



FINAL REPORT

Joint Workshop on Public-Private Partnerships In Governance and Economic Reconstruction in Iraq

August 10-11, 2008

Istanbul, Turkey

Introduction

The purpose of the joint workshop, which was convened by UNDP Iraq, the UN Economic and Social Commission for Western Asia, the Business Humanitarian Forum, the UN-mandated University for Peace and the U.S. Institute of Peace, was to provide participants with an opportunity to benefit from information and experiences in using public-private partnerships to further economic reconstruction activities and improve governance in post-conflict areas. Specifically, the workshop sought to discuss techniques to enhance the capabilities of the attendees and their organizations to create Public-Private Partnerships (PPPs), to share national and regional PPP experiences, and to develop ideas for next steps by the participants through a round-table discussion.

The focus of the workshop was on Iraq, given that the participants were high-level officials of the Iraqi government and parliament, senior-level businessmen and consultants specializing in subjects pertinent to Iraqi economic issues.

The direct objectives of the workshop were to sensitize and inform participants to the mutual benefits of public-private partnerships in enhancing the effectiveness of economic reconstruction activities, to demonstrate ways in which the public and private sectors can work together in this area as well as to raise the level of competence in governance measures relating to economic reconstruction, and to discuss techniques and experiences in achieving these goals. More generally, the partners designed the workshop to emphasize the central role of the private sector in rebuilding the economy of Iraq, especially concerning investment and the creation of companies and jobs that allow people to provide for their families, focus on their own welfare, and reduce the propensity to return to conflict. Secondary objectives included techniques for fighting corruption as well as modalities for privatizing State-owned Enterprises (SOEs).

Rationale for the Workshop:

The Workshop partners formulated together the workshop design to achieve the following objectives:

1. To allow participants to benefit from the rich experience and knowledge of other workshop participants.
2. To allow participant exposure to regional and national expertise and best practices in selected sectors.
3. To permit the participants to share practical knowledge and techniques using small group settings as well as plenary Q&A and commentaries.
4. To synthesize the unique knowledge and experiences of each of the partner organizations, and impart them to workshop participants.
5. To enhance the learning process by conducting workshop activities in an interactive participatory fashion.
6. To develop the next steps by the participants.
7. To prioritize intervention modalities and explore techniques to enhance the proactive role of the private sector in community development.

First Day of the Workshop:

Following opening remarks by the senior representatives of UNDP Iraq, the UN Economic and Social Commission for Western Asia, and the Iraqi government Ministry for Industry and Minerals, the first day of the workshop proceeded with an overview of the history and related literature of public-private partnerships in economic development and the general role of corporate social responsibility (CSR) within the private sector, relating this to the goals of national recovery, improved governance and peace-building. This was followed by a “breakout” working group session that gave participants an opportunity to present information on their experiences regarding public-private partnerships, the problems of forming them in Iraq, and what they need to do to enhance the PPP formation process. A further presentation discussed the benefits of partnership creation using both foreign and local investment, how to incorporate governance principles in partnerships, how to use CSR in partnership situations to enhance public sector governance, and various methodologies for creating partnerships.

A panel of experts representing private sector and international organizations then reflected on their experiences using specific examples from their areas of expertise and responsibility. This panel led to an extended discussion on the particular problems of forming partnerships in Iraq, other methods for creating partnerships as a part of the privatization process for SOEs in the country, and the difficulties as well as the necessity for reducing corruption in order to attract investment and to improve the chances for success for private entrepreneurs. The discussion also covered the problems of finding/building leadership for this process and creating an entrepreneurial spirit in the populace at large.

Key Insights from the Workshop (first day):

The workshop's first day generated an abundance of ideas, concepts, insights and suggestions from the participants and presenters. These are summarized as follows:

A. Main Challenges to Good Governance and Economic Development:

Contextual Issues:

1. Infrastructure: Damage to the infrastructure, such as access to electricity and water, continues to be a hindrance to economic development.
2. Political, social and economic instability
3. Leadership and initiative issues
4. Institutional capacities and constraints concerning public sector reforms
5. Existing collaboration and cooperation mechanisms

Political and Governance Issues:

6. Sectarian and national Conflict
7. Negative regional and international interferences
8. The crisis of the political process and governance
9. Weakness of a unified national movement
10. Transparency and corruption issues especially in the practices of the administration and government

Economic Issues:

11. Absence of a unified economic vision
12. Delayed economic and institutional reforms
13. Banking System: Continues to be managed with a centralized mentality that does not facilitate the private sector's transactions. Several legislations are not in place yet. Financial policies dictate economic policies and not the other way around

Security Issues:

14. Security: Violence has been a hindrance to a lot of effort. Security check points contribute to low productivity and slow movement of goods and people.

Legislation Issues:

15. Laws: Formulating and passing laws related to the economic life especially as they relate to the private sector, the transition from state-run economy to free market economy, and the relation between the public and private sectors.
16. Negative effects of decisions made under the old regime and during Bremer's time

Human Resources and Education:

17. Workforce: Continues to be absorbed in the public sector, with poor training and skills, and over-staffing issues. Brain drain. Poor application of "the right person for the right place". Need to encourage the return of the diaspora
18. Deteriorating quality of education and of graduates

Cultural Issues:

19. The culture of fear not only in the public sector, but also in the private and international sectors
20. Lack of trust in government and its practices and the civil sector in general.

