

Annex 1



UN HABITAT
FOR A BETTER URBAN FUTURE

UNDG IRAQ TRUST FUND

ANNUAL PROGRAMME¹ NARRATIVE PROGRESS REPORT

REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2009

Submitted by:

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Country and Thematic Area²

(when applicable)

Programme No: E4-16

MDTF Office Atlas No: 66976

Programme Title: need title of project:

Strengthening the Capacity of the Housing Sector in Iraq – Phase 2

Participating Organization(s):

UN-ESCWA: Economic and Social Commission for Western Asia

Implementing Partners:

MoCH: Ministry of Construction and Housing

MMPW: Ministry of Municipalities and Public Works

MoF: Ministry of Finance

GoI: Government of Iraq, Governorate Councils of three Governorates

Programme Budget (from the Fund):

\$2,385,917

Etc.

¹ The term “programme” is used for programmes, joint programmes and projects.

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

Programme Duration (in months):

Start date³: 1 Jan 2007

End date:

- *Original end date:* 30 June 2008
- *Revised end date:* 30 June 2010
- *Operational Closure Date*⁴, *if applicable:*

Budget Revisions/Extensions:

List budget revisions and extensions, with approval dates, if applicable

- 1. First extension till 31 March 2009*
- 2. Second extension on 6 March 2009 till 31 December 2009*
- 3. Third extension on 9 Nov. 2009 till end June 2010*

One budget revision was carried out for this project on 31 August 2008

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

⁴ 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

- Provide the main outputs and outcomes/objectives of the programme.

The project is the second phase of an ongoing technical assistance and capacity building initiative in the housing and housing finance sectors in Iraq. It aims to improve the living conditions of Iraqis by strengthening the role of the housing sector towards ensuring adequate shelter for all; providing security of tenure and contributing to the modernization of the construction, building materials and housing finance sectors; employment generation; and poverty reduction.

Building on the achievements so far realized and the lessons learnt from the first phase UN-HABITAT supported project, “Strengthening Capacity of Housing Sector”, the project is continuing efforts towards improving housing sector institutions, facilitating introduction of investment supportive laws and regulations, and equipping the Ministry of Construction and Housing (MoCH) cadre to prepare enabling sub-sector strategies and effectively deliver on its International Compact commitments.

Toward this end, the main outcomes and objectives of the project are:

Outcome One: *Iraqi stakeholders’ ownership of, and pro-active commitment towards comprehensive housing sector reforms demonstrated, through a fully functional housing market information system and improved ministerial capacities for updating and analysis.*

Immediate objective 1:

To assist the MoCH with the design and implementation of a comprehensive housing information system that will provide data and information for future policy and programme development and Ministry operations.

Outputs related to Objective 1

1.1 *A new national comprehensive housing information system*

1.2 *Ministry and Iraqi Central Office for Statistics and Information Technology (COSIT) staff trained in the operation of the new housing information system;*

1.3 *The Ministry is supplied with computer equipment and software necessary to operate the housing information system.*

Outcome Two: *Draft housing policy and legal and institutional reform package widely disseminated, debated and implementation endorsed by relevant ministerial and political stakeholders and promoted through decentralized housing strategies*

Immediate objective 2:

To assist the MoCH with the design of a new institutional and legal framework for the housing sector, which would include a new ministry organizational structure as well as proposals for new legislations, policies and programmes in various areas including Building Materials & Construction, Housing Finance/Microfinance; Subsidy Mechanisms, Land & Housing Delivery Systems, and Housing Market Information Systems;

Outputs related to Objective 2

2.1 *Legislative, policy and programme proposals prepared in collaboration with public and private sector stakeholders aimed at reforming the housing sector*

2.2 *An organizational restructuring plan for the MoCH aimed at ensuring that the Ministry will be capable of implementing the legislative, policy and programme proposals.*

- 2.3 *Proposals prepared in collaboration with stakeholders aimed at promoting their effective involvement in the future provision of new housing, and in slum upgrading.*
- 2.4 *Awareness increased among stakeholders with regard to the need for housing sector reform and the more effective involvement of the private sector, community leaders and voluntary organizations.*
- 2.5 *Proceedings of the regional housing conference aimed at showing best practices in housing sector reform, defining funding prospects and institutional partnerships.*

Outcome Three: *A functioning Training and Knowledge Centre appropriately staffed, equipped and funded. Awareness raised on housing sector reforms and government committed to policy, legal and institutional reform and capacities developed to implement policies*

Immediate objective 3:

To support the establishment of a Training and Knowledge Centre at the MoCH to provide training, advisory services, and information services to a wide set of stakeholders including staff from MoCH, Ministry of Municipalities & Public Works (MoMPW), Ministry of Finance (MoF), local authorities, private sector and voluntary organizations.

