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2017 (Seventh) Annual consolidated report on activities implemented under the Iraq UNDAF Fund

Report of the Administrative Agent of the Iraq UNDAF
Fund for the period 1st of January – 31st of December 2017

Multi-Partner Trust Fund Office
Bureau of Management
United Nations Development Programme

<http://mptf.undp.org>

2017

Consolidated report on activities implemented under the Iraq UN

Iraq UNDAF Fund

Participating Organizations



Economic and Social Commission for Western Asia



Food and Agriculture Organization (FAO)



United Nations Children's Fund (UNICEF)



United Nations Development Programme



United Nations Educational, Scientific and Cultural Organization (UNESCO)



United Nations Entity for Gender Equality and the Empowerment of Women (UNWOMEN)



United Nations Environment Programme (UNEP)



United Nations Human Settlements Programme (UN-HABITAT)



United Nations Office for Project Services (UNOPS)



United Nations Population Fund (UNFPA)



World Health Organization (WHO)

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Abbreviations and acronyms

AA	Administrative Agent
AWP	Annual Work Plan
COR	Council of Representatives of Iraq
CSO	Civil Society Organization
DGBV	Domestic and Gender-based Violence
DSRSG	Deputy Special Representative of the Secretary-General
ESCWA	Economic and Social Commission for Western Asia FAO Food and Agriculture Organization of the United Nations
FPU	Family Protection Unit
GoI	Government of Iraq
GRB	Gender Responsive Budgeting
IHCHR	Independent High Commission for Human Rights
IHEC	Independent High Electoral Commission
ILO	International Labour Organization
IPSAS	International Public Sector Accounting Standards
I-PSM	Iraq Public Sector Modernization Programme
IRFFI	International Reconstruction Fund Facility for Iraq
ITF	Iraq Trust Fund
JP	Joint Programme
KBA	Kurdistan Bar Association
KPSM	Kurdistan Public Sector Modernization Project
KRBSA	Kurdistan Region Supreme Board of Audit
KRG	Kurdistan Regional Government
MoEn	Ministry of Environment
MoF	Ministry of Finance
MoH	Ministry of Health
MoI	Ministry of Interior
MoLSA	Ministry of Labour and Social Affairs
MoP	Ministry of Planning
MoU	Memorandum of Understanding
MoWA	Ministry of Women's Affairs
MPTF	Multi-Partner Trust Fund
MPTF Office	Multi-Partner Trust Fund Office
NDP	National Development Plan
NGO	Nongovernmental Organization
PAR	Public Administration Reform
PARHC	Public Administration Roadmap Higher Committee

PCN	Programme/Project Concept Note
PMAC	Prime Minister's Advisory Commission
PSM	Public Sector Modernization
PWG	Priority Working Group
RC	Resident Coordinator
SAA	Standard Administrative Arrangement
SCSO	Steering Committee Support Office
SDS	Sand and Dust Storms
SES	Senior Executive Service
SGP	Strategic Government Plan
TOR	Terms of Reference
TOT	Training of Trainers
UNCAC	United Nations Convention against Corruption
UNCT	United Nations Country Team
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-HABITAT	United Nations Human Settlements Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNOPS	United Nations Office for Project Services
UNV	United Nations Volunteers
UPR	Universal Periodic Review
WFP	World Food Programme
WHO	World Health Organization

Definitions

Allocation

Amount approved by the Steering Committee for a project/programme.

Approved project/programme

A project/programme including budget, etc., that is approved by the Steering Committee for fund-allocation purposes.

Contributor commitment

Amount(s) committed by a donor to a Fund in a signed Standard Administrative Arrangement (SAA) with the UNDP Multi-Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent (AA). A commitment may be paid or pending payment.

Contributor deposit

Cash deposit received by the MPTF Office for the Fund from a contributor in accordance with a signed SAA.

Delivery rate

The percentage of funds that have been utilized, calculated by comparing expenditures reported by a Participating Organization against the 'net funded amount'.

Indirect support costs

A general cost that cannot be directly related to any particular programme or activity of the Participating Organizations. UNDG policy establishes a fixed indirect cost rate of 7 percent of programmable costs.

Net funded amount

Amount transferred to a Participating Organization less any refunds transferred back to the MPTF Office by a Participating Organization.

Participating Organization

A UN organization or other inter-governmental organization that is an implementing partner in a Fund, as represented by signing a Memorandum of Understanding (MOU) with the MPTF Office for a particular Fund.

Project expenditure

The sum of expenses and/or expenditure reported by all Participating Organizations for a Fund irrespective of which basis of accounting each Participating Organization follows for donor reporting.

Project financial closure

A project or programme is considered financially closed when all financial obligations of an operationally completed project or programme have been settled, and no further financial charges may be incurred.

Project operational closure

A project or programme is considered operationally closed when all programmatic activities for which Participating Organization(s) received funding have been completed.

Project start date

Date of transfer of first installment from the MPTF Office to the Participating Organization.

Total approved budget

This represents the cumulative amount of allocations approved by the Steering Committee.

Executive summary

The 2017 Annual Progress Report on activities implemented under the Iraq United Nations Development Assistance Framework (UNDAF) Fund is submitted to the Prime Minister's Office (PMO) and the Ministry of Planning (MoP) of the Government of Iraq (GoI) in addition to the donors of the Iraq UNDAF Fund by the United Nations Development Programme (UNDP) Multi-Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent (AA) of the Iraq UNDAF Fund in fulfillment of the reporting provisions of the Standard Administrative Arrangement (SAA). The information presented in this Progress Report covers the period of 1 January to 31 December 2016.

The ISIL war that started in 2014 has significantly impacted the UNDAF 2015-2019 Implementation including the setup of its governance mechanisms. Based on the prevailing situation agencies have adjusted their country programmes documents focusing on humanitarian assistance and few development programmes with a national coverage. During 2017, UNCT explored the opportunities to adjust UNDAF 2015-2019 to the new era, but this could not be achieved since the government priorities were on country liberation and support to displaced people. However, UNCT kept a momentum with the Government on development issues with the Identification of key priority areas for the recovery and resilience for the war affected population while development programs are being considered for non-war affected zones.

