

## Annex 1



**UN HABITAT**  
FOR A BETTER URBAN FUTURE



### UNDG IRAQ TRUST FUND

#### ANNUAL PROGRAMME<sup>1</sup> NARRATIVE PROGRESS REPORT

REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2009

***Submitted by:***

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***Country and Thematic Area<sup>2</sup>***

*Iraq, Shelter*

***Programme No: E4-18***

***MDTF Office Atlas No: 66908***

***Programme Title: Improving the Housing  
Delivery System in Erbil***

***Participating Organization(s):***

*UN-HABITAT & UNDP*

***Implementing Partners:***

- *National counterparts (government, private, NGOs & others)*  
*Ministry of Construction and Housing*  
*Erbil Governorate*
- *International Organizations, including NGOs*

***Programme Budget (from the Fund):***

*For Joint Programme provide breakdown by UN Organization*

*UN Org A: UN-HABITAT : \$1,645,547*

*UN Org B: UNDP : \$1,341,568*

*TOTAL : \$2,987,115*

<sup>1</sup> The term “programme” is used for programmes, joint programmes and projects.

<sup>2</sup> E.g. Priority Area for the Peacebuilding Fund; Thematic Window for the Millennium Development Goals Fund (MDG-F); etc.

***Programme Duration (in months):***

Start date<sup>3</sup>: **9 December 2008**

End date: 9 December 2010

- *Original end date* **9 December 2010**
- *Revised end date, if applicable*
- *Operational Closure Date*<sup>4</sup>, *if applicable*:

Budget Revisions/Extensions:

*List budget revisions and extensions, with approval dates, if applicable:* **None**

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<sup>3</sup> The start date is the date of the first transfer of funds from the MDTF Office as Administrative Agent.

<sup>4</sup> All activities for which a Participating Organization is responsible under an approved MDTF programme have been completed. Agencies to advise the MDTF Office.

## **NARRATIVE REPORT FORMAT**

### **I. Purpose**

a) Provide the main outputs and outcomes/objectives of the programme.

*In Erbil City the housing delivery system suffers from various shortfalls according to Erbil Housing Strategy. Although land is distributed, lack of housing finance, unaffordable costs of building materials, insufficient private sector involvement in delivery, and poor regulatory capacities constrain efficient housing delivery. Unless urgent measures are taken, there will be a breakdown in urban services coupled with large scale proliferation of slums and illegal land and housing development. UNDP and UN-HABITAT propose to implement a project to improve the housing delivery system in Erbil to respond to some of the above-mentioned challenges within the framework of the Erbil Housing Strategy and in support of the Housing & Shelter Sector Outcome “Improved Delivery Systems for Housing and Shelter”. The project will have three inter-linked Outcomes:*

- 1. Improved Governorate capacity to implement the Erbil Housing Strategy*
- 2. Enhanced slum upgrading and energy efficient housing practices*
- 3. Decentralized housing strategy implementation experience widely disseminated for replication and further policy and legislative reform*

b) Explain how the Programme relates to the Strategic (UN) Planning Framework guiding the operations of the Fund.

This project relates to the following Strategic Priorities within the Strategic (UN) Planning Framework:

- 1. Support to Public Governance Reforms and Operational and Institutional Capacity Building: It is intended that the project will undertake a capacity assessment of municipal structures related to housing delivery and a capacity development plan will be developed and partially implemented*
- 2. Support to Provision of Basic Services and Poverty Reduction (immediate and longer-term needs): the project addresses housing needs of the poor and related services through implementing a replicable pilot project for improved housing delivery in neighbourhoods that currently experience inadequate housing conditions.*
- 3. Cross Cutting Issues*

*Gender: Both women and men will significantly contribute to housing improvement at a high level through representation in the steering committee and at a community level through engagement in participatory processes*

*Human Rights: Right to adequate housing addressed through appropriate methodologies in housing improvement*

*Employment: The implementation of the pilot project through significant governorate co-funding will result in the generation of employment through the construction of new houses and related services and the incremental improvement of existing houses*

*Environment: The project will demonstrate and promote energy efficient housing construction technologies*

### **II. Resources**

*Financial Resources:*

a) Provide information on other funding resources available to the project, if applicable.

*The governorate of Erbil is contributing \$2,000,000 in kind to the project.*

*UNDG ITF \$2,987,115*

b) Provide details on any budget revisions approved by the appropriate decision-making body, if applicable.

*None*

Provide information on good practices and constraints in the mechanics of the financial process, times to get transfers, identification of potential bottlenecks, need for better coordination, etc.

*UN-HABITAT Iraq Programme and UNDP Iraq follow and apply the United Nations financial rules and regulations and other official directives in undertaking financial activities of the projects and programmes for*

which the UN-HABITAT Iraq Programme and UNDP Iraq have administrative responsibilities. UN-HABITAT and UNDP Iraq establish separate accounts for individual projects and funds and operates the financial transactions under the auspices of the United Nations Office in Nairobi (UNON) for UN-HABITAT Iraq Programme and the UNDP HQ for UNDP Iraq, by whom all financial transactions are approved and financial statements are certified. Due to absence of working banking systems in Iraq, transfer of funds for project activities are remitted through money vendors against transfer charges. The inability of the money vendors to transfer desirable amount of funds at a specific time in Iraq will adversely affect the implementation of activities as well as the credibility of the agency for efficient and timely implementation of the activities. The UN-HABITAT Iraq Programme and UNDP Iraq explore best practices in undertaking its financial activities by discussing operational issues with other UN agencies at the Operations Management Team Meetings (OMT). Best practices and operational issues are discussed and explored with other UN agencies, bilaterally.

