumulative	
Disbursed Volumes	Loans	Loan Value	Loans	Outst. Balances	Loans	Loan Value
ICBG Guaranteed Loans *	72	$ 828,433	2104	$ 15,548,059	4260	$ 55,622,331
Loans Funded by ICF-SME*	53	$ 1,493,909	845	$ 9,610,150	1449	$ 27,642,701
SME-LU - other*	42	$ 883,761	1973	$ 36,586,938	2440	$ 62,658,462
Overlapping programs*	0	$ -	-100	$ (792,595)	-240	$ (4,247,194)
SME-Lending Overall**	**167**	**$ 3,206,103**	**4822**	**$ 60,952,553**	**7909**	**$ 141,676,301**

**Source: SME-LU data as reported by banks (reports done in banks manually - the data is not fully accurate)*

***Includes ICF, ICBG and other SME Loans*

****As a plug against the previous month*

Cumulative volumes are here calculated beginning February 2008 (start up of Tijara activities)

Exchange rate: ID 1,170 / $

ICBG is using different terms of recognition of guaranteed loans, therefore their internal data are different.

Compiled by SME Banking team from reports produced by banks manually.

DELIVERABLES / MILESTONES / EVENTS / QUANTIFIABLE OUTPUT

Iraqi Company for Financing SMEs (ICF-SME)

- The Iraqi Company for Financing Small and Medium Enterprises (ICF-SME) held its 11th advisory shareholders meeting on February 14 during which the company's performance to date, the investment policy and the three year business plan were approved by the shareholders.
- ICF-SME management obtained the Final Financial Audits signed by the Legal External Auditor. Once signed by ICF-SME these audit results will go to the Tax Commission for approval and registration.
- The three commercial banks selected to benefit from the first-round of IVGS loan capital support have received funding allocations of $1m each to on-lend to IVGS beneficiaries. These allocations are channeled through the Iraqi Company for Financing Small and Medium Enterprises (ICF-SME) that will provide oversight to the funds' utilization.
- The directors of USAID-*Tijara* supported non-banking financial institutions including ICBG and ICF-SME shared their experience of SME development in Iraq during an interview broadcast at Al Rashid TV channel.

Iraqi Company for Bank Guarantees (ICBG)

- The Iraqi Company for Bank Guarantee (ICBG) approved the audited financial statements for 2011 during its board meeting held on March 08 in Baghdad.

The chairman of the advisory board of the ICF-SME Wadia Al Handal chairs the board's meeting

SME Lending Unit Development

- The SME bank lending component facilitated by the ICF-SME officially crossed the $27 million mark of loan disbursements through its network of private banks.
- USAID-*Tijara* drafted the credit risk management manual for the North Bank and the Iraqi Middle East Investment Bank.
- Conducted a SME Portfolio assessment for Baghdad Bank. The Arabic version of the assessment report will be shared with the Bank shortly. Portfolio assessment report was also done for Gulf Bank.
- Gap analysis conducted for Gulf Bank and Baghdad Bank. The analysis identifies organization, product, service and skill level deficiencies. North Bank under this initiative reported that a total of 48 SMEs received loans valued at $0.548 million and over 100 jobs were created in consequence.
- An integrated value chain financing approach has been introduced in the North Bank under the SME incubation program that helps in enhancing SME lending to small- and medium-sized businesses in Iraq.

SME BANKING CAPACITY BUILDING

- USAID-*Tijara* trained 14 loan officers (eight men, six women) from Gulf Commercial Bank, IMEB, Mosul Bank, and United Bank during a workshop on "Loan Officer Tasks and Basic Credit Financial Analysis" held from March 12 to 15 in Baghdad. The workshop was co-facilitated by one of the SME's TOT graduates from Gulf Commercial Bank and helped participants understand and exercise basic principles of SME lending.

Loan officers from partner banks at a training workshop on 'Loan Officer Tasks and Basic Credit Financial Analysis'

- Conducted training on Credit Analysis for 16 SME bankers (12 men, four women) from four banks from January 30 to February 2. The training focused on strengthening practical skills for credit analysis and loan management using real life case studies from Iraq.
- The loans officers from Ashur Bank, North Bank and the Bank of Baghdad got promotion and received financial rewards after successful completion of core SME lending skills training offered by the USAID-*Tijara*.