21. Sectarian practices and nepotism
22. Contradiction between the culture of the public and private sectors – the crisis of confidence and trust between the two sectors as well as between the two sectors and the general public

B. Existing Efforts to Address Challenges:

1. Some laws have been introduced such as Consumer Protection. Yet they are slow passing.
2. Some effort to attract investment, both national and foreign.
3. Some effort to address corruption and transparency through Councils for Fighting Corruption
4. Forums for discussion of the role of the private sector, such as the Iraqi-American Dialogue

C. Actions Needed:

1. Purify the political process from sectarianism
2. Resolve the governance crisis based on a national project
3. Eliminate Militias
4. Terminate foreign military interference
5. Terminate militant conflicts inside Iraq
6. Eliminate contradictions between financial and monetary policies
7. Rational management of oil resources
8. Avoid the rise of private sector “oligarchs”
9. Fight corruption and strengthen monitoring processes
10. Review old laws and introduce new more relevant ones
11. Distinguish between laws and directives. Encourage the former.
12. Increase training and revive scholarships and fellowships
13. Focus on education and modernize the educational system in general
14. Establish relations with international banks and financial institutions
15. Improve work condition to allow for creativity and efficiency
16. Establish incentives to encourage the switch of workforce overflow from public to private sector
17. Take advantage of the presence of representatives of several sectors in this workshop to formulate recommendations for action.
18. Need to have further workshops and roundtables to discuss issues of implementation.

D. Some Sound bites of the Day:

- Instability has been the rule in Iraq
- War and instability destroy people and stone, but do not destroy the soul, the determination and the will
- The effort is underway to make the private sector the leader of economic development with guidance from the public sector
- The private sector has great potential in small and medium size businesses
- Existing and planned private sector projects have the potential to eliminate unemployment in entire regions of Iraq
- Shock approach is not necessarily the best way to accomplish a transition from state-run to free economy
- Those who have no home, have no country: There is an urgent need to engage the private sector in the field of construction
- The surge in oil prices has not been capitalized on efficiently
- Anticipate corruption, and do not transfer it to decentralized governances

- Learn lessons from other oil-rich countries; explore the role of leadership
- Assess the situation based on the current political system; avoid un-careful comparisons to the past
- The burdens of the present time are no less than the burdens of the past
- In Iraq there are leadership and state crises
- “I call it inclusion, you call it sectarianism”
- The private sector in Iraq has no custodian
- The private sector in Iraq needs to befriend the government, not to marry it!

Second Day of the Workshop:

Presentations and discussions on the second day began with a focused review of a specific set of round-table issues led by experts in specialized fields.

A. Presentations:

1. The Public-Private Partnership (PPP) experience in Iraq: One presentation noted the development in Iraq of “mixed companies” with a 25% share owned by the state. The purpose of this kind of PPP was to encourage the gradual privatization of SOEs without having to go through a “shock treatment” process, thereby providing incentives for sizeable numbers of shareholders to buy into the companies. Currently there were 37 such mixed companies operating in various sectors of the Iraqi economy. Problems involved with this process included the lack of an effective enabling environment, to include the lack of adequate legal and financial foundations to nurture these enterprises. Thus the current state of affairs was that the private sector in Iraq remained largely dependent on the government.

Another presentation also noted the need for timely intervention to activate private public partnerships as a tool to improve current economic conditions. Available Iraqi legislation supporting the initiation of public private partnerships was described, noting that legal codes like 35-38 permit transferring the private sector companies into joint stock companies. However, this can be done only upon Iraqi government cabinet approval and in compliance with certain rules and applied mechanisms, leading to the transfer of the concerned enterprise into the mixed sector.

The presentation stressed the importance of the two major Iraqi documents issued to support partnerships, namely the International Compact for Iraq and the National Development Strategy. A case study was presented as an example of a successful model of a private-public partnership in Iraq – the experience of the Ministry of Industry and Minerals in the cement sector. This example should serve as a model that should be replicated and disseminated to additional industries and sectors in Iraq.

Supportive actions to enhance the formation of PPP would include:

- Raising the awareness of state owned public enterprises of their capacity to rehabilitate and develop respective economic units by boosting private sector participation and adopting existing directives, supported by the law of public companies, number 22 of 1997;
- Calling for the transfer of selected state-owned enterprises into the mixed sector economy, as stated by articles 35-38, legislation number 22 of 1997. The concerned ministries are to approach the Cabinet in support of any such request;

- The rapid implementation by the government of intensive procedures aimed at enhancing partnerships between the public and private sector;
- Raising public awareness on the importance and benefits of PPPs and their economic and social impact;
- Forming a council or joint (higher) commission of members from both the government and private sector to assume responsibilities for setting the road map to reach targeted goals, and;
- Reviewing the development fund founded in June 2006 with a capital of Euro 50 million and Dinar 50 billion to include a vision for supporting public-private partnerships and to increase the fund's capital in accordance with emerging requirements, thus facilitating the issuance of micro credits loans to support partnerships.

The Deputy Minister of Industry noted that currently there were 67 companies with 200,000 employees under the Ministry's direct supervision. The 2007-2012 five-year plan would seek to convert many/most of these SOE companies to mixed ownership. It was noted that the private sector had to do much more to advertise and advocate the benefits of the private sector in order to encourage movement to a "privatization culture" and to create the proper mentality to nurture it.

The Deputy Minister circulated a paper regarding his Ministry's experiences in setting up public-private partnerships (PPPs). The paper described the strategies used to create such partnerships and the advantages of doing so, given Iraq's natural resources and strategic geographical location. The paper also described the Ministry's concept for PPPs as well as the requirements for private investors to meet in forming consortiums with Iraq's SOEs as well as a description of work already done to implement the strategies and PPP concept.

2. The Water Resources sector as an example of privatization: This presentation focused on the water resources sector in Palestine and the process used to privatize it. The methodology of leasing out water management concessions to private companies was reviewed, as well as the problems raised by taking control of water resources out of the hands of local municipal authorities. In effect, the privatization process was distorted and its effectiveness lessened since the government forced municipalities to sign agreements on managing local water resources that they did not understand, and which placed control of those resources in private and regional organizations that did not understand the local situation.