Among on-going programmes, the "Iraq Public Sector Modernization Programme (I-PSM) has continued to be the spearhead in guiding the public sector reform based on the road map approved in 2013 and annually adjusted. No new programme under UNDAF framework was initiated in 2017 since the country liberation did not happen as initially expected. The UN focus was effectively on humanitarian assistance but more importantly due to the Government funding gap for programmes cost sharing mechanism that was agreed in UNDAF 2015-2019. Even for the I-PSM, the Government continued to rely only on ITF available funds for implementing key activities to sustain the programme that has been the cornerstone for the decentralization.

Due to prevailing circumstances, the Government has again requested a special consideration to extend the Fund to 31 December 2017 hoping that a more regular planning and programme implementation processes will be in place the soonest.

The reporting period covering 1 January to 31 December 2017 focuses on activities implementation for the one remaining programme; the "I-PSM" is still running based on funds received in 2015 and 2017.

Despite a challenging environment particularly the lack of GoI funds for implementing all roadmap activities, I-PSM achievements in 2017 are quite significant. Pursuing the implementation of the 2013 Roadmap with UNDAF ITF contribution, I-PSM has managed to decentralize services delivery for Health, education and WATSAN including the financial devolution in some cases. The initiation of new working mechanisms systems for the public administration at central and governorates level is also an important achievement from the I-PSM support. There is a hope that with the war winding up, efforts will be turned to the needed reforms for implementing the federalism and reaching the population with adequate services

A total of US\$ 2,288,583 in transfers from the United Nations Development Group Iraq Trust Fund (UNDG ITF) was deposited into the Iraq UNDAF Fund in 2017 and total interest of \$53,564 was reported, bringing the total accumulated deposits to the Fund to US\$ 45,462,332. As of 31 December 2017 total transfers to Participating Organizations were US\$ 39,617,247. During the reporting period, total expenditure reported was US\$ 2,432,708 bringing total cumulative reported expenditure to US\$ 37,842,969.

1. Introduction

The 2017 Annual (Seventh) Progress Report on activities implemented under the Iraq UNDAF Fund is submitted to the Prime Minister's Office and the Ministry of Planning for the Government of Iraq (GoI), as well as the donors to the Iraq UNDAF Fund by the UNDP Multi Partner Trust Fund (MPTF) Office, in its capacity as the AA of the Iraq UNDAF Fund in fulfillment of the reporting provisions of the SAA. The information presented in this Progress Report covers the period 1 January to 31 December 2017.

The war against ISIL, the internal political struggles such as the relations between the federal level and the Kurdistan Region as well as for other governorates and the low oil prices have continued to hamper the government capacity to provide required allocation funds for development programmes overall the country.

The focus at responding to the humanitarian crisis has continued during all 2017 pushing in to background the rest of the UNCT activities. In fact, despite all efforts for reviewing and adjusting the UNDAF 2015-2019, the government insisted to focus on stabilizing the liberated areas while still providing relief support to affected population. A reconstruction framework for the liberated zones was developed and UNCT has discussed and identified 7 key thematic sectors of that framework where it has added value. UNCT agreed to develop needed strategies and provide policy support for these priorities during 2017.

During 2017, UNCT continued to support some national programmes including the I-PSM with the funds received previously. Unfortunately, the lack of Government funds due to financial crisis has slowed the project implementation. With I-PSM being considered by the Government a cornerstone of the Public Sector Reform and since funds are still available; the government expects to keep it going. Again, the Government insisted to keep the programme ongoing with only UN contributions and expressed its interest to fund it after the country liberation.

The information contained within the remainder of the report is consolidated based on information and data provided in the individual progress reports prepared at country level and financial statements submitted by Participating Organizations at headquarter level to the MPTF Office; as well as information on decisions taken by the Iraq UNDAF Steering Committee throughout the course of the reporting period. It is neither an evaluation of the Iraq UNDAF Fund nor the MPTF Office's assessment of the performance of the Participating Organizations tasks that belong to an independent evaluation.

2. Strategic frameworks on hold

With the signature of UNDAF 2015-2019 on 04 April 2014 that was expected to start on 01 January 2015, UNCT Iraq and the GoI had considered an ambitious programmatic shift from direct support to projects implementation to policy advisory assistance. With ISIL war that sparked early April 2014 in Anbar and by June was threatening the whole, UNDAF was put on hold temporarily expecting a quick resumption, once the attacking forces were pushed back. From there up to now the wait for favorable conditions is interminable. With few programs still under UNDAF governance mechanism, efforts were made in 2017 to map all UN agencies in Iraq programs in correlation with the UNDAF priority results and goals aiming at revising the UNDAF according to the current reality. Minimum required conditions are not yet met to proceed even agencies continue to support the national essential programs such as the I-PSM.

While coping with the ongoing humanitarian crisis to provide assistance to people in need, UNCT and the Government have started strategic discussions in preparation of the UNDAF review that will integrate the reconstruction dimensions of war affected zones and aligned to the new Go I strategic planning tools (NDP, PRS, Reconstruction Framework) and vision including the SDGs. Even if the major efforts were put on humanitarian assistance, stabilization support for the returnees in liberated areas has also received appropriate attention based on available funds. The financial needs for relief assistance are enormous even for at least covering the basic needs of all affected population. Expectations are therefore very limited for the development programs funding especially for Iraq as a high middle-income country.