F. BUSINESS AND INVESTMENT ENABLING ENVIRONMENT

ONGOING TASK AREAS / ACTIVITIES

- Conducting discussions with senior officials of the Ministry of Trade and the PMAC for legal and regulatory reforms.
- Assisting select SOEs to develop revised business plans and seek commercialization opportunities.

DELIVERABLES / MILESTONES / EVENTS/ QUANTIFIABLE OUTPUT

- As an outcome of USAID-*Tijara's* continued support for regulatory reforms in Iraq, the Ministry of Trade signed an order to establish Company Registration Offices in Karbala, Basrah and Ninawa. This initiative will facilitate the registration of companies in the respective provinces, thereby easing the business and investment environment.
- Drafted amendments to the foreign company branch registration regulation No. 5 of 1989. The amendment removes the requirement that foreign companies have a contract with the Iraqi government in order to do business in Iraq, thereby facilitating the business registration process in the country. This regulation was drafted mutually with the legal advisors from the Ministry of Trade.
- USAID-*Tijara* provided useful input in framing recommendations for easing company registration procedures during the two symposia held under the auspices of Iraq 2020 Assembly with the sponsorship of the Center for International Private Enterprise (CIPE) at the Lebanese Club, Baghdad. Also, held discussions with the officials from UNIDO, UNDP and World Bank to seek their support in drafting the new company registration law in Iraq.
- While fostering public-private partnership to catalyze the commercialization of five state owned enterprises (SOEs), USAID-*Tijara's* Public-Private Partnership (PPP) Advisor facilitated trade relations with three select SOEs working under the auspices of Ministry of Industries and Minerals. To this end, Information Systems Company (ISC) signed an agreement with ACT, a leading regional ICT service provider based in Lebanon; General Systems Company (GSC) has formally concluded a partnering agreement with a US-based company, Torres Advanced Enterprise Solutions and State Industrial Design and Consultation Company (SIDDCO) signed a formal agreement with the Shaw Group, a UK based company
- Drafted amendments to articles of Companies Law No. 21 of 1997 which were discussed with a member of the Shura Council and a member from the Economic Committee of the Council of Representatives (Parliament).
- Finalized Investor Guides for Karbala and Basrah provinces and submitted it to the respective Investment Commissions for review and feedback.
- In order to promote commercialization of SOEs, USAID-*Tijara* worked with the Information Systems Company, State Industrial Design and Consultation Company and the General Systems Company to improve company's profile and marketing plans to attract potential strategic partners.
- Established contacts with the Regional Territory Manager of Oracle with a view to setting up meetings with the State Company for Information Systems and the State Industrial Design and Consultation Company to pursue possible partnering arrangements and promote commercialization of SOEs in Iraq.

- USAID-*Tijara* finalized a white paper on "import and export licensing" as part of project's efforts to address constraints to business and improve Iraq's ranking on the World Bank "Ease of Doing Business" report. This paper strongly recommends the Customs Directorate to control the entry and exit of goods in and out of Iraq.
- Drafted the Investor Guide for Basrah Province (Arabic version) and submitted it to the Basrah Investment Commission for review and feedback.
- Discussed measures required to streamline business registration, during a meeting with the World Bank's representatives and discussed liberalization of import and export licensing requirements and other proposed regulatory and legislative changes during a meeting with the Economic Committee to the Council of Representatives.
- The Director General of the State Company for Information Systems met with the public-private partnership advisor of USAID-*Tijara* to outline a roadmap for engaging prospective microsoft partners in the region. Work on developing a new website for the company was also initiated to attract potential strategic partners.
- Submitted the final Industrial Investor Guide for Iraq (Arabic and English versions) to the Ministry of Industries and Minerals/Industrial Development Authority for approval.
- Drafted a business action plan for the State Company for Vegetable Oil Industries and the State Company for Construction Industries. These documents will be finalized with the Ministry of Industry and Minerals and used in commercialization activities of the state-owned enterprise.
- A preliminary draft of the Economic Assessment was submitted to the USAID. This report constitutes analysis of nine Iraqi sectors including agriculture, tourism, health, education, housing and light construction; water resources, electricity, oil and gas; and transportation identifying constraints in each and providing recommendations for economic reforms.
- Presented findings of the sectoral reports including water resources, agriculture, transportation and housing and light construction of the economic assessment package to the PM Economic Advisor. Also, submitted the Arabic version of the report to the Prime Minister Advisory Council for review.