In general, the essential lessons learned from this example were that, in privatizing water resource management, decisions must be made by all interested parties in a transparent and fully agreed manner. Also, it is essential that privatization contracts reflect the operational realities of the resources they have to manage. In this regard, if the basic infrastructure is in bad condition or does not exist, then the provisions of the contracts cannot be fulfilled.

More specifically, the following particular lessons would apply:

- The political situation entails risks: without political stability it is impossible to encourage and sustain a public-private partnership. This is true in the case of the Gaza Strip, where political vulnerability imposes threats over the successful implementation of PPPs.
- Demand-driven initiatives are recommended: the initiative of the private participation in the water sector came from the World Bank in line with the national water policy. This in itself was a barrier for the utilities and water departments to have ownership of the idea. Communication with the public to explain the evolutionary process of public-private partnerships and the benefits gained from such a process.
- Establish confidence and trust with stakeholders: establishing a climate of trust and cooperation among the key actors will make reform sustainable and robust. This can be done by undertaking capacity-building activities.
- A consistent legal and regulatory framework is needed: there can be no sustainable reform without political commitment, stakeholder ownership and strong internal leadership as well as a consistent legal and regulatory framework that enables an effective participation of all stakeholders, including labor and consumers.
- Protection of the poor must be ensured: particular measures to ensure that low-level income groups are able to access piped water through lifeline tariff.

B. Discussion Groups:

Following the two presentations, the workshop divided into three working groups to discuss the problems of governance standards as they apply to finance and investment issues, based on the conclusions and recommendations of the “High-level Meeting on Economic and Governance Policy Reforms in the Republic of Iraq” (the Paris paper of July 10, 2008 – attached at Annex). A summary of the general conclusions of each group follows:

Group One reported on a number of ideas that already existed in the field of restructuring Iraqi SOEs and enabling the formation of PPPs to do so, but deplored the lack of follow-up. Also, the group recommended that priorities be set to allow restructuring solutions to be implemented in a manageable way.

Group Two urged the restructuring of the labor force and extensive retraining to make the labor force able to work in a private sector environment. The group also recommended increasing the number of private sector representatives in SOE policy making on privatizations, and the more liberal provision of credit. They also suggested the restructuring of the banking sector, to include greater transparency in banking operations as well as their computerization for productivity gains.

Group Three noted that each case of privatization was unique and carried with it its own unique set of problems that had to be handled in a unique way. The group strongly recommended support for small and medium enterprises (SMEs) as the best solution for building the Iraqi private economy. In this regard, an effective investment promotion strategy had to be elaborated and the investment process greatly simplified. An overall reconstruction plan had to be created and supported as well.

More specifically, each group prepared a list of recommendations keyed to the relevant paragraphs of the Paris paper cited above. Please refer to Annex 3, which contains the Paris paper text, for the specific wording of each paragraph:

Group 1

Para 3

- 1- Preparation of a common work plan
- 2- Using the international IT financial management systems
- 3- Applying the ISO system
- 4- Identifying and characterizing jobs
- 5- Identifying the companies vision, objectives and business strategies
- 6- Laying the foundations to monitor performance
- 7- Identifying the requested projects needed for company rehabilitation

Constraints

- Amending existing laws and issuing a cluster of legislation and laws facilitating the shift from a central economy to a market economy
- Reforming the banking sector in keeping with the transformation from a central economy to a market economy using decreased interest rates and with the support of Iraqi banks so they can effectively participate in the loans and deposits process
- Reforming the infrastructure
- Reconsidering the labor market structure
- Machinery Rehabilitation and Modernization

Applied Efforts and Practical steps

- Presenting a cluster of legislation that conveys a group of ideas and views to governmental parties
- Seeking to attract local capital and national intellectual talent to contribute to the rebuilding process.
- Calling upon foreign investors to invest in different sectors, i.e. industrial-agricultural- tourism and services
- A member of the group said his company offered humanitarian aid for more than 150 individuals and recruited 45 MA and Ph.D holders to prevent their migration.

Para 4

- 1- Preparing of consultative files
- 2- Announcing feasible projects and identifying evaluation methods
- 3- Applying transparency, equity and openness when announcing, assessing, evaluating and selecting winners
- 4- Setting up standards and solid grounds for competitors selection
- 5- Applying quantifiable approach to monitor performance
- 6- Exposing and raising public awareness for economic reform
- 7- Setting Corporate Priorities within the reform programme

Group 2

Para 4

- 1- Restructuring the labor force, and implementing continuous rehabilitation and capacity building programmes for workers.

- 2- Developing the current codes / legislations and building a legal database that takes into consideration future developments.
- 3- Increasing the private sector share in the formulated commissions and bodies as a proof of good will.
- 4- Providing soft loans guaranteed by projects
- 5- Issuing legislations with relation to measures and standards of corporate good governance and its realization in all governmental bodies.
- 6- Disseminating the successful experience implemented at the Ministry of Industry to cover the sectors of agricultural, tourism, housing and infrastructure.

Para 5

- 1- Restructuring of the Banking sector and eliminating underemployment.
- 2- Increasing banking capital, and amending the formula of operation with the beneficiaries with due regard to the housing and agricultural sectors.
- 3- Enhancement of transparency principles on all daily chores

Para 10

- 1- Providing banking and loan facilities to Projects guaranteed by the Project itself with the elimination of unduly burdensome requirements
- 2- Applying good corporate governance standards in the financial market through an independent specialized committee.
- 3- Allowing the guarantee offered by stocks and bonds in all commercial transactions.
- 4- Issuing of flexible laws and legislations aiming at supporting free responsible businesses.