3. Governance arrangements

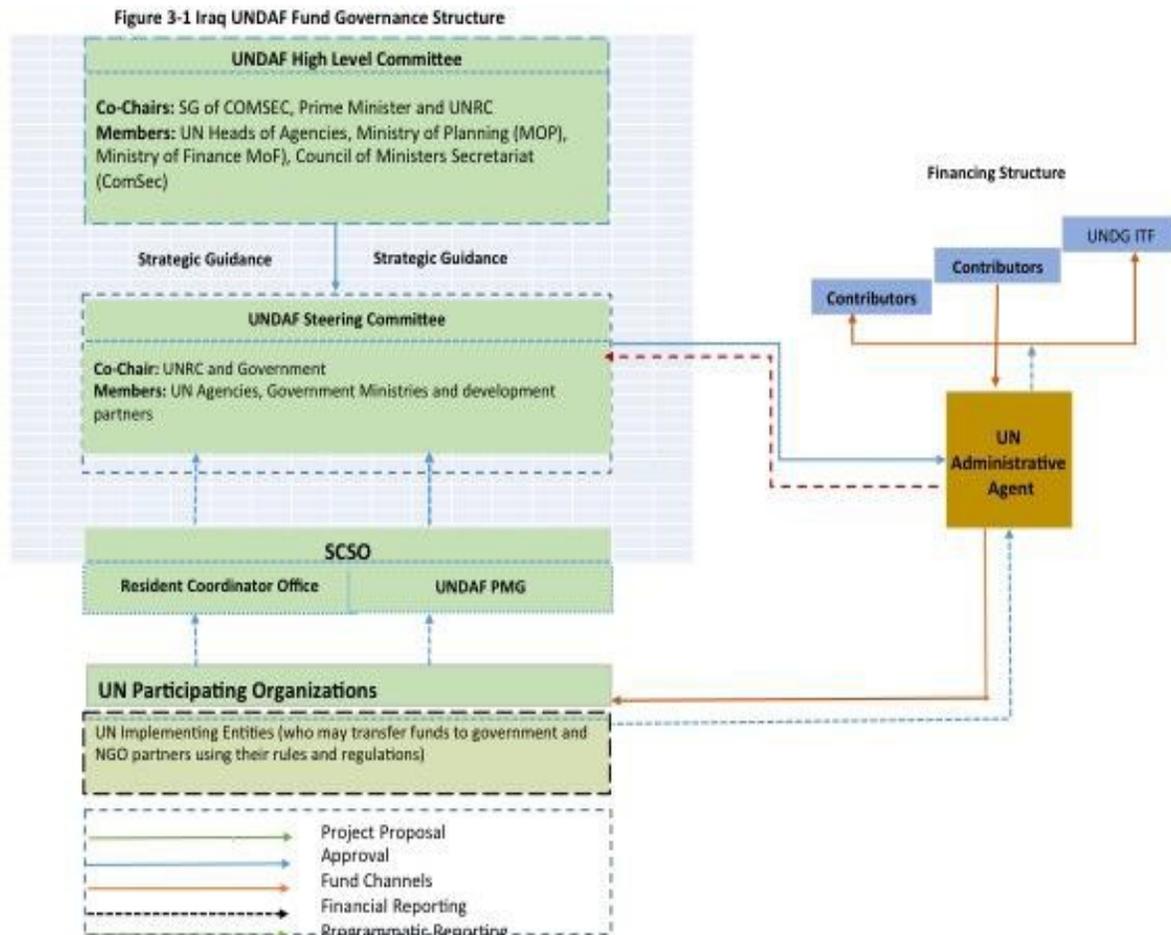
3.1 Governance arrangements

The governance mechanism in place for the UNDAF 2011-2014 was reshuffled in relation to the on-going projects. While the Steering Committee composition was not changed since April 2014, it mainly met regularly at the Co-Chairs levels especially for the I-PSM follow up. The strategic and operational mechanisms such as the High Level Committee (HLC) and the Steering Committee (SC), the Support office for the SC, the UNDAF PWG, etc. were simply not established since the UNDAF 2015-2019 did not materialize. The functions of the Steering Committee Support Office were minimalized and assumed by the Resident Coordinator Office. These include the programs monitoring and reporting as well as the follow up on specific requests from I-PSM. The below UNDAF structure arrangements was developed to be established when UNDAF is operational to ensure that the fund management, oversight and other functions are equally provided for within the scope of the various structures.

The following section outlines the roles and processes, and describes how they contributed to the overall governance and accountability of the Iraq UNDAF Fund.

3.1.1 Iraq UNDAF Fund governance structure

Figure 3-1 Iraq UNDAF Fund Governance Structure



3.1.2 The High Level Committee and the Steering Committee

The joint High Level Committee (HLC) was designed by the UNCT and the Government of Iraq to provide the overall strategic direction for the UN-GOI development partnership. The HLC, Co-Chaired by the Secretary of Council of Ministers (COMSEC) and the Deputy Special Representative of the Secretary-General (Development & Humanitarian/UN Resident Coordinator, RC) periodically reviews achievements and strategic management issues arising from the implementation of the UNDAF, and take decisions to adjust the scope and geography to ensure achievement of agreed results. The Membership consists of UN Heads of Agencies (HoAs), and high level representation from the Ministry of Planning (MoP), the Ministry of Finance (MoF), and the Council of Ministers Secretariat (CoMSec) including members from Kurdistan Region of Iraq (KRI).

Based on the strategic directions provided by the HLC, the UNDAF Steering Committee (SC) coordinates and oversees the operations of the Iraq UNDAF Fund and provides overall strategic guidance and oversight, as well as acts as a decision making body for fund allocation. The SC is co-chaired by the Government (Co-Chairperson, Secretary of COMSEC) and the UN (Co-Chairperson Resident Coordinator) with balanced representation from the GoI and the UN, including representation from line Ministries, the UNCT and donors contributing to the Fund. The SC met for *2017 (Seventh) Annual Consolidated report on activities implemented under the Iraq UNDAF Trust*

the last time in 2014 and only emails exchanged since then mainly between the Co-Chairpersons. The membership remained also the same since 2013 and should be reviewed as soon as possible especially if UNNDAF is extended up to 2018 as requested by the Government.

3.1.3 Steering Committee Support Office (SCSO)

In principle, the mandate of the SCSO is to support and facilitate the work of the Steering Committee, including assistance in proposal development, as well as review of submissions prior to the Steering Committee's approval. The SCSO also tracks the status of the proposals, provides advice to the Participating UN Organizations and Steering Committee, and follows up on decisions taken by the various contributing structures to ensure timely follow-up and adherence to agreed Iraq UNDAF Fund procedures. The structure as such has been reduced to the minimum that consists of liaising with the MPTF

3.1.4. The UNDAF Programme Working Group

The UNCT and GOI are supposed to jointly manage the UNDAF through Programme Working Group comprised of all Agencies, Ministries and other partners contributing to the achievement of the UNDAF priority results but this group has not been set up due to the UNDAF hold on. The group was supposed to manage the collective effort toward priority results and outcomes achievements. A Monitoring and Evaluation (M&E) Group for evidence-based decision-making as well as other UNCT coordination mechanisms (i.e. GTF, Policy Engagement WG, Youth Task Force, Returnees TF, etc. were established in 2016 in preparation of the UNDAF review and adjustment.