Outputs related to Objective 3

- 3.1 *A functioning knowledge and training centre within the MoCH.*
- 3.2 *A business plan for the operation of the centre during its first three years.*
- 3.3 *Centre staff trained and capable of implementing the business plan.*

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

Strategic Priorities of the Strategic (UN) Planning Framework:

1. *Support to Public Governance Reforms and Operational and Institutional Capacity Building: The programme is devised to reform the housing sector and build the capacity of housing institutions at central and governorate level accordingly*
2. *Support to Provision of Basic Services and Poverty Reduction (immediate and longer-term needs): the project aims to improve and increase the delivery of housing in order to meet the significant national demand, particularly from the poor, who currently suffer from inadequate housing*
3. *Cross Cutting Issues:*
 - Gender: Gender Disaggregation of data promoted in all information gathering exercises. The housing policy outcomes have a pro-poor bias, focusing on vulnerable community members, many of whom are women and women headed households*
 - Human Rights: addresses the right to adequate shelter by producing policies and strengthening institutions to address housing needs with a focus on vulnerable sectors of society*
 - Employment: Improved housing delivery, resulting from this project will improve employment opportunities in the construction sector*
 - Environment: Housing policies and strategies developed promote environmentally sustainable practices*

II. Resources

Financial Resources:

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

NA

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

First extension until 31 March 2009

Second extension on 6 March until 31 December 2009

Latest time extension on 9 Nov. 2009 until end June 2010

One budget revision was carried out for this project on 31 August 2008

The reasons for the budget revision: The approved duration of the project was for 18 months, while completion of most activities has taken much longer due to a number of reasons beyond UN-HABITAT's control such as volatile security situation, delays in decision making on part of MoCH. The extension of duration required extension of contracts of staff, which increased budgetary requirements. Furthermore, locations of some of the planned activities (trainings) were shifted due to restrictions on entry of Iraqis into certain countries, thus requiring an increase on the budget.

Some budget savings were made on other budget lines such as equipment and supplies, which allowed the changes proposed to the budget.

- 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 follows and applies 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 has administrative responsibilities. UN-HABITAT establishes separate accounts for individual projects and funds and operates the financial transactions under the auspices of the United Nations Office in Nairobi (UNON). The latter approves all financial transactions and certifies financial statements of the UN-HABITAT accounts. 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 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 explores best practices in undertaking its financial activities by discussing operational issues with other UN agencies at the Operations Management Team Meetings (OMT). It also discusses and explores best practices and operational issues with other UN agencies, bilaterally.

Human Resources:

- National Staff: Provide details on the number and type (operation/programme).

National operations staff - 2 (part time)

National programme staff - 2 (part time)

National field consultants - 3 (part time)

- International Staff: Provide details on the number and type (operation/programme)

International operations staff - 2 (part time)

International programme staff -1 (part time)

International consultants (programme) - 1

International consultancy institute (programme) - 2

III. Implementation and Monitoring Arrangements

- Summarize the implementation mechanisms primarily utilized and how they are adapted to achieve maximum impact given the operating context.

Being a capacity building and policy development initiative, the project relies heavily on international technical assistance to bring in international knowledge and the state of the art development thinking to Iraq. International consultants are twinned with local consultants that add the value of local knowledge and relationships with key government counterparts. The local consultants are assigned responsibility to lead local working groups that in turn are to be trained at the UN-HABITAT supported Training and Knowledge Centre established within the Ministry of Construction & Housing.

- Provide details on the procurement procedures utilized and explain variances in standard procedures.

All procurement within the project is guided by the provisions of the "Procurement Manual for the UN-HABITAT Iraq Programme" specially adapted from the UN Financial Rules and Regulations. Within this

framework, procurement of local goods, services and works up to a ceiling of \$150,000 are undertaken directly by the Amman based team through a special Delegation of Authority. For procurement of all international goods, services and works, the United Nations in Nairobi (UNON) reviews, authorizes, and monitors all contracting and financial transactions. Procurement of all services, which entail contracting of personnel are processed centrally at UN-HABITAT Headquarters.

Without compromising on '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.

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

The project deploys a system for concurrent monitoring to assess progress against the work plan and log frame outputs. Regular discussions are held with MoCH officials and members of the Iraq National Habitat Committee, which is an inter-ministerial committee led by the Ministry of Construction & Housing, on details of various activities and resultant outputs and how they are likely to influence the intended results. Lessons are learned on a continuous basis, rather than through specific events. In addition, indicators are being developed to measure changes in the institutional culture and behavior, as well as, improvements in the housing markets. The Iraq Housing Market Study (2006) supported by UN-HABITAT provides the necessary baseline, and with the establishment of a fully-fledged Housing Information System, regular monitoring will be institutionalized. The information system is expected to be operationalized by MoCH. Internal review meetings are held fortnightly for the purpose of monitoring activities to ensure effective delivery and applying lessons learnt.