Group 3

Paras 4, 7 and 8

- 1- Support fully the proposal in point 4 taking into consideration supporting the state's good governance and the complete freedom to define partnership formulas through the following:
 - Management
 - Operations
 - Build-Operate-Transfer (BOT)

Note: the three forms of partnership will differ in their contractual terms depending on the situation.
- 2- Support what has been indicated in para 7; stressing upon the key role of small and medium size projects to support the national economic cycle and the importance of offering facilities to investors and supporting entrepreneur projects.
- 3- Support what has been indicated in para 8, recalling that strategies for investment of natural resources be governed by legislation and laws issued by the Iraqi Parliament (legislative authority)
 - Revisiting the decisions of the Iraqi Revolutionary Command Council and "Bræmer's" decisions and modernizing them to be commensurate with the spirit of reform and the issuing of new legislation and the reform of the public sector and its rehabilitation for private sector participation. Thus, support the current economic transitory period.
 - Rehabilitate and support the state's moderate national private sector so as to empower its performance in supporting reconstruction schemes.

- The group members have important experience worthy of being developed and implemented by the Iraqi ministries and state agencies in different sectors such as the water resources and the mixed sector of the industrial sector
- Self-financing (this is a preliminary idea to minimize reliance on the state's treasury)

Summing up of the Workshop:

The results of the workshop were that many ideas were presented and discussed, which was useful, but that these ideas were not a replacement for the policy development process. Much had to be done to put better governance policies and practices into effect in order to enhance the privatization and partnership processes. Two major areas were singled out:

- The legal sector: a much better framework of civil and business law had to be created and implemented. In this regard, UNDP Iraq was creating an Iraqi legal database going back 80 years that could be used as a reference source for new laws.
- Anti-corruption efforts needed to be vigorously implemented and a mentality of anti-corruption in all areas of government and the private sector had to be encouraged. Everyone knows these issues and their solutions.

Evaluation of the Workshop:

Following brief closing remarks by the senior representatives of UNDP Iraq, the UN Economic and Social Commission for Western Asia, and the Iraqi government Ministry for Industry and Minerals, the workshop participants prepared evaluation forms to judge the usefulness and effectiveness of the workshop. A synthesis of comments follows:

Of the 16 evaluation forms returned, 75% rated the workshop as “very good to excellent” in the quality of the program presented. As for the workshop’s objective to impart techniques for forming public-private partnerships, 81% rated the workshop as “good to very good.” Virtually all of the participants agreed that the workshop should have been longer, with most saying that its most important utility was to give members of the government and the private sector a chance to get to know each other and to gain a better understanding of the particular problems and needs of each sector.

Individual comments on the workshop in many cases centered around the need to focus more on concrete cases and examples rather than on generalities, with a sub-focus on the privatization of public sector industries specifically suggested by a few. Workshops concentrated on such sectors as housing and agriculture were also recommended by a few, while several others called for a focus on fixing the problem of laws that impede progress in forming partnerships. One person suggested bringing middle management into the workshop process while another wanted the involvement of representatives from more varied elements of the public and private sectors. Very few evaluations suggested an e-learning component would be useful, citing the need for direct personal contact to enhance information sharing and networking.

One evaluator specifically suggested focusing future workshops on the detailed experiences of other countries in forming partnerships, on discussing the pros and cons of such partnerships, and on allocating more time to practical examples.

Almost all participants agreed that the workshop process should be continued and even extended, with several pointing out that such workshops served to clarify ideas and increase trust between the various sector elements. Virtually all emphasized the fact that longer workshops allowed for much more needed discussion between the public and private sectors. An important element in evaluation comments also highlighted the need for working recommendations to come from the workshop, with one evaluator suggesting that a committee be appointed from among workshop participants to draft such recommendations.

A table consolidating the evaluation results is attached as Annex 4.

ANNEXES:

1. List of Attendees and their Organizations
2. Workshop Agenda
3. “High-level Meeting on Economic and Governance Policy Reforms in the Republic of Iraq” (the Paris paper of July 10, 2008)
4. Consolidated summary of Workshop evaluation comments