3.1.6 Administrative Agent (AA)/Multi-Partner Trust Fund Office (MPTF Office)

The role of the MPTF Office, as the AA for the Iraq UNDAF Fund, includes the receipt, administration and management of contributions from donors, disbursement of funds to Participating UN Organizations in accordance with decisions of the Steering Committee, consolidation and dissemination of progress reports to the MoP and donors. The consolidated report produced by the MPTF Office presents the progress of the projects funded by the Iraq UNDAF Fund, narrative and financial, aligned to the PWG structure. Through the MPTF Office GATEWAY, a public website on all MPTFs administered by the MPTF Office, it ensures full transparency of the operations of the Iraq UNDAF Fund.

4. Project/programme achievements

Even if the RC Office was informed about available funds, it was not possible to allocate the amount during 2017 due to the humanitarian assistance prioritization and the awaited UNDAF revision. Strategically, it was expected that the changing planning environment would lead to the UNDAF review and adjustment in 2017 so available funds could be used in key areas of common interest and cross-cutting issues for most of UNCT members. Previous financial information remains valid on disbursements and no additional action was initiated during the reporting period.

4.1 P1-05: Iraq Public Sector Modernization (I-PSM) – Phase II

4.1.2 Project/programme objectives and rationale

The Iraq - Public Sector Modernization(I-PSM) Programme is a Government-led UN JP supporting Iraq’s Strategic Government Plan (SGP) 2015–2019 and its NDP 2013–2017. The programme is fully aligned with UNDAF 2011– 2014, and has four themes: i) Developing policy and building machinery at the center of government for managing Public Sector Modernization (PSM); ii) Supporting system-wide reform for development management, gender mainstreaming, e-governance and national statistics; iii) Piloting reform in the three key sectors of health, education and water and sanitation (WATSAN); and iv) Supporting decentralized services delivery and local governance initiatives. This phase builds on lessons learned and recommendations emerging from the implementation and external evaluation of the I-PSM Phase I. I-PSM Phase I was the foundation for the analytical assessment and preparatory work enabling the Government to develop a system-wide Public Administration Reform (PAR) plan, as well as sector-specific modernization plans for three pilot sectors; health, education and WATSAN; and three pilot governorates.

4.1.2.1 Overall programme achievements and results

Achievements

I-PSM continued in the year 2017 the implementation of Public Sector Modernization activities at federal, regional and provincial levels, while guided by the Public Administrative Reform (PAR) Roadmap and also the original IPSM Project Document and lessons learned from implementation of previous annual work plans. The implementation of the 2017 AWP comes within the framework of IPSM support to GoI to reform its public sector, implement the Government Program (2014 – 2017), and advance the 2030 sustainable development agenda in Iraq. In addition, the planning, implementation and monitoring of 2017 interventions were carried out by the IPSM Participating UN Organizations in a very close collaboration with their respective national counterparts at the federal and provincial levels. National counterparts included for example, Council of Ministers Secretariat (CoMSEC), Prime Minister Advisory Commission (PMAC), Ministries of Planning, Health, Education, Higher Education and Scientific Research, Housing and Public Works, Central Statistics Office, and a number Governorates across Iraq.

Year 2017 has witnessed the launching of a number of new initiatives and also rolling out the models IPSM Participating Organizations have established over the period of their existence since the commencement of IPSM Phase II.

The implementation of IPSM activities in the year 2017 has been negatively affected like previous years by the prevailing economic, political and security situation in Iraq.

Achievements realized on the ground all suggest that IPSM has established credibility in the eyes of GoI as an effective mechanism to advance PAR agenda. To that extent, IPSM was extended by the Multi-Partners Trust Fund (MPTF) till Dec, 2018 at the request of GoI. Furthermore, an additional funding amounting to US\$ 1.5 M was allocated to IPSM-UNDP and Joint Management Unit to provide more support to GoI to oversee the implementation of the Government Program (2014 – 2018) and also to advance Iraq 2030 sustainable development agenda.

Support to GoI has focused on three main pillars; (1) Enhancement of the National Capacity to Plan, Monitor and Evaluate the National Development Plan (2018 – 2022) for Development Results, strengthened, (2) Building and deployment of a Government-Wide Institutional Performance Management, and (3) Public Sector Reform.

However, lack of cost-sharing funding to implement joint activities has negatively impacted on IPSM overall implementation rate, and similarly the political, security and financial conditions currently prevailing in Iraq.

▪ **Outputs:**

The Program targets the following four joint program outputs: (i) GoI has enhanced capacity to undertake public sector modernization at national, regional and governorate levels; (ii) GoI has improved public administration systems at national and sub-national levels; (iii) GoI is implementing reform and modernization plans in Education, Health and WATSAN sectors; and (iv) GoI sub-national governance and decentralized service delivery systems strengthened through enhanced participatory processes.

i. GoI has enhanced capacity to undertake public sector modernization at national, regional and governorate levels:

This output is 95% achieved when compared to the original project document, and delivered in 2017 by UNDP. This output focused on policy and structural level reforms for the whole of the government and in KRG, which is primarily based on the development of a National PSM Strategy. It is achieved through the inclusion of new institutional arrangements and the revision of distribution of roles, authority and decision-making mechanisms within Government, in addition to establishing new systems for Knowledge Management. While the initial IPSM Project Document has anticipated the establishment of a PAR Directorate, the developments have led to the establishment of a PAR Management Committee at COMSEC. Besides PMAC and the Council of Ministers Secretariat (COMSEC), the Public Administration Reform Higher Committee (PARHC), the Public Administration Reform Management Committee (PARMC) and Ministerial/ Provincial PAR Committees were established to manage the implementation of Public Administration Reform Agenda at different levels. Key Achievements include:

- Specialized Technical Assistance provided to GoI on overseeing the implementation of the new government program

ii. GoI has improved public administration systems at national and sub-national levels

This output is 66% achieved when compared to the original project document. The output is delivered in 2017 by UNDP and UNESCWA, and focused on reviewing and reforming existing administrative systems and procedures. Through strengthening public administration systems, the program's lead partners, the Prime Minister's Office (PMO), COMSEC, PARHC and the newly established PARMC and Ministerial PAR Committees are technically supported to instigate the required systems and procedural upgrades. The realization of this output has also included human resources development through the strengthening of the training capacity of both the federal and regional governments and the capacitation of the National Center for Management Development and Information Technology (NCMDIT). In addition, the e-governance systems application were further enhanced, which has improved accountability within the administrative structures.

