



IZDIHAR Newsletter

Iraq's Parliament Passes Crucial Investment Law

In a serious bid for attracting investment in a highly competitive global environment, the Parliament of Iraq passed on October 10th a new investment law which opens the economy of the country to investors from all over the world, alongside local and regional businesspeople.

The new law provides foreign investors with adequate legal protection and with the ability to repatriate capital and profit. It offers opportunities to obtain significant exemptions from taxes and duties for 10 years and possibly longer.

"It is great to have the new law, which gives us a clear frame and solid ground for promoting investment in Iraq", said a senior official at the Iraq Investment Promotion Agency (IIPA). "We are expecting positive reactions by foreign investors, who have been interested and enthusiastic about doing business in Iraq. It is very beneficial for our agency and for the country", said the official.

The USAID-funded IZDIHAR project has provided substantial input in the preparation of this crucial law. In contrast to the initial

drafts, the legislation passed by the Parliament provides with more favorable treatment. The law establishes the National Commission for Investment (NCI), attached to the Office of the Prime Minister and headed by a chairman with the rank of Minister.

NCI will be responsible for overseeing and executing Iraq's investment policy.

IZDIHAR Organizes Iraq National Microfinance Summit

In mid-November, IZDIHAR will for the first time bring together, in one forum, supporters and practitioners of microfinance in Iraq. The "Iraq National Microfinance Summit", scheduled for November 14-15 in Erbil, will facilitate information sharing among practitioners of the nascent indigenous microfinance sector and

will foster greater awareness of international best practices.

The event will support the three indigenous microfinance institutions and the three international NGOs that have benefited from USAID grants through IZDIHAR and will facilitate an ample professional dialogue

that will result in the development of a comprehensive "Iraq Microfinance Strategy". The document will set the course for the future contribution of the microfinance sector to the development of Iraq.

Leadership Change

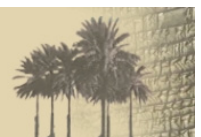
As of October 1st, Mr. Baljit Vohra took over as Chief of Party of IZDIHAR.

"I am honored to take the lead of such an important project and I am looking forward to working closely with all our partners to foster the development of the private sector in Iraq", said Mr. Vohra.

"IZDIHAR is endeavoring to further build on its successes to date. As part of our strategic alliance with the Provincial Reconstruction Teams (PRTs) and other entities outside Baghdad, we will extend the scope of our services into the provinces to enhance the impact of our work" said Mr. Vohra.

Mr. Vohra has served as the Deputy Chief of Party of the project since April 2005. He is also serving as the Executive Vice President of AmCham Iraq.

IZDIHAR means Prosperity.





Students attend a lecture on international accounting standards.

Course on International Accounting Standards Stirs Major Interest Among Iraqi Accountants

"I feel now like I got a Master degree in accounting", said one Tikrit graduate of the International Accounting Standards (IAS) course that was delivered by eight Iraqi universities and colleges with the support of the USAID-funded IZDIHAR project.

Over seventy percent of the 437 graduates successfully passed the final test of the course and were awarded certificates which mean much more than an academic title - they are highly valued on the job market. About a quarter of the graduates are female.

According to the Head of the Accountants Union in Tikrit, all local companies

and government institutions now demand that candidates hold an IAS certificate in order to qualify for accounting positions.

The same requirement is being put forth by local and foreign companies operating in the other cities where the IAS course was organized. This is why, says the Head of the Accountants Union in Karbala, the participants in the course delivered at the local university were very enthusiastic about the practical knowledge on accounting standards they acquired through this training.

The universities and colleges that hosted the course currently consider turning International

Accounting Standards into an integral part of their curriculum.

IZDIHAR built the "knowledge infrastructure" required by such an operation, by training the course lecturers, providing support materials and organizing the mid-term and final examination.



IZDIHAR's Regional Office in Erbil organized a "Training of Trainers" session in August 2006.

Iraqi Trainers Upgrade Their Professional Skills

In the largest "Training of Trainers" session yet organized by IZDIHAR, 28 Iraqi professionals eager to upgrade their training skills attended a two-day orientation structured in five topics.

The participants represented several government and private sectors organizations, including the General Commission for Taxes, the Ministry of Planning, the Babylon Economic Development Center in Hilla, the National Training Center, and the Iraqi-American Chamber of Commerce and Industry.

They reviewed and updated their knowledge through theoretical

sessions and exercises that focused on training methodologies, communication, competencies, "setting the stage" and individualized goals.

"The most important lesson for me was how to motivate the participants so that they can get the best from every item I teach as a trainer," said one of the participants. Another one found the "ice-breaking exercises" as being very useful, while others cited the communication approach or the new methods of teaching.

In the end, all participants found the session useful and relevant. This assessment

was shared by a couple of people that had come to the training center to inquire about a different course. As they had the chance to attend the first session and found it interesting and relevant, they decided - and asked for permission - to go through the entire course.

Indigenous Microfinance Institution Reaches Out to Businesswomen

As part of its outreach efforts, the "Al-Aman" microfinance institution in Kirkuk organized four training sessions for local businesswomen to train them on microfinance in general and to render them familiar with lending procedures. The training was organized in cooperation with a local NGO which focuses on women's issues.

The efforts of "Al-Aman" staff and of the partner organization paid off: about 30 local women entrepreneurs attended the sessions and five of them

submitted loan applications.

"We are pleased to see such a positive reaction", said the Executive Manager of "Al-Aman". "When we started the training they were against the idea of borrowing money to develop their businesses. Now they come and ask for loans", said the manager.