ANNEX ONE

List of Attendees and their Organizations

Name	Org	Title	Country	Telephone	E-mail
PARTICIPANTS					
Sami Rasool Al Anzi	Ministry of Industry	Deputy Minister	Baghdad - Iraq	1933821-790-964	samiirasol@yahoo.com
Muayyib Jassim AlBaker	Ministry of Industry	Minister Consultant	Baghdad - Iraq	1933819-790-964	muayyibalaker@yahoo.com
Hameed Ali Alkassab	Office of the Prime Minister	Director, Office of Reconstruction and Services- Consultative Commission	Baghdad - Iraq	1948228-790-964	hameed.alkassab@yahoo.com
Abdel Hasein Ali Alami	Office of the Prime Minister	Coordinators Office for PM	Baghdad - Iraq	2726263-790-964	pm-office-sa@yahoo.com
Abul Kheir Adah Hassan	Office of the Prime Minister	General Director	Baghdad - Iraq	1508326-790-964	ahhassan@yahoo.com
Alaa Abdullath Sabhat	Iraq Parliament	MP	Baghdad - Iraq	1945516-790-964	alaa.abdath@yahoo.com
Abdul Wahab Al Sali	Iraq Parliament	MP	Baghdad - Iraq	1472300-790-964	awahab_7@yahoo.com
Tahseen Ali Abbas	Ministry of Municipalities and Public Works (Baghdad)	Expert engineer	Baghdad - Iraq	7904320853-964	erabhteenali@yahoo.com
Delmar Kibari	Ministry of Municipalities and Public Works (Kurdistan)	Minister Consultant	Kurdistan- Iraq	7066400-790-964	delmar.kibari@yahoo.com
Salamon Muter	Ministry of Finance	Minister Consultant	Baghdad - Iraq	1943632-790-964	sammuter@yahoo.com
Zuhair Hassan Sharif	Ministry of Water Resources	Expert Engineer	Baghdad - Iraq	964-790-1332683	zsharif@yahoo.com
Ahmed Hussein Alkayali	Iraq Commerce Advisor in Ankara		Ankara- Turkey	2633585-532-80	ahmedalkayali.com
Hassem Zarcouf Al Abraj	Iraq Industrial Union	President	Baghdad - Iraq	-7763040790964-	had_ind_ind@yahoo.com
Mahmoud Mohamed Jawad Alkashi	Chamber of Industry and Commerce- Baghdad	IOC	Baghdad - Iraq	5431311-790-964	m-alkashi@yahoo.com
Dana Jalli Khayat	Chamber of industry and Commerce- Erbil	President	Erbil- Iraq	4457471-750-964	dkhayat@yahoo.com
Hasanien Jaafar Al Ibrahimy	AIMEST Group	CEO	Amman- Jordan	5677141-9628	jo@aimest.com
Hathal Younis Aga	Al Waka Bank for Investment and Finance	Director General	Baghdad - Iraq	1812240-770-964	hathalaga@yahoo.com
Saad Mohsen Najj	Najj Group Holding	CEO	Amman- Jordan	982-6-685423	saad@nj-group.com
Taha Ibrahim Saleh Al Habari	Al Najma Limited for Commerce and Industry	General - Director	Cairo - Egypt	20108552630	thahabari@yahoo.com
EXPERTS and PANELISTS					
Mahdi Al Hadeib	Iraq Parliament	MP and Former Minister of Planning	Baghdad - Iraq	2755597-790-964	ced@ira@yahoo.com
Saad Mohamed Tahir		Businessman	Baghdad - Iraq	1908043-790-964	ibrahmsaaham@yahoo.com
Bassem Antoun	Iraq Businessmen Union	Vice-president	Baghdad - Iraq	1380849-790-964	bassem@iubia.com
Fadia Francis Murad		Expert on strategic development	Palestine	505520436-072	fmm.palestine@iraq.gov
Yacoub Yousef Ghunja		Economic Consultant	Baghdad - Iraq	7901943852-964	yghunja@yahoo.com
TRAINERS					
John King	Business Humanitarian Forum	Director	Geneva- Switzerland	+7951802-022-41	johnking@bhf.com
Nina Saghrou	US Institute of Peace	Programme Officer	Washington- USA		nsaghr@uip.org
Xero Abdullah	University for Peace	University Vice-President for Academic Affairs	Costa Rica	50622059020	abdullah@upeace.org
Organizers; UN-ESCWA/ Unit for Emerging Conflicts and Related Issues (ECRI)					
Tarek Alami	UN-ESCWA	Chief ECRI	Beirut-Lebanon	961-1-981301	alamit@un.org
Chris Pollis	UN-ESCWA	Project Manager	Beirut-Lebanon	961-1-981301	cpollis@un.org
Rana G Houjeir	UN-ESCWA	Project Coordinator	Beirut-Lebanon	961-1-981301	rhoujeir@un.org
Mohamed Maarouf	UN-ESCWA	Finance in Charge	Beirut-Lebanon	961-1-981301	maarif@un.org
Organizers; UNDP- Iraq Office					
Ebala Haguna	UNDP	Regional Deputy Director	Amman- Jordan	962-6-5608340	ebala.haguna@undp.org
Walid Badawi	UNDP	Deputy Resident Representative	Amman- Jordan	962-6-5608359	walid.badawi@undp.org
Selvia Fletcher	UNDP	Governance Team Leader	Amman- Jordan	962-6-5608389	selvia.fletcher@undp.org
Maha Al Naaimy	UNDP	Programme Officer	Amman- Jordan	962-6-5608365	maha.alnaaimy@undp.org
Indrar Jasim	UNDP	Logistics Administrator	Amman- Jordan	962-6-5608384	indrar.jasim@undp.org
Husain Misoni	UNDP	Consultant	Amman- Jordan	962-6-5608369	husain.misoni@undp.org

ANNEX TWO

Workshop Agenda

“Public-Private Partnerships in Governance and Economic Reconstruction”
Istanbul, Turkey, August 10-11, 2008

Saturday, August 9: Arrival and Reception

19:00 – 22:00: Welcome Reception and Dinner hosted by UNDP Iraq/UN ESCWA

Sunday, August 10: Joint Workshop

Workshop Moderator – Dr. Amr Abdalla, UPeace

8:30 – 9:00: Registration

9:00 – 9:30: Opening Session:

- Welcome/Keynote remarks by UNDP Iraq (Mr. Hagona)
- Welcome/Keynote remarks by ESCWA (Mr. Alami)
- Statement by the Head of the Iraqi Delegation (Dr. Al-Araji)
- Short overview of course (Dr. Abdallah)

9:30 – 10:00: Presentation (UPeace – Amr Abdalla):

Elements of public-private partnerships and their relationship to economic reconstruction and governance; the economic situation in and problems of conflict and post-conflict areas; limits to humanitarian aid; need for security; role of the media.

10:00 – 10:30: Breakout groups:

Members of each group members discuss their own experiences in economic reconstruction in conflict and post-conflict areas. Each group prepares brief presentations on main lessons learned.