Key Achievements include:

- “Government-Wide Institutional Performance Management System”, developed, piloted in three Ministries, and presented to GoI for endorsement for replication,
- A team of 10 qualified staff from CoMSEC and Federal Board of Supreme Audit, became European Foundation for Quality Management (EFQM) Certified Assessors,
- GIS readiness at the federal level, assessed and translated into a draft capacity development plan at the individual, functional and institutional level,
- The outlines of Iraq Spatial Data Infrastructure, drafted in currently under discussion,
- “E-learning Approach”, introduced to public sector and academic institutions in Iraq. Two e- Learning units at Karbala University and National Centre for Development Management and Information Technology (NCMDIT), formally established and became operational,
- The conceptual design of the National Development Plan (NDP 2018 – 2022) Monitoring and Evaluation framework, drafted and being presented to MoP for discussion and approval,
- The revised guidelines on “Preparing National Development Plan (2018 – 2022) for Development Results”, developed and disseminated to all public sector institutions across Iraq, and
- A draft document on “Localizing Sustainable Development Goals”, produced for discussion with GoI.

iii. GoI is implementing reform and modernization plans in Education, Health and WATSAN sectors

This output is 67 % achieved when compared to the original project document. It is supported in the year 2017 by UNICEF, UNESCO, WHO and UN-Habitat. The output focuses on reforms in education, health, and water and sanitation sectors through implementation of sector specific modernization plans and capacity development programs, as per the agreed roadmaps of I-PSM Phase I by the relevant line ministries, including in the KRG. This output aims directly at improving service quality through development of service delivery models, focusing on rationalized use of financial resources in efficient and equitable manner as well as developing a medium-term fiscal framework to be a link between the policy making process, priorities and budget.

Key Achievements include:

A. Education Sector:

- Student Information Management System (SIMS) model, developed and piloted in Baghdad and Babel Governorates, and
- Academic Conduct and Universities Values Code, developed and piloted.

B. Health Sector:

- Iraqi national nursing and midwifery strategy and plan of action 2017-2027, developed
- Family Health Model of Primary Health Care, Scaled up
- Quality of cause of specific mortality statistics in Iraq, enhanced
- Nursing leadership capacity, enhanced
- Results culture within different planning levels, supported

C. WATSAN Sector:

- “A GIS-Based Water Billing and Complaints System” developed and piloted at the Mayoralty of Baghdad and Kirkuk Governorate,
- Staff capacity at the federal and provincial levels on “Operations, maintenance and management of water billing system” enhanced,
- “Building and Develop Smart Water Meters Online System – Smart City Initiative” initiated and piloted in Baghdad and Kirkuk Governorates,
- “The GIS-Based Municipal Land Management System” piloted at Karbala Governorate, and “New National Housing Policy”, drafted and presented to the National Housing Council for review and endorsement.

iv. GoI sub-national governance and decentralized service delivery systems strengthened through enhanced participatory processes

This output is 65% achieved when compared to the original project document. This output is delivered in the year 2017 mostly by UNDP and UNICEF. This output is to instigate reform plans at the provincial level and is expected to strengthen the local governance institutions at the provincial and city-level, promote participatory processes, improve urban governance and support decentralized service delivery, including fiscal decentralization (downstream reform). This output covers in general inclusiveness, creating civic and political awareness among marginalized groups, women and youth and will encourage their participation in public sector reform efforts, and the decentralization of some decision-making authority from federal to school level, empowering head teachers and parents to work together through Parent/Teachers’ Associations. It also includes supporting organizational and legislative changes at the national and provincial levels to prepare the institutions to move to management pattern by the private sector, which represent the core of the reform process in changing the state's role in economic life.

Key Achievements include:

- A GIS-Assisted Decision Support Systems for Land use Planning, Utilities Management and Sectoral Planning, developed at Karbala Governorate and presented to the federal government for replication at the federal level,
- Karbala GIS Portal, formally launched and regularly maintained,
- Public Opinion Polling, institutionalized at three governorates. Three POP units, formally established at three target governorates (Basra, Missan and Karbala), became functional, equipped with the required staff and embedded within the governorate organizational structure, and
- “Employee Performance Management System”, developed and implemented at Karbala Governorate.

4.1.2.1.1 Challenges and lessons learned

In the year 2017, IPSM faced a number of challenges which don't vary much from those that have been already reported in the previous years. Many challenges remain unchanged, while some new are added to the list of 2017 challenges. They all stemmed from the unfavorable prevailing political, security and financial conditions. It is on that basis that, the ability of IPSM Participating UN Organizations to timely implement activities as planned was adversely impacted. Moreover, several missions were either cancelled or postponed, and many international consultants are as such reluctant to come to Baghdad. IPSM implementation performance was in addition adversely impacted by the continuation of sectarian violence across Iraq, the abrupt deterioration of security situation, and the collapse of some Iraqi cities in the hands of ISIS. The crises have exhaustively mobilized the available national and international resources to address the humanitarian consequences, liberation of the occupied areas in addition to the reconstruction of the already liberated areas. In addition, the long standing prevailing sectarian violence has somehow restricted the movement of international staff outside the Green Zone, thus limiting the engagement of IPSM Participating Organizations with the national counterparts. Furthermore, the program implementation was generally negatively impacted by the delay in obtaining the Entry Visa to Iraq for the international consultants. Some qualified international consultants are still reluctant to deliver consultancies in Iraq and in particular in Baghdad, thus leading to either delayed implementation of activities, or cancellation of missions in some circumstances.

On a related note, the absence of cost-sharing funding to implement joint activities has adversely impacted the Participating UN Organizations to fully roll out models established. The situation is further compounded by the fact that limited likelihood for GoI to mobilize additional funding to support the implementation of the most needed reform activities as most of the international resources are mobilized to address the negative consequences of terrorism in Iraq and outside.

In specific, WHO has indicated a number of sector-specific challenges. They included: the workforce management systems, practice and services, access to quality education, and research are especially acute in Iraq. Inadequate professional regulatory and licensing bodies, inconsistent performance management and weak quality and risk management systems, fragmented education and professional development programs, and weak health systems and structures for the delivery of patient care, all contribute to the challenges. Health care is profoundly affected by the unstable political, security and humanitarian situation in the country, the bio-medical domination over health professions' education and practice, fragmentation existing in all systems, and the failure to foster collective leadership within and across the education and the service sectors, practitioners, and ministries.

