



Enterprise creation, access to finance and investment promotion in Iraq

Context

Despite consistent economic growth, relatively contained inflation and a positive fiscal balance, Iraq's overall economy has not yet stimulated sufficient employment and wealth creation. In the post-2003 Iraqi economy the state has still a dominant role to play.

The current National Development Plan for 2010-2014 underscores the urgent need to promote private sector investments and calls for \$186 billion in investment - \$100 billion from the Iraqi Government while domestic and international private companies are urged to mobilize the rest.

The challenge to mobilize such sizable amounts of new private investments provides the context for this UNIDO Programme.

Strategy

The programme, designed to support the development of a sound private sector in Iraq, is composed of three interlinked Project, spanning a time period of 2007 until 2014, with an overall project volume of more than 10m USD.

The programme draws on relevant UNIDO methodologies, particularly those related to enterprise creation and development; in particular the programme has applied the following methodologies:

- ◇ Enterprise Development and Investment Promotion (EDIP),
- ◇ Subcontracting and Partnership Exchange Programme (SPX)
- ◇ Computer Model for Feasibility Analysis and Reporting (COMFAR)

The programme builds its success on a strategic partnership with four Enterprise Development Centers (EDCs), established in Baghdad, Thi Qar, Basra and Erbil. These EDCs are the main implementing bodies and are deeply embedded in the local institutional context. To this extend, the government of Iraq, having recognized the effectiveness and the importance of the EDCs in assisting the creation and development of SMEs, has allocated the necessary funding to ensure the financial sustainability of the centres. Currently, the centres are capacitated to assist SMEs in investment promotion, business plan development, counseling support, access to finance, facilitation of linkages, and others.



Results:

The Programme produced multiple positive effects on the project beneficiaries i.e. the Iraqi private sector:

- ◇ Four Enterprise Development Centers (EDCs) provided capacity building to more than 600 Iraqi entrepreneurs
- ◇ Investment promotion services provided to 128 Iraqi companies, which have resulted 35 partnership agreements (LoI and/or MoUs) signed.
- ◇ An estimated value 7 million USD investment has been generated through Investment promotion services.
- ◇ Five Iraqi delegations were organized to attend international fairs and exhibitions, consisting of 105 Iraqi private sector companies. This resulted in 739 B2B meeting between Iraqi and international companies
- ◇ 189 Iraqi SMEs have been created (111) or expanded (78). The estimated cumulative employment impact of these projects is at least 1040 jobs.
- ◇ 68 investment opportunity profiles prepared and promoted

The results from a feedback survey showed a satisfaction rate of 97 per cent by companies that have benefited from EDCs' business advisory services.

At a Glance

GOAL:	Private sector development through investment promotion and improved access to finance
MDG:	Eradicate extreme poverty and hunger, promote gender equality and empower women
THEME:	Poverty reduction
DONORS:	UNDG, Government of Italy
PARTNERS:	Ministry of Industry and Minerals, KRG Prime Ministry office, KRG Ministry of Trade and Industry, Erbil Chamber of Commerce and Industry, Thi Qar Provincial Council, Thi Qar Chamber of Commerce, Iraqi Federation of Industries, Thiqr Engineering Union, Iraqi Company for Bank Guarantee
BUDGET:	Approx. 10m USD
STATUS:	Started in 2007, composed of three inter-related projects
DURATION:	2007 until June 2014