10:30 -10:45: Coffee break

10:45 -11:15: Groups reassemble in “plenary” session:

Presentation of reports based on specific experiences; general discussion and feedback

11:15 – 11:45: Presentation (BHF – John King):

Public-private partnerships: How to develop cooperative partnerships between and among the public/IGO/NGO and private sectors; understanding the private sector, to include corporate social responsibility and its role in PPPs; “Do’s and Don’ts;” effective examples of cooperation.

11:45 – 1:15: Panel Presentation by economic reconstruction actors/partners
(moderator: USIP – Nina Sughrue)

1:15 – 2:15: Lunch

2:15 – 3:15: Discussion of Panel Presentation

3:15 – 3:30: Coffee break

3:30 – 4:30: Continuing discussion of Panel Presentation

Monday, August 11: Roundtable on PPP Experiences

09:00-09:30 Summary and Conclusions of Workshop first day (Dr. Abdalla)

09:30-10:15 Presentation on the PPP experience in Iraq

10:15-10:45 Presentation on the PPP experience on Water Resources, Palestine

10:45-11:15 Coffee break

11:00-12:00 Roundtable Discussion

12:00-13:00 Breakout groups to discuss ideas for next steps

13:00-14:00 Debriefing reports on the group discussion

14:00-15:30 Discussion of breakout group reports and next steps

15:30-16:00 Summing up of the workshop

16:00-16:30 Workshop/Roundtable Closing Remarks

16:30-17:00 Workshop and Roundtable evaluation

ANNEX THREE**High-level Meeting on Economic and Governance Policy Reforms in the Republic of Iraq****Paris, 8-10 July 2008****Conclusions and Recommendations for next steps in GOI/MENA-OECD/UNDP cooperation on Private Sector Development, Anti-Corruption and Aid Management****(Contribution to the International Compact with Iraq)**

Participants of the High-level meeting on Economic and Governance Policy Reforms within the framework of the International Compact with Iraq (ICI) and the National Development Strategy (2007-2010) with a focus on private sector development, anti-corruption and aid management, agreed on the following:

With respect to private sector development

- Increased private investment leading to more rapid and sustainable job creation, poverty reduction, improved livelihood, increased incomes, as well as to greater economic opportunities for all;
- The establishment of effective and accountable public and private institutions necessary for the efficient functioning of competitive markets;
- The establishment of an enabling economic environment that will encourage increased investment in socially and environmentally responsible enterprises;
- Economic diversification and enhanced competitiveness to increase access to regional and international markets;
- Development of a strong private sector to serve as the engine of growth of the Iraqi economy with the aim of doubling the output of the non-energy related private sector by end of 2011 (mandate of the ICI ends);
- To attain those objectives, they will build on the first results emerging from the work conducted by MENA-OECD Initiative on investment policy, government procurement and anti-corruption reforms as well as on the priorities formulated by Iraqi participants during the High Level meeting.

The Iraqi delegation at the high level meeting, with the support UNDP and OECD, committed to:

Process

1. The formation of the Project Management Task Force for Economic Reforms and Private Sector Capacity which will conduct a comprehensive assessment of legislative, institutional and sectoral needs with the aim to assist the GoI to design policies for a comprehensive business climate development strategy. Consistency of the regulatory environment for investment should be guaranteed.
2. The establishment of a public-private consultation mechanism to enhance the role of the private sector and civil society in the formulation, implementation and monitoring of government economic and fiscal policies and legal and institutional reforms.

Reforming public enterprises

3. Restructuring and enhancing the efficiency of Iraqi SOEs through notably introducing corporate governance standards using international benchmarks.
4. Enabling the use of Public Private Partnership/Private Sector Participation in ownership, in investment, in management, in service delivery and in operations of current SOEs. Actions: Supporting the Privatisation/PPP Law, setting up a responsible Agency. Develop a corporate governance code for Iraqi SOEs.
5. Supporting the restructuring of State-owned banks and strengthen their corporate governance.
6. Mitigating adverse social impact of these reforms through evidence-based adjustment of the social safety net and expansion of social and employment services.

Enhancing entrepreneurship

7. Encouraging enterprise development and employment creation through comprehensive policies including business advisory centers, removing administrative obstacles, a business friendly tax system and access to finance and promoting women entrepreneurship. *Action:* Develop a comprehensive set of SME policies, strengthen the one stop shop function for business licensing in the investment commission and develop an effective mechanisms for enterprise finance.

Investment Promotion

8. Enhancing the regulatory framework for investment and promoting investment by designing an investment promotion **strategy**, developing competitive advantages in various sectors, elaborating implementation regulations to the existing investment law, and designing a strategy for negotiation and implementation of international economic law agreements (in particular investment and double taxation agreements).
9. Developing a comprehensive land use policy and enhancing the availability of land for investment.
10. Improving access to finance for private enterprises through strengthening of the financial system and the legislative and institutional framework for financial markets.
11. Establishing an adequate framework for an effective insurance sector.

With respect to Anti-corruption

The Iraqi delegation at the high level meeting, with the support UNDP and OECD, committed to:

Support the Iraqi Government to strengthen the regulatory and institutional framework aimed to enhance and maintain accountability, transparency and integrity in the public and private sectors to prevent and combat corruption, based in the Iraqi government's obligations and privileges as signatory to the UN Convention Against Corruption, informed by experience gained from other instruments as the OECD Anti-bribery Convention. This action will include:

12. **Institutional and Policy Development**, enhancing the capacities of the principal anti-corruption institutions of Iraq and their coordination, at federal, regional and local levels, in particular of the Commission of Integrity, the Board of Supreme Audit, the Inspector Generals, the Joint Anti-Corruption Council and the parliamentary Integrity Committee;
13. **Effective Prevention** through improved public administration and management, including public financial management and development of the civil service;
14. **Improving implementation through supporting capacity building by practical tools and training programs** to enable officials and institutions in effectively designing and implementing integrity and anti-corruption measures;