- **Lessons learned:**

- Public sector reform cannot be achieved in isolation but must be done within the overall framework of the entire civil service reform in Iraq. This is because some civil service laws and regulations will have to be reviewed, strengthened or modified before any meaningful reform could be achieved. Apprehension is thus perceived from civil servants when reform ideas are discussed for example in MoE, especially as many assume that it will lead to job losses.

- In post conflict countries where there is high level of uncertainty, political unrest, noticeable decline in national revenues and fragile economy, annual work planning for donor-funded initiatives should be conducted independently from national contribution, i.e. cost sharing or parallel funding.
- Looking at the experiences of many countries, which went through transitions, moving from line item budgeting into program budgeting, which entails adopting sensitive gender programs, is a long and lengthy process. However, country contexts should be emphasized to adopt country specific gender-sensitive policies and approaches.
- In protracted conflict and humanitarian crisis, development projects become less prioritized vis-à-vis humanitarian projects to meet the humanitarian emergencies arising from the conflict.
- Joint planning, joint monitoring & evaluation, collaborative decision making and increased national engagement in the whole process side-by-side with Participating UN Organizations facilitate the reduction in duplicative activities across UN Organizations and between UN Organizations and their national counterparts.
- Iraq will require a longer period of time than first expected to effectively build the needed capacity required to maximize and build on the assistance that is delivered through IPSM. An exit strategy has to be then be developed by IPSM and geared toward sustainable phase-out of its activities
- Increased engagement of national counterparts in the design, implementation and management of development initiatives increases the ownership of national counterparts to the development initiatives, and thus representing an ingredient of success.
- Unless the Ministry of Finance is heavily involved in the reform process, Gender Responsive Budgeting will still face challenges in terms of practical implementation.
- To ensure efficiency of operation and effectiveness of interventions, donor support should be aligned with national development strategies, country policies and priorities and also increased reliance on national systems to ensure better utilization of ODA resources and delivery of significant results.
- Iraq is a country that is having an extensive network of technical expertise that could be utilized locally to deliver quality human resources capacity building and technical support. This includes for example the National Center for Management Development and Information Technology at the Ministry of Planning, University of Baghdad, and other Academic institutions.
- **Evaluation**

As per IPSM Project Document, a mid-term review should have been conducted during the year 2014 by an outside international consultant. The objective is to assess the results achieved on the ground and the overall contribution of IPSM program to national development strategies. The mid-term review didn't happen due to the deteriorated security conditions, prevailing sectarian violence, the collapse of a number of Iraqi cities in the hands of ISIL during the year 2014, and limitation of resources.

5. Financial performance

This chapter presents financial data and analysis of the **Iraq UNDAF Trust Fund** using the pass-through funding modality as of 31 December **2017**. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: <http://mptf.undp.org/factsheet/fund/IRQ00>.

5.1. SOURCES AND USES OF FUNDS

As of 31 December **2017**, **23** contributors deposited US\$ **45,229,494** in contributions and US\$ **232,837** was earned in interest.

The cumulative source of funds was US\$ **45,462,332**. Of this amount, US\$ **39,340,146** has been net funded to **11** Participating Organizations, of which US\$ **37,842,969** has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ **452,295**. Table 1 provides an overview of the overall sources, uses, and balance of the **Iraq UNDAF Trust Fund** as of 31 December 2017.

Table 1. Financial Overview, as of 31 December 2017 (in US Dollars)

	Annual 2016	Annual 2017	Cumulative
Sources of Funds			
Contributions from donors	832,822	2,288,583	45,229,494
Fund Earned Interest and Investment Income	18,970	49,941	221,167
Interest Income received from Participating Organizations	2,248	3,623	11,670
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Income	-	-	-
Total: Sources of Funds	854,041	2,342,147	45,462,332
Use of Funds			
Transfers to Participating Organizations	-	-	39,617,247
Refunds received from Participating Organizations	(93,294)	(232,227)	(331,668)
Net Funded Amount	(93,294)	(232,227)	39,285,579
Administrative Agent Fees	8,328	22,886	452,295
Direct Costs: (Steering Committee, Secretariat...etc.)	-	(367,426)	54,567
Bank Charges	107	160	2,314
Other Expenditures	-	-	-
Total: Uses of Funds	(84,859)	(576,608)	39,794,755
Change in Fund cash balance with Administrative Agent	938,900	2,918,755	5,667,576
Opening Fund balance (1 January)	1,809,922	2,748,822	-
Closing Fund balance (31 December)	2,748,822	5,667,576	5,667,576
Net Funded Amount (Includes Direct Cost)	(93,294)	(599,653)	39,340,146
Participating Organizations' Expenditure (Includes Direct Cost)	3,293,676	2,432,708	37,842,969
Balance of Funds with Participating Organizations			1,497,177

5.2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December 2017.

The **Iraq UNDAF Trust Fund** is currently being financed by **23** contributors, as listed in the table below.

The table below includes commitments made up to 31 December **2017** through signed Standard Administrative Agreements, and deposits made through **2017**. It does not include commitments that were made to the fund beyond **2017**.

Table 2. Contributors' Commitments and Deposits, as of 31 December 2017 (in US Dollars)

Contributors	Total Commitments	Prior Years	Current Year	Total Deposits
		as of 31-Dec-2016 Deposits	Jan-Dec-2017 Deposits	
AUSTRALIA, Government of	1,487,435	1,383,708	103,727	1,487,435
BELGIUM, Government of	62,053	57,726	4,327	62,053
CANADIAN INTERNATIONAL DEVELOPMENT AGENC	2,996,261	2,787,316	208,945	2,996,261
DENMARK, Government of	9,871,246	9,830,594	40,652	9,871,246
FINLAND, Government of	361,726	336,501	25,225	361,726
GREECE, Government of	170,508	158,618	11,890	170,508
ICELAND, Government of	23,487	21,849	1,638	23,487
INDIA, Government of	234,872	218,493	16,379	234,872
IRELAND, Government of	57,609	53,592	4,017	57,609
ITALY, Government of	1,842,889	1,714,375	128,514	1,842,889
JAPAN, Government of	16,955,417	15,773,026	1,182,391	16,955,417
KUWAIT, Government of	234,872	218,493	16,379	234,872
LUXEMBOURG, Government of	108,929	101,333	7,596	108,929
NETHERLANDS, Government of	314,587	292,649	21,938	314,587
NEW ZEALAND, Government of	158,062	147,039	11,022	158,062
NORWAY, Government of	329,257	306,296	22,961	329,257
QATAR, Government of	234,872	218,493	16,379	234,872
REPUBLIC of KOREA, Government of	986,461	917,670	68,791	986,461
SPAIN, Government of	4,376,751	4,071,537	305,214	4,376,751
SWEDISH INT'L DEVELOPMENT COOPERATION	3,279,827	3,235,091	44,736	3,279,827
The Scottish Government	484,731	484,731	-	484,731
TURKEY, Government of	422,769	393,287	29,482	422,769
USAID	234,872	218,493	16,379	234,872
Grand Total	45,229,494	42,940,912	2,288,583	45,229,494

5.3. INTEREST EARNED

Interest income is earned in two ways: 1) on the balance of funds held by the Administrative Agent (Fund earned interest), and 2) on the balance of funds held by the Participating Organizations (Agency earned interest) where their Financial Regulations and Rules allow return of interest to the AA.