*Human Resources:*

- c) National Staff: Provide details on the number and type (operation/programme).  
*Programme: (UN-HABITAT) 1 in Amman, 1 Erbil  
 (UNDP) 1 in Amman, 1 in Erbil  
 Operation: (UN-HABITAT) 1 Erbil*
- d) International Staff: Provide details on the number and type (operation/programme)  
*Programme: (UN-HABITAT) 1 in Amman,  
 (UNDP) 1 in Amman  
 Operation: (UN-HABITAT) 1 in Amman  
 (UNDP) 1 in Amman*

**III. Implementation and Monitoring Arrangements**

- a) Summarize the implementation mechanisms primarily utilized and how they are adapted to achieve maximum impact given the operating context.  
*A local lead consultant coordinated the information gathering exercises through a team of local junior consultants based working daily from on-site project office. The local lead consultant also liaised with officials in the Erbil governorate office. Expert advice was brought in by 2 international consultants, and through the balance of global expertise, local knowledge and strong community presence. Furthermore, through building on the strong relationships forged over 10 years between UN-HABITAT and Governorate officials, where maximum impact had been achieved, given the operating context.*
- b) Provide details on the procurement procedures utilized and explain variances in standard procedures.  
*All procurement activities are undertaken based on core principles of the UN Financial Rules and Regulations which are, best value for money, fairness, integrity and transparency, effective competition and the interest of the United Nations. The provisions of the UN Procurement Manual, which is subordinate to the provisions of the UN financial rules and regulations govern and guide the procurement activities. Within this framework, procurement of local goods, services and works up to a ceiling of \$150,000 are undertaken directly by the Amman-based office through a special Delegation of Authority (UN-HABITAT). For procurement of all international goods, services and works, the United Nations in Nairobi (UNON) reviews, authorizes, and monitors all contracting and financial transactions (UN-HABITAT). Procurement of all services, which entail contracting of personnel are processed centrally at UN-HABITAT Headquarters. For all UNDP's transactions on procurement and service contracts through a competitive process valued at USD 30,000 or more and below USD 500,000, the Contracts, Assets and Procurement (CAP) Committee of the Iraq Country Office reviews and renders written recommendation. All cases above that threshold and exceptional cases are reviewed and approved by the Advisory Committee on Procurement(ACP) at the Regional Office in Cairo for cases below USD 1 million and above USD 1 million at the HQ. For direct contracting, cases above USD 30,000 are reviewed by both CAP and ACP.*

*Without compromising on 'best value for money', emphasis is placed on sourcing goods, works and services from within Iraq, wherever able and available. This not only helps to contribute to local economic development and employment generation, but also to strengthen local supply capacity and enhance sustainability. Further, in appreciation of the leadership role of the Government of Iraq, serious consideration is given to views and preferences of the client Ministry, in the selection of goods and services.*

- c) Provide details on the monitoring system(s) that are being used and how you identify and incorporate lessons learned into the ongoing project.

*Monitoring systems include monthly reports from Field Officers, regular project reports from lead national and international consultants and regular Project Steering Committee meetings. The PSC includes the Deputy Governor, municipality officials and private sector representatives – an external source of monitoring. In addition to this monthly internal team meetings take place in order to discuss project updates, bottlenecks, lessons learnt and possibility of benefiting from other ongoing projects avoiding duplication and/or overlap.*

- d) Report on any assessments, evaluations or studies undertaken.

*Draft physical and social surveys of the target settlements for slum upgrading  
Report on energy efficient housing*

#### **IV. Results**

- a) Provide a summary of Programme progress in relation to planned outcomes and outputs; explain any variance in achieved versus planned outputs during the reporting period.

*Outcome 1: Improved Governorate capacity to implement the Erbil Housing Strategy:*

*Progress:*

- *Establishment of a governorate level Project Steering Committee chaired by the deputy Governor of Erbil and consisting of governorate and municipal officials, government banks and private sector (100% complete)*
- *Study tour of Project Steering Committee in Istanbul, which included exposure to good practices in improved housing delivery (100% complete)*
- *Establishment of a Housing Facilitation Unit that supports households to prepare for and implement incremental housing improvement. It is intended that this HFU will, once proven to be successful, be institutionalized within the municipality (100% complete)*

*Outcome 2: Enhanced slum upgrading and energy efficient housing practices*

*Progress*

- *Physical and social surveys undertaken for 2 settlements targeted for upgrading (90% complete)*
- *Slum upgrading strategies drafted for 2 target settlements through consultation with local community and with Governorate officials (80% complete)*
- *Reports prepared for energy efficient house practices and designs (100% complete)*

*Outcome 3: Decentralized housing strategy implementation experience widely disseminated for replication and further policy and legislative reform*

*Progress: None to date*

- b) Report on the key outputs achieved in the reporting period including # and nature of the activities (inputs), % of completion and beneficiaries.