15. **Re-establishing a Culture of Integrity** in society at large with public-private coalitions and partnerships against corruption and general public awareness and long term education strategies to communicate public integrity as a shared responsibility;
16. **Preventing Conflict of Interest**, strengthening standards and Implementation mechanisms, in particular the financial disclosures, to support the identification of conflict of interest and also support detection of illicit enrichment;
17. **Inspection, Monitoring, Detection and Oversight**, by strengthening The specialized functions of the BSA, IGs and the Parliamentary Integrity Committee;
18. **Consistency of Anticorruption Laws: ensuring anticorruption laws in Iraq are consistent, meet international standards and are well known both by public officials and by the society at large;**
19. **Enforcement of laws and regulations**, including authorities of the COI to carry out its independent investigatory functions and the law enforcement capacities of Investigative Judges for the effective investigation and prosecutions of fraud and corruption; protecting witnesses and other persons bringing corrupt activities to the attention of the authorities and the public;
20. **Enhance the System of Public Procurement** by implementing effective rules and mechanisms to promote competitive bidding, increase transparency of the process and ensure the integrity of the system at all levels of government, provide adequate training to public procurement officers and encourage integrity commitments by enterprises participating in the bidding process;
21. **International Assistance for Corruption and Related Crimes**, through building a functional system, operational capacities as well as channel and mechanisms for international cooperation in areas such as money-laundering and asset recovery;
22. **Interagency Coordination and Cooperation** to ensure consistency at the policy and operational levels in the design and implementation of integrity and anticorruption measures;
23. **International Cooperation** to increase the knowledge of international good practices, enhance Iraq's participation in relevant international and regional for a and support Iraq in fully complying with the requirements of the United Nations Convention against Corruption.

With respect to aid management

The Iraqi Delegation to the High Level meeting, with the support of UNDP and OECD, committed to:

24. Pursuant to the Government of Iraq's signing of the Paris Declaration on Aid Effectiveness in shared responsibility with the international donor community;
- Establish targets for progress to be met by 2010 against the five partnership principles of the Paris Declaration on Aid Effectiveness, and its related 56 partnership commitments and progress indicators;
 - Organize and conduct a survey to determine a baseline for the establishment and achievement of the 2010 targets to be measures against 12 indicators associated with the PDAF partnership principles;
 - Assist in the preparation of a Country Action Plan and institutional architecture, responsibilities and functional relations to support implementation in accordance with the ICI;
 - Monitor and support progress against established targets;
 - Guide, monitor and suggest revision of the aid management policies and processes to ensure compliance with the Paris Declaration on Aid Effectiveness five principles and support the Government of Iraq's policy for external assistance.

25. **For the purpose of reaching the commitments set out above**, the parties engaged in this cooperation framework will work jointly on developing specific projects in line with the International Compact with Iraq and the National Development Strategy.

ANNEX FOUR

Consolidated summary of Workshop evaluation comments

This table consolidates the answers to the various questions on the workshop evaluation form. There were sixteen forms submitted. Not every respondent answered every question, however, so there are some anomalies in the totals registered.

4. Workshop Activities

On a scale of 1-5, with 1=unacceptable, 2=acceptable, 3=good, 4=very good, and 5=excellent, (and 0=don't know or undecided) please indicate how satisfied you are with the following aspects of the workshop:

	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
4.1 - Quality of small group interaction			1	2	6	5
4.2 – Quality of plenary session interaction				7	5	3
4.3 – Quality of plenary session presentations			5	6	4	1
4.4 – Quality of overall workshop program			1	4	6	4
4.5 – Quality of practical exercises		1	1	5	5	3

Comments:

1. I suggest the introduction of additional issues that could serve the private sector
2. It is necessary to specify time for interventions

5. Workshop objectives

The following are the objectives of the workshop. The same scale as in the Workshop Activities section applies:

0 1 2 3 4 5

5.1 – To encourage attendees to form public-private partnerships

3 4 5 2

5.2- To demonstrate ways in which the public and private sectors can work together

4 5 5 1

5.3 – To discuss techniques to enhance the capabilities of the attendees and their organizations to engage in PPPs

2 8 5 1

Comments:

1. It is necessary to vary more the economic categories involved.

2. As it appeared during the discussions, such partnerships are based on the promotion, strengthening, and facilitation of the private sector's mission by the government and its various institutions.

6. The following are some aspects linked to the axes of the workshop and related practical exercises. Same scale as in Workshop Activities applies

0 1 2 3 4 5

6.1 – Trainings and training axes

1 2 5 5 3

6.2 – Expert papers

1 3 8 3

6.3 – Discussions and selection of experiences

2 3 7 5

6.4 – Style and effectiveness of practical exercises

2 5 6 3

Comments:

It is preferable to allocate time for researchers only

7. Workshop Logistics

The same scale as in Work shop Activities applies

0 1 2 3 4 5

7.1 – Pre-workshop communication

3 8 5

7.2 – Workshop meeting facilities

1 1 10 4

7.3 – Lunches and snacks

1 5 5 4

7.4- Workshop materials

1 3 5 7

7.5 – Audio/visual and technology

1 4 4 6

8. What outcomes do you anticipate as a result of this workshop?

1. Increased awareness about the importance of partnerships and recommendations for their application in Iraq
2. Getting acquainted with the experiences of others
Getting acquainted with the problems and obstacles facing partnerships and the means to resolve them
Concluding that the private sector is indispensable
3. Strengthened relation and trust between the two sectors
4. The continuation of this dialogue between the public and private sectors
5. Through the discussions and opportunities given to each sector to get acquainted with the other, it is possible to create cooperation and partnership opportunities between the private and public sectors.
6. I hope a successful PPP will be established
7. A) Promotion of dialogue between the public and private sectors, and addressing the issue of trust in the role of the private sector
B) Recommendations for supporting the private sector and its partnership with the public sector