- Report on any assessments, evaluations or studies undertaken.
- Iraq National Housing Policy, Decentralized Strategies, Institutional and Regulatory Reforms

IV. Results

- 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.

Most of the planned outputs for this reporting period were achieved. Given that the project focuses on capacity building and policy development, it is clearly long term in its impact. The project is concerned with ensuring adequate shelter for all and building the needed capacities among Iraqis to be actively involved in the required related reforms.

The consultations with key stakeholders (relevant Ministries interested in the shelter sector) on housing policies have resulted in better understanding of the housing problems, and new approaches in improving housing delivery. It increased ownership to proposed policies and related project proposals.

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

Output related to objective 1:

1.1 A new national comprehensive housing information system

A focused plan has been prepared to set up a Housing Observatory in MoCH. It was shared with the MoCH and a meeting date set to agree on steps ahead. This plan is replacing the earlier intention which was to set up an Urban Observatory of which cost was too high and MoCH was unable to cost share the training budget.

This will start in 2010 (20% achieved)

Outputs related to Objective 2

2.1 Legislative, policy and programme proposals prepared in collaboration with public and private sector stakeholders aimed at reforming the housing sector (**final draft of the Housing Policy report. 90% completed**)

2.2 An organizational restructuring plan for the MoCH aimed at ensuring that the Ministry will be capable of implementing the legislative, policy and programme proposals. (**report is under discussion with national counterparts. 70% completed**)

2.3 Proposals prepared in collaboration with stakeholders aimed at promoting their effective involvement in the future provision of new housing, and in slum upgrading. (**final draft of the Housing Policy report. 90% completed**)

2.4 Awareness increased among stakeholders with regard to the need for housing sector reform and the more effective involvement of the private sector, community leaders and voluntary organizations. (**media campaign, 80% achieved**)

2.5 Proceedings of the regional housing conference aimed at showing best practices in housing sector reform, defining funding prospects and institutional partnerships. (**preparations under way, 70% achieved**)

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

The MoCH which is the primary partner for the project has an important but extremely limited role within the housing sector. The prevalence of a centralized system at the ministry of Construction and Housing coupled with the lack of human resources within the Ministry, caused delays in finalizing the housing Policy study from the side of the ministry; this delay was compounded by logistical constraints associated with international consultants working remotely.

A range of ministries and authorities involved in the development of land, provision of services, regulating the building materials and construction sectors, etc need to be brought in to the reforms dialogue and their related activities coordinated – this has been a significant challenge encountered by the project, and a cause for delays due to the difficulty in bringing people together.

These constraints are addressed through programming continuous missions to Baghdad to discuss and agree with the ministry on a plan for executing their commitments and establishing direct communication between international consultants and assigned focal points in the ministry to enhance their communication skills and expedite flow of relevant information.

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

The continuous dialogue and cooperation with the Ministry of Construction and Housing has resulted in establishing good relations that is the basis of future work in the challenging field of improving the housing delivery in Iraq.

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

By virtue of being a technical assistance and capacity building initiative, the project directly addresses issues of physical security and employment. It has helped to generate awareness of the employment generation potential of a vibrant housing sector. Similarly, through its work on the building materials and construction sectors, the project is trying to promote the use of local materials and technologies that have no adverse environmental effects.

The project ensured optimal participation of women and men in all its activities.

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.

Activities regarding outputs related to objective 1: (\$60,000)

- *Preparing training of trainers' package and manual for setting up a housing observatory in the MoCH.*
- *Carrying out the training*

Activities regarding outputs related to objective 2

- *Follow up and review of the final policy document with the consultant and counterparts.*
- *Hold a consultative meeting with the counterparts and consultant for a final round of discussion. (\$50,000)*
- *Holding the regional housing conference. (\$150,000)*
- *A final media interview with the ministry regarding the project outcomes.*

- Indicate any major adjustments in strategies, targets or key outcomes and outputs planned.

The lack of human resources in the Ministry of Construction and Housing caused delays in the set up of the Housing Information System and called for cooperation with the Central Organization for Statistics and Information Technology (COSIT). COSIT who has been engaged in the national census and Housing Socio-Economic Survey with the World Bank, was supposed to carryout the training of the Ministry staff to functionalize the Urban Observatory, cost of which is beyond the project budget allocation, and the ministry was unable to raise any funding for that purpose. Therefore a change in scope of work was required, and a new focused plan was prepared and discussed with the ministry. Implementation will take place in 2010.

VI. Performance Indicators (optional)⁵

- 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.

MoCH: Ministry of Construction and Housing

MMPW: Ministry of Municipalities and Public Works

MPDC: Ministry of Planning and Development Cooperation

COSIT: Central Organization for Statistics and Information Technology.

⁵ E.g. for the UNDG Iraq Trust Fund and the MDG-F.