As of 31 December **2017**, Fund earned interest amounts to US\$ **221,167**.

Interest received from Participating Organizations amounts to US\$ **11,670**, bringing the cumulative interest received to US\$ **232,837**.

Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2017 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2016	Current Year Jan-Dec-2017	Total
Administrative Agent			
Fund Earned Interest and Investment Income	171,226	49,941	221,167
Total: Fund Earned Interest	171,226	49,941	221,167
Participating Organization			
FAO	36		36
UNESCO	8,011	3,623	11,634
Total: Agency earned interest	8,047	3,623	11,670
Grand Total	179,273	53,564	232,837

5.4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December **2017**, the AA has transferred US\$ **39,617,247** to **11** Participating Organizations (see list below).

5.4.1 TRANSFER BY PARTICIPATING ORGANIZATION

Table 4 provides additional information on the refunds received by the MPTF Office, and the net funded amount for each of the Participating Organizations.

Table 4. Transfer, Refund, and Net Funded Amount by Participating Organization, as of 31 December 2017 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2016			Current Year Jan-Dec-2017			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
ESCWA	717,608		717,608				717,608		717,608
FAO	140,000	(11,560)	128,440				140,000	(11,560)	128,440
UNDP	20,522,086		20,522,086		(229,210)	(229,210)	20,522,086	(229,210)	20,292,876
UNEP	140,000	(33,169)	106,831				140,000	(33,169)	106,831
UNESCO	2,932,229	(6,147)	2,926,082				2,932,229	(6,147)	2,926,082
UNFPA	2,161,094		2,161,094				2,161,094		2,161,094
UNHABITAT	2,393,947		2,393,947				2,393,947		2,393,947
UNICEF	5,047,947		5,047,947		(3,017)	(3,017)	5,047,947	(3,017)	5,044,930
UNOPS	1,038,592	(48,565)	990,027				1,038,592	(48,565)	990,027
UNWOMEN	1,311,932		1,311,932				1,311,932		1,311,932
WHO	3,211,812		3,211,812				3,211,812		3,211,812
Grand Total	39,617,247	(99,441)	39,517,806		(232,227)	(232,227)	39,617,247	(331,668)	39,285,579

5.5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year **2017** were submitted by the Headquarters of the Participating Organizations. These were consolidated by the MPTF Office.

Project expenditures are incurred and monitored by each Participating Organization, and are reported as per the agreed upon categories for inter-agency harmonized reporting. The reported expenditures were submitted via the MPTF Office's online expenditure reporting tool. The **2017** expenditure data has been posted on the MPTF Office GATEWAY at <http://mptf.undp.org/factsheet/fund/IRQ00>.

5.5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In **2017**, US\$ **(232,227)** was net funded to Participating Organizations, and US\$ **2,378,141** was reported in expenditure.

As shown in table below, the cumulative net funded amount is US\$ **39,285,579** and cumulative expenditures reported by the Participating Organizations amount to US\$ **37,788,402**. This equates to an overall Fund expenditure delivery rate of **96** percent.

The agencies with the three highest delivery rates are: FAO (100%), UNEP (100%) and UNOPS (100%)

Table 5.1 Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2017 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2016	Current Year Jan-Dec-2017	Cumulative	
ESCWA	717,608	717,608	643,589	55,532	699,121	97.42
FAO	140,000	128,440	128,440	0	128,440	100.00
UNDP	20,522,086	20,292,876	17,882,069	1,508,451	19,390,520	95.55
UNEP	140,000	106,831	106,830	1	106,831	100.00
UNESCO	2,932,229	2,926,082	2,579,480	325,959	2,905,439	99.29
UNFPA	2,161,094	2,161,094	2,136,115	24,978	2,161,093	100.00
UNHABITAT	2,393,947	2,393,947	2,202,891	(32,545)	2,170,346	90.66
UNICEF	6,824,148	5,044,930	4,693,414	217,813	4,911,227	97.35
UNOPS	1,038,592	990,027	990,027		990,027	100.00
UNWOMEN	1,311,932	1,311,932	1,153,694	84,573	1,238,267	94.38
WHO	3,211,812	3,211,812	2,893,711	193,380	3,087,091	96.12
Grand Total	41,393,448	39,285,579	35,410,262	2,378,141	37,788,402	96.19

5.5.2 EXPENDITURE BY PROJECT

Table 5 displays the net funded amounts, expenditures reported and the financial delivery rates by Participating Organization.

Table 5.2 Expenditure by Project within Sector, as of 31 December 2017 (in US Dollars)