8. Ministries getting to know more about experiences and their outcomes, particularly in Iraq. Getting directly acquainted with the opinions of experts on the matter. Debates between the public and private sectors on important subjects to be organized in Iraq (if not all, then at least part of them in Iraq)
9. Sensitizing public opinion about public-private partnerships; more successful experiences; partnership model extended to other sectors.
10. To set a clear vision for decision-makers in the implementation of the workshop recommendations; to strengthen economic, financial and monetary stability through well-thought decisions and the participation of the private sector as a decision-maker just like government officials.
11. Setting a legal framework and defining the stages of public -private partnerships, taking into consideration the requirements of such a partnership in terms of laws, monitoring authorities, sensitizing about the issue. The government must have the final word on whether to transfer projects to the private sector or keep the profitable ones that need slight modifications. It is also important to invest in studies and debates until adequate solutions are reached.
12. Amendment of laws. Participation of media in sensitizing on public-private partnerships. Transfer of many public sector projects to the private sector.
13. Spreading the culture and understanding of public -private partnerships. Setting the foundations for building complete aspects of each sector.

9. Would you see the course being organized over a longer time period with additional aspects included? (please specify)

Yes, most importantly in the housing sector: building cities with modern housing units, giving loans to Iraqi citizens amounting to 80% of the total price of each unit for 15-20 years with a symbolic annual interest rate that does not exceed 1%.

Yes, it is necessary to do so

Had the course been organized over a longer time period, this would have allowed for more discussions between the two sectors

The workshop can be prepared through taking the opinion of its participants, and of unions and syndicates that represent the private sector.

No, but I think the workshop could have been more focused.

No. but the workshop could have included more topics about real experiences regarding privatization and building PPPs

I think the workshop could have been extended for two more days in order to have an extensive debate about the pros and cons of PPPs

It would have been preferable to organize the workshop for three days instead of two, in order to give participants sufficient time to express their opinions

Yes through including more components of the private sector, such as agriculture, and not merely focusing on industry

Inclusion of more regional examples

Yes, one additional day, about effective practical axes

Yes, and I suggest the addition of the following:

A) Pros and cons of PPPs in every project and their impact on citizens

B) Set the priority of partnership in any projects (productive/services) according to its relation with citizens

10. Would it be beneficial to have an e-learning component of this course?

Five “no” answers

Two “yes” answers

One “possibly” answer

Yes. It is to note that 2 days were not enough for this workshop

Yes, since it is less costly than organizing such a workshop, and offers flexibility in time and number of participants.

Yes, it is necessary to do so

Yes, this would be considered an effective addition to the course

Yes, but as a complementary component of the workshop

Yes, such a component is necessary

11. Was this workshop beneficial in giving a clearer idea on the role of partnerships in economic reconstruction and governance?

This workshop played an important role in defining the elements of a new Iraq...(unclear)

The workshop was extremely beneficial and gave important results, particularly in relation with officials and decision-makers, as well as regarding the activities of international organizations

I had to wait for the workshop recommendations to really get a clearer idea on the matter

Yes, I learned many new things

Yes. More such workshops should be organized, and follow-up of their benefits and implementation of their outcomes must be made

Yes, since there was an exchange of viewpoints and opinions between the representatives of the public sector and those of the private sector, in addition to getting acquainted with the difficulties and obstacles facing PPPs

It most certainly was. I strongly encourage you to pursue similar initiatives, particularly during this crucial period for Iraq

The discussions were beneficial, with certain important aspects

Yes, somehow

This workshop contributed in instituting a dialogue between the public and private sectors and highlighted the need for more workshops that aim to clarify ideas and restore trust

Yes to a certain extent

Yes it was, but it also contained a lot of generalities

Yes, it is a new work method. The role of partnerships is accepted by the Iraqi society

Three “yes” answers

12. Any other comments?

It is best to organize other specialized meetings attended by private sector companies that offer services and manage and execute projects, in addition to experts from the public sector

It is best to distribute the work papers to participants before the workshop

Suggested extension of PPPs to the education and health sectors

I hope the logistics such as travel arrangements are prepared

It was a successful workshop with positive results

I think it would be beneficial to focus more on concrete Iraqi case models and less on theoretical examples

It is preferable to focus on the aspects that are implemented in countries with a similar situation as in Iraq and not just talk theoretically

It was a good workshop, but it needs to be more focused and specific; clear implementation mechanisms must be set in order to reach better results.

I would like to thank UNDP and ESCWA for organizing this workshop

I suggest that the coming meeting should focus on the activation and expansion of the private sector, its inclusion of other issues, and its participation in alleviating the burdens of the public sector despite the weak results

Extending workshop duration from 2 to 4 days

Detailed experiences of other countries in this field

Discussing the pros and cons of PPPs

Allocating more time for practical examples

Drafting a work paper on the causes of administrative and financial corruption and the means to fight it, as well as its impact on PPPs

I suggest that participants in future workshops be from both middle and high management in the public sector because I think middle management members must benefit from these workshops since they will be in charge of managing the public sector

I would like to thank you for organizing this workshop. I hope similar ones can be organized for the agricultural sector, which constitutes an important part of the Iraqi economy

Generally speaking, this workshop was extremely beneficial and much needed

It is important that representatives from UNDP-Iraq and ESCWA were present and that participants got to know more about Iraq's situation and development status and be in contact with various unions, syndicates, civil society organizations, officials, and decision-makers

The presence of the private sector was important, and so were the different opinions heard.