TRAINING

- Conducted a seminar for 13 lawyers and policy advisors from the Prime Minister's Advisory Commission, the State Shura Council and the Ministry of Trade on "Drafting Commercial Regulations" in Erbil from January 21 to 23.

Officials from the PMAC, the State Shura Council and the Ministry of Trade at a training workshop on "Drafting Commercial Regulations" held in Erbil from January 21-23

G. IRAQI YOUTH INITIATIVE

ONGOING TASK AREAS / ACTIVITIES

- Microfinance institutions throughout Iraq are disbursing loan capital to prospective young entrepreneurs who have been trained on how to start and run businesses, under the Youth Entrepreneurship Access to Finance (YEAF) activity.
- Local businesses across Iraq are pledging and offering apprenticeship positions to youth who have been equipped with employability skills, under the Youth Employment Promotion (YEP) activity.
- Small Business Development Centers are offering employment and entrepreneurship training to youth across Iraq.
- Small Business Development Centers and microfinance institutions throughout Iraq are conducting Business Review Panels to allocate loan capital to prospective young entrepreneurs.

DELIVERABLES / MILESTONES / EVENTS/ QUANTIFIABLE OUTPUT

Participants from partner SBDCs and NGOs during deliberations at the IYI's National Launch Event held on 19th February

- USAID-*Tijara* hosted a national launch event for the Iraqi Youth Initiative that brought together new and existing partner SBDCs and NGOs to share ideas in order to expand outreach in three new provinces including Sulaymaniyah, Wasit and Kirkuk. The second event which focused on partner microfinance institutions was attended by 14 representatives from the IYO implementing MFIs helped the participants to deliberate on the way forward and to expand loan portfolio through recycling loan repayments.

- Under the YEAF activity, 279 youth entrepreneurs (247 men, 32 women) in 11 provinces received loans valued at $ 937,900 to start new businesses, thus creating 540 jobs (469 for men, 71 for women) in agriculture, manufacturing, services and trade sectors.
- Under the YEP activity, 176 youth (130 men, 46 women) got apprentice positions among local businesses in ten provinces while 45 (29 men, 16 women) were

Fatma Hussein, age 29, a proud owner of a Wholesale shop in Basrah after completing entrepreneurship training and receiving a loan $5000. Through her project, Fatma has created three job opportunities in her community

able to sustain their jobs.

- A total of 799 youth (703 men, 96 women) in twelve provinces received training on "How to Start a Business," under the YEAF activity.
- A total of 348 youth (229 men, 119 women) were equipped with employability skills under the YEP activity in eleven provinces.
- During the quarter, the number of employers who have pledged apprenticeship positions rose from 680 to 845, while the positions increased from 2,392 to 2,861.

USAID-*Tijara* helping Iraqi women become successful entrepreneurs

Mrs. Wedad Abdul-Halim Abdul-Rahman, who runs a network of affiliated women-owned pharmacies in Tikrit, Salah ad Din province, age 55 and married with four children, exemplifies that local community sponsorship is the Youth Initiative's key to success in diverse communities throughout Iraq. Mrs. Wedad is highly educated having graduated from the College of Pharmacy, Baghdad opened her first pharmacy in the Al-Huriya neighborhood of Baghdad in 2003.

However in 2007 because of sectarian violence in her neighborhood she was forced to flee with her family to Tikrit. Upon resettling in her new community, she developed a network of women-owned pharmacies. In addition to her work as a pharmacist, Mrs. Wedad has a strong sense of community service – she serves as Deputy Director of a local orphanage on a volunteer basis.

Mrs. Wedad with her Youth Initiative apprentice, Rana Mohammed Ali, in Tikrit

On hearing about the USAID-*Tijara* Youth Initiative Employment Promotion (YEP) program she contacted the Sahara Small Business Development Center (SBDC). Due to age requirements of the Youth Initiative Employment Promotion (YEP) program, she requested an exemption to attend a training course in order to observe the applicants with the goal to hire apprentices for a network of pharmacies in the Salah ad Din province.

Since attending the YEP training course, Mrs. Wedad has provided apprenticeships for more than 15 trainees as pharmacist and laboratory assistants through her network of pharmacies and laboratories in Tikrit.