The Loan Committee recently approved the third loan to a business operated by a woman and disbursed the money. As of October 16, "Al-Aman" has awarded 27 loans totaling a portfolio

of \$ 68,569 since opening in August 2006.

"Al-Aman" is one of the three indigenous microfinance institutions that USAID has supported with training, technical assistance and grants for loan capital through the IZDIHAR project. USAID is also assisting three international NGOs which are providing microfinance loans in Iraq.



Local businesswomen in Kirkuk learn about microfinance loans.

Iraqi Professors Complete Research on International Accounting Standards

IZDIHAR has encouraged and financed research on "The Role of International Accounting Standards in the Development and Enhancement of the Iraqi Uniform Accounting System". The research has been undertaken by two Iraqi professors and is

meant to serve as a guidance handbook to help Iraqi accountants fulfill the requirements of international standards in their profession.

The research was completed and the findings will be distributed through

the Iraqi Union of Accountants and Auditors, which regards the implementation of the IAS as crucial for upgrading the professional skills of its members.

Publications

◆ IZDIHAR has translated into Arabic the hallmark **Global Entrepreneurship Monitor (GEM) 2005 Report on Women and Entrepreneurship**.

The GEM study focuses on measuring differences in the level of entrepreneurial activity among countries, un-covering factors leading to entrepreneurial behavior and suggesting policies that may enhance national levels of activity. The report makes use of data collected by 35 countries.

◆ To support Iraqi business associations and their members, the Training Team of the Business Development Services component has prepared three new comprehensive workbooks: **Writing an Effective Business Plan; Strategic Planning; and Training of Trainers**.

All three have been translated into Arabic and are complemented by additional PowerPoint materials.

◆ **"The Dairy Market in Iraq"**. An analysis of the economic potential of the dairy industry, one of the five processed food industries in Iraq with sufficient critical volume to attract investors' interest.

A draft of the study has been completed and will soon be made available on www.izdihar-iraq.com.

New Indigenous Microfinance Institution Registered

A new indigenous microfinance institution – "Al-Inma", based in Falluja – completed the legal registration process and will soon join the other institutions assisted by IZDIHAR in providing microfinance loans to small and medium size enterprises.

"This is the first indigenous microfinance institution registered under the new requirements of the NGOs Assistance Office of the Ministry for Civil Society Affairs", said Mr. Greg Howell, IZDIHAR's Cognizant Technical Officer (CTO). "We are pleased and we look forward to seeing "Al-Inma" contribute to the development of the community it serves".

IZDIHAR Develops Knowledge Portal

The development by IZDIHAR of a "knowledge portal" for a Baghdad training center continued at a fast pace. At the end of September, thirty-eight training programs on Association Development, Intellectual Property Rights for SMEs, Banking, Foreign Direct Investment, Privatization, Training of Training, The World Trade Organization and many Business Management topics were uploaded to the portal, which will be available to business associations, business development centers, trainers and other private sector actors in November 2006.

IZDIHAR has assisted this center in becoming the premier location for training business professionals in Baghdad.

IZDIHAR is funded by the United States Agency for International Development (USAID) and implemented in partnership with the Iraqi private sector and government.

Technical Areas:

- Sustainable Microfinance
- SME Development / Bank Lending
- Investment Promotion
- Trade Policy and Market Access
 - Restructuring and Privatization
- Business Management Services
 - * Accounting and Auditing
 - * Associations and Training

For additional information:

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Iraq Takes Major Step in Opening Negotiations for Accession into the World Trade Organization

Recently, Iraq reached a new milestone in its ongoing bid to access into the World Trade Organization (WTO) by submitting written answers to a host of questions raised by key members of the organization.

The questions focused on Iraq's agricultural regime, customs and tariff policies, privatization, intellectual property protection and enforcement, technical barriers to trade, as well as efforts to ensure good governance and fight corruption. They addressed the current state of affairs as well as future intentions of the Iraqi government in terms of regulatory and

capacity building reforms.

The submission of Iraq's replies illustrates consistent progress and momentum towards WTO accession and reform of the trade policy regime, despite the difficult situation on the ground. Since filing its application letter to join the world trade body in September 2004, the pace of Iraq's progress to date has matched and in some cases exceeded that of previously acceded countries. The USAID-funded ZDIHAR project has contributed to this progress by providing training and technical assistance to the Iraqi government officials charged with

WTO accession. IZDIHAR worked with the ministries concerned and assisted in compiling and organizing the information needed for the answers.

The replies pave the way towards convening the first formal meeting of the WTO Working Party on Iraq's accession in Geneva, which launches the negotiations process.

Iraqi Union of Accountants and Auditors Inaugurates IT Laboratory

With assistance from IZDIHAR, the Iraqi Union of Accountants and Auditors (IUAA) has completed the infrastructure of the IT laboratory at the IUAA training center. The 28 workstations procured and installed by IUAA have turned the facility into an integrated educational and computer-based test

center. It will provide technical support for the training courses the IUAA will offer to its members – Basic Computer Use, Basic and Intermediate MS Office Excel, Word and Power Point, plus Quick Books Basics - and will provide a venue for organizing computer based testing on these and other subjects.

This will enhance the ability of the IUAA to offer internationally recognized certification tests. These facilities will be used when the IUAA begins the Certified Management Accountant program in 2007.

IZDIHAR Set to Establish Small Business Development Centers

The USAID-funded IZDIHAR project is currently assessing possible regional locations for establishing three Small Business Development Centers.

The concept of the business development

centers builds on the knowledge IZDIHAR has acquired in the functioning of local businesses and business associations and in access to funding for local entrepreneurs. The centers will offer business consulting and

specialized courses on how to start up a business and will provide links to microfinance institutions and banks.