*Refer to above – all were achieved in the reporting period*

- c) Explain, if relevant, delays in programme implementation, the nature of the constraints, actions taken to mitigate future delays and lessons learned in the process.

*Delays occurred in the planning of settlement upgrading due to a mismatch between the UN intentions and the Governorate's intentions. This required significant negotiation and redesign until the matter was resolved.*

List the key partnerships and collaborations, and explain how such relationships impact on the achievement of results.

*Key partnership is between UN-HABITAT and UNDP. UNHABITAT is able to apply its expertise in institutional capacity development, housing, urban development and slum upgrading and this is complemented by UNDP's expertise in local area development planning, loan facilitation, private sector development and environmentally sustainable practices. Through such partnership, it has been possible to implement a rich programme of support for the Governorate of Erbil.*

d) Other highlights and cross-cutting issues pertinent to the results being reported on.

Cross-Cutting issues include

*Environment: this is addressed through disseminating energy efficient design principles in house designs*

*Gender: this is addressed through the inclusion of women and men in the PSC and HFU and through the inclusion of women and men, young and old in neighbourhood consultations*

*Human Rights: the right to adequate shelter is being addressed by advocating for the rights of informal dwellers in the formalization of informal land occupation where possible and implementing eviction procedures in necessary cases, in accordance with international standards, including consultation with affected people and adequate compensation.*

*Employment Generation: none to report at this stage*

## **V. Future Work Plan (if applicable)**

- Summarize the projected activities and expenditures for the following reporting period (1 January-31 December 2010), using the lessons learned during the previous reporting period.
- 1. *Undertaking an organizational development and capacity building needs assessment study of relevant Urban Planning and Land Directories of Erbil Governorate*
- 2. *Preparing a multi-year Capacity Development Plan (CDP)*
- 3. *Undertake training of key personnel as per the CDP*
- 4. *Establishing a PPP framework for the construction of energy efficient housing and services*
- 5. *Finalising strategies for the improved housing delivery in 2 slum areas*
- 6. *Providing technical support to the Governorate in the delivery of the strategy*
- 7. *Building the capacity of the HFUs to assist households in incremental housing upgrading*
- 8. *Building the capacity of municipal authorities to adopt and replicate the HFUs at a city level as a key institution for addressing the housing needs of the poor*
- 9. *Establishment of an incremental loans facility for housing improvements*
- 10. *Disseminating good practices acquired through undertaking a knowledge sharing conference under the auspices of the Training and Knowledge centre within the MoCH*
- 11. *Preparation of documents and policy papers codifying the experience of implementing the Erbil Housing Strategy and pilot project*

### **UN-HABITAT**

*Proposed Expenditures (2010)*

*Personnel: \$573,000*

*Contracts: \$629,200*

*Training: \$239,200*

*Equipment: \$27,000*

*Supplies and Commodities: \$13,000*

*Travel: \$96,200*

*Miscellaneous: \$40,420*

*Security: \$26,946*

*TOTAL: \$1,644,966*

### **UNDP**

*Proposed Expenditures (2010)*

*Personnel: \$ 231,806.70*

*Contracts: \$ 758,264*

*Travel: \$57,572.27*

*Miscellaneous: \$ 33,136*

*Security: \$ 14,505.11*

*GMS: \$ 78,380.89*

*TOTAL: \$ 1,173,664.76*

- Indicate any major adjustments in strategies, targets or key outcomes and outputs planned.
1. *The Governorate requires technical support in implementing the strategies for improving informal neighbourhoods. As the governorate will not have its budget in place until mid 2010, it is expected that the UN will need to extend the project until June 2011 in order to provide the necessary support. To fund this extended period of support, it is intended to reallocate the cost of procuring a state of the art Electronic Data Processing infrastructure to support project costs during this extended period.*
  2. *It is intended that the governorate will compensate people needing to be relocated with the equivalent value of serviced land, and that beneficiaries will subdivide their land, and sell a portion to cover the cost of building their house. This is a practice that the Governorate can replicate as it has land resources but lacks significant financial resources. In view of establishing a replicable practice, it is intended that funds allocated to environmentally friendly housing construction will be reallocated to establishing loan capital for a revolving fund for housing improvement. Environmental practices will be demonstrated through the construction of an energy efficient house, which will be used as an office of the HFU, and disseminated through the technical support to households, given by HFU officers, in housing upgrading.*

## **VI. Performance Indicators (optional)<sup>5</sup>**

- Fill the table in this section to report on the indicators set at the output level as per the approved results framework in the programme document.

## **VII. Abbreviations and Acronyms**

- List the main abbreviations and acronyms that are used in the report.

*PSC Project Steering Committee*  
*HFU Housing Facilitation Unit*  
*CPD Capacity Development Plan*

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<sup>5</sup> E.g. for the UNDG Iraq Trust Fund and the MDG-F.