Sector / Project No. and Project Title		Participating Organization	Project Status	Total Approved Amount	Net Funded Amount	Total Expenditure	Delivery Rate %
Environment							
00079817	P3-01 Env/Drought Risk Managem	FAO	Operationally Closed	140,000	128,440	128,440	100.00
00079817	P3-01 Env/Drought Risk Managem	UNDP	Operationally Closed	264,883	264,883	264,604	99.89
00079817	P3-01 Env/Drought Risk Managem	UNEP	Operationally Closed	140,000	106,831	106,831	100.00
00079817	P3-01 Env/Drought Risk Managem	UNESCO	Operationally Closed	215,001	208,854	208,854	100.00
Environment: Total				759,884	709,009	708,729	99.96
Governance and Human Rights							
00081967	P1-01 Gov/Empowering CSOs in Ir	UNDP	On Going	2,221,818	2,188,807	2,188,807	100.00
00081968	P1-02 Gov/Family Protection fo	UNDP	On Going	2,467,880	2,448,225	2,448,225	100.00
00081968	P1-02 Gov/Family Protection fo	UNICEF	On Going	2,296,228	1,496,983	1,496,983	100.00
00081969	P1-03 Gov/ID of Anti Corruptio	UNDP	On Going	2,727,273	2,629,927	2,629,927	100.00
00082895	P1-04 Gov/Transparent Particip	UNDP	On Going	3,091,526	3,012,327	3,007,507	99.84
00084209	P1-05 Gov/ I-PSM II	ESCWA	On Going	717,608	717,608	699,121	97.42
00084209	P1-05 Gov/ I-PSM II	UNDP	On Going	7,983,844	7,983,844	7,086,588	88.76
00084209	P1-05 Gov/ I-PSM II	UNESCO	On Going	2,717,228	2,717,228	2,696,585	99.24
00084209	P1-05 Gov/ I-PSM II	UNFPA	On Going	2,161,094	2,161,094	2,161,093	100.00
00084209	P1-05 Gov/ I-PSM II	UNHABITAT	On Going	2,393,947	2,393,947	2,170,346	90.66
00084209	P1-05 Gov/ I-PSM II	UNICEF	On Going	4,527,920	3,547,947	3,414,244	96.23
00084209	P1-05 Gov/ I-PSM II	UNWOMEN	On Going	1,311,932	1,311,932	1,238,267	94.38
00084209	P1-05 Gov/ I-PSM II	WHO	On Going	3,211,812	3,211,812	3,087,091	96.12
00087994	P1-06 Gov/Support to IHEC ph.2	UNDP	Financially Closed	1,764,862	1,764,862	1,764,862	100.00
00087994	P1-06 Gov/Support to IHEC ph.2	UNOPS	Financially Closed	1,038,592	990,027	990,027	100.00
Governance and Human Rights: Total				40,633,564	38,576,570	37,079,673	96.12
Grand Total				41,393,448	39,285,579	37,788,402	96.19

5.5.4 EXPENDITURE REPORTED BY CATEGORY

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the agreed categories for inter-agency harmonized reporting. In 2006 the UN Development Group (UNDG) established six categories against which UN entities must report inter-agency project expenditures. Effective 1 January 2012, the UN Chief Executive Board (CEB) modified these categories as a result of IPSAS adoption to comprise eight categories. All expenditure incurred prior to 1 January 2012 have been reported in the old categories; post 1 January 2012 all expenditure are reported in the new eight categories. See table below.

2012 CEB Expense Categories

1. Staff and personnel costs
2. Supplies, commodities and materials
3. Equipment, vehicles, furniture and depreciation
4. Contractual services
5. Travel
6. Transfers and grants
7. General operating expenses
8. Indirect costs

2006 UNDG Expense Categories

1. Supplies, commodities, equipment & transport
2. Personnel
3. Training counterparts
4. Contracts
5. Other direct costs
6. Indirect costs

Table 6. Expenditure by UNDG Budget Category, as of 31 December 2017 (in US Dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2016	Current Year Jan-Dec-2017	Total	
Personnel (Old)	5,599	-	5,599	0.02
Staff & Personnel Cost (New)	10,724,177	516,085	11,240,262	31.82
Suppl, Comm, Materials (New)	135,263	79,739	215,002	0.61
Equip, Veh, Furn, Depn (New)	318,211	134,973	453,185	1.28
Contractual Services (New)	10,187,783	683,112	10,870,895	30.77
Travel (New)	2,944,893	191,314	3,136,208	8.88
Transfers and Grants (New)	2,594,521	-	2,594,521	7.34
General Operating (New)	6,205,326	606,933	6,812,259	19.28
Programme Costs Total	33,115,772	2,212,157	35,327,930	100.00
¹ Indirect Support Costs Total	2,294,489	165,983	2,460,473	6.96
Total	35,410,262	2,378,141	37,788,402	

¹ **Indirect Support Costs** charged by Participating Organization, based on their financial regulations, can be deducted upfront or at a later stage during implementation. The percentage may therefore appear to exceed the 7% agreed-upon for on-going projects. Once projects are financially closed, this number is not to exceed 7%.

5.6 EXPENDITURE REPORTED BY CATEGORY COST RECOVERY

Cost recovery policies for the Fund are guided by the applicable provisions of the Terms of Reference, the MOU concluded between the Administrative Agent and Participating Organizations, and the SAAs concluded between the Administrative Agent and Contributors, based on rates approved by UNDG.

The policies in place, as of 31 December **2017**, were as follows:

- **The Administrative Agent (AA) fee:** 1% is charged at the time of contributor deposit and covers services provided on that contribution for the entire duration of the Fund. In the reporting period US\$ **22,886** was deducted in AA-fees. Cumulatively, as of 31 December **2017**, US\$ **452,295** has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ **165,983** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ **2,460,473** as of 31 December **2017**.

5.7. ACCOUNTABILITY AND TRANSPARENCY

In order to effectively provide fund administration services and facilitate monitoring and reporting to the UN system and its partners, the MPTF Office has developed a public website, the MPTF Office Gateway (<http://mptf.undp.org>). Refreshed in real time every two hours from an internal enterprise resource planning system, the MPTF Office Gateway has become a standard setter for providing transparent and accountable trust fund administration services. The Gateway provides financial information including: contributor commitments and deposits, approved programme budgets, transfers to and expenditures reported by Participating Organizations, interest income and other expenses. In addition, the Gateway provides an overview of the MPTF Office portfolio and extensive information on individual Funds, including their purpose, governance structure and key documents. By providing easy access to the growing number of narrative and financial reports, as well as related project documents, the Gateway collects and preserves important institutional knowledge and facilitates knowledge sharing and management among UN Organizations and their development partners, thereby contributing to UN coherence and development effectiveness.

5.8. DIRECT COSTS

The Fund governance mechanism may approve an allocation to a Participating Organization to cover costs associated with Secretariat services and overall coordination, as well as Fund level reviews and evaluations. These allocations are referred to as 'direct costs'. In the reporting period, no direct costs were charged to the fund. Cumulatively, as of 31 December **2017**, US\$ **54,567** has been charged as Direct Costs.

Table: Direct Costs

Participating Organization	Net Funded Amount	Expenditure	Delivery Rate
UNDP	54,567	54,567	100%
Total:	54,567	